REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

Special Second Division

IBEX GLOBAL SOLUTIONS (PHILIPPINES) INC.,

Petitioner,

-versus-

COMMISSIONER OF INTERNAL REVENUE,

Respondent.

CTA CASE NO. 11075

Members:

RINGPIS-LIBAN, *P.J.*,
MODESTO-SAN PEDRO, and
FERRER-FLORES, *JJ.*

Promulgated:

11:17 AM

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RESOLUTION

RINGPIS-LIBAN, J.:

For resolution is the "*Motion for Reconsideration (of the Decision promulgated on 4 November 2025)*"[1] of Petitioner Ibex Global Solutions (Philippines) Inc. (Petitioner) timely filed on November 28, 2025, asking the Court to reconsider its Decision dated November 4, 2025[2] on the following grounds:

1. The evidence on record, Respondent's own actions, and the Rules of Evidence establish that Petitioner's services to IBEX Bermuda qualify as VAT zero-rated sales as they fall under Section 108(B)(2) of the Tax Code being services "other than processing, manufacturing, or repacking goods."

2. There is clear preponderance of evidence that Petitioner's services to IBEX Bermuda qualify as VAT zero-rated sales as they fall under Section 108(B)(2) of the Tax Code being services "other than processing, manufacturing, or repacking goods."

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[1] Rollo, unpaginated.
[2] *Id.*, pp. 389-409.

3. The denial of the VAT refund claim due to the lack of description of the nature of services in Petitioner's VAT zero-rated official receipts contradicts the legislative intent behind VAT zero-rating of export sales and unjustly deprives Petitioner of the incentives it is rightfully entitled to.

The dispositive portion of the assailed Decision reads:

> "**WHEREFORE**, in light of the foregoing considerations, the present **Petition for Review** is **DENIED** for lack of merit.
>
> **SO ORDERED**."[3]

Respondent Commissioner of Internal Revenue (CIR) filed his Comment/Opposition on February 5, 2026,[4] reiterating that the Motion for Reconsideration (MR) merely restates arguments already considered and rejected in the assailed Decision and praying that the MR be DENIED for utter lack of merit.

THE COURT'S RULING

The Motion for Reconsideration is DENIED.

The record does not establish a palpable error of law or a misappreciation of evidence warranting reversal.

Petitioner's first two grounds, though presented under different theories, converge on a single proposition: that the Court erred in denying the VAT refund claim solely because Petitioner's VAT zero-rated official receipts (ORs) lacked the description of the nature of services rendered. Petitioner argues that Respondent's judicial admissions — particularly Revenue Officer Alonzo-Bucayu's testimony that Petitioner's export sales are VAT zero-rated under Section 108(B)(2) of the National Internal Revenue Code (NIRC) of 1997, as amended — and the preponderance of evidence on record sufficiently establish entitlement to the refund, and that the requirement of strict compliance with invoicing requirements amounted to imposing a standard higher than what the law requires.

The Court is not persuaded. The MR proceeds from a fundamental confusion between two distinct legal requirements: first, the substantive question of whether Petitioner's services qualify for VAT zero-rating under Section

[3] *Id.*, pp. 408-409.
[4] *Id.*, unpaginated.

108(B)(2) of the NIRC; and second, the mandatory invoicing and substantiation requirements under Section 113(A) and (B) of the same Code and Revenue Regulations (RR) No. 16-2005, as amended. The assailed Decision resolved the first question in Petitioner's favor — it expressly held that Petitioner's services to IBEX Global Bermuda Ltd. (IBEX Bermuda), consisting of call/contact center and other facilities and services, fall within the scope of "services other than processing, manufacturing or repacking goods" under Section 108(B)(2), and that Petitioner satisfactorily complied with the second and third essential elements for VAT zero-rating. The denial of the refund did not stem from any doubt about the nature of Petitioner's business. The denial rested on the second and independent requirement — that the ORs themselves must indicate the nature of the services performed, as expressly mandated by Section 113(B)(3) of the NIRC and the implementing regulations.

The invoicing and substantiation requirements are not evidentiary thresholds that may be relaxed by resort to extrinsic evidence or by invoking the preponderance-of-evidence standard. Compliance with the VAT invoicing requirements is mandatory.[5] The invoicing and substantiation requirements must be followed because they are the only way to determine the veracity of the taxpayer's claims.[6] They exist to ensure proper collection of taxes at all stages, facilitate computation of tax credits, and provide an accurate audit trail for Bureau of Internal Revenue (BIR) monitoring purposes.[7] Compliance is required, not merely preferred, and it cannot be excused by the availability of collateral evidence. A judicial admission by Respondent that Petitioner's services are zero-rated does not substitute for, and cannot cure, a deficiency in the ORs themselves.

Petitioner's invocation of *AT&T Communications Services Philippines, Inc. v. Commissioner of Internal Revenue*[8] for the proposition that only preponderance of evidence is needed does not alter this conclusion. The preponderance standard governs the quantum of proof needed to establish a claimant's entitlement to a refund; it does not operate to dispense with any of the statutory requirements for claiming that refund. A taxpayer claiming VAT refund must establish entitlement under the requisites laid down by law, including compliance with invoicing requirements — and it must do so by preponderance of evidence. The standard speaks to how much proof is needed, not to which requirements may be excused.

A second reading of the assailed Decision reveals no palpable error of law on this point. The assailed Decision correctly applied *Team Energy Corporation v. Commissioner of Internal Revenue*[9] and *Eastern Telecommunications Philippines, Inc. v.*

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[5] *J.R.A. Philippines, Inc. v. Commissioner of Internal Revenue*, G.R. No. 171307, August 28, 2013.

[6] *Nippon Express (Philippines) Corporation v. Commissioner of Internal Revenue*, G.R. No. 191495, July 23, 2018.

[7] *Team Energy Corporation v. Commissioner of Internal Revenue, Et. Al.*, G.R. Nos. 197663 and 197770, March 14, 2018.

[8] *AT&T Communications Services Philippines, Inc. v. Commissioner of Internal Revenue*, G.R. No. 182364, August 3, 2010.

Commissioner of Internal Revenue.[10] The ORs, while bearing the designation "zero-rated," described the transactions only as "INWARD" — a notation referencing the inward remittance, not the nature of the service performed by Petitioner. This is not a minor or inconsequential deficiency; the nature of the services rendered is an expressly enumerated element that every OR for sale of services must contain. The absence of this information from the ORs is fatal to the claim.

Legislative intent does not override clear statutory requirements.

Petitioner's third ground invokes the legislative intent behind VAT zero-rating as embodied in the Senate deliberations for Republic Acts Nos. 7716, 10963, and 11534, and argues that denying the refund defeats the policy of incentivizing export-oriented enterprises. The Court recognizes the importance of this policy — VAT zero-rating on export sales is a deliberate legislative choice to support exporters and enhance their competitiveness. That policy, however, finds its expression in the text of the statute and its implementing regulations; it does not override them.

The rule that legislative intent must yield to clear and unambiguous statutory text is fundamental. Section 113(A) and (B) of the NIRC and RR No. 16-2005 explicitly require that official receipts for sale of services indicate, among others, the nature of the services performed. This requirement is not ambiguous. It is equally settled that actions for tax refund, being in the nature of a claim for exemption, are construed *strictissimi juris* against the taxpayer, and the pieces of evidence presented must likewise be *strictissimi* scrutinized and duly proven. Since taxes are the lifeblood of the government, tax laws must be faithfully and strictly implemented.[11]

Petitioner's reliance on *Commissioner of Internal Revenue v. Thai Airways International Public Company Limited*[12] for the proposition that technicalities should not defeat substantive rights does not carry the day. The mandatory invoicing requirements of Section 113 of the NIRC are not procedural technicalities; they are substantive statutory conditions for the grant of a tax refund or credit, imposed by Congress itself as part of the VAT system. No new law has been enacted and no new Supreme Court ruling has been promulgated since the assailed Decision that would alter the applicable legal framework. The legislative intent behind VAT zero-rating is fully honored by applying the law as written — which rewards compliant claimants and requires strict substantiation. It is not served by relaxing mandatory requirements in individual cases.

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[10] *Eastern Telecommunications Philippines, Inc. v. Commissioner of Internal Revenue*, G.R. No. 183531, March 25, 2015.
[11] *Coca-Cola Bottlers Philippines, Inc. v. Commissioner of Internal Revenue*, G.R. No. 222428, February 19, 2018.
[12] CTA EB No. 1853, January 9, 2020.

WHEREFORE, premises considered, the Motion for Reconsideration filed by Petitioner Ibex Global Solutions (Philippines) Inc. is hereby **DENIED** for lack of merit. The Decision dated November 4, 2025 is **AFFIRMED** in its entirety.

SO ORDERED.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

WE CONCUR:

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

CORAZON G. FERRER-FLORES
Associate Justice