REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL SECOND DIVISION

REMA TIP TOP PHILIPPINES, INC.,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA CASE NO. 10303

Members:

BACORRO-VILLENA, *Chairperson, and*
CUI-DAVID, *JJ.*

Promulgated:
JUN 22 2023
4:30 p.m.

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DECISION

CUI-DAVID, J.:

Before the Court is a *Petition for Review* [1] filed by petitioner Rema Tip Top Philippines, Inc. (Petitioner) on July 10, 2020, praying for the refund or issuance of a tax credit certificate in the amount of ₱4,434,530.00, allegedly representing its unutilized input value-added tax (VAT) attributable to zero-rated sales for the taxable year (TY) 2018.

THE PARTIES

Petitioner Rema Tip Top Philippines, Inc. is a domestic corporation duly organized and existing under Philippine laws.[2] It is registered with the Bureau of Internal Revenue (BIR) under Taxpayer Identification Number (TIN) 008-042-655-000, with address at Unit 502 Richmonde Plaza, Ortigas, San Miguel Ave., Brgy. San Antonio, Ortigas Center, Pasig.[3]

[1] Docket, pp. 7-40.
[2] The Parties, *Petition for Review*, docket, p. 11.
[3] Exhibit "P-1", Docket, p. 2419.

Respondent is the Commissioner of Internal Revenue (CIR), the officer duly appointed and empowered by law to act on claims for refund or credit, with office address at the 5th Floor, BIR National Office Building, Agham Road, Diliman, Quezon City.[4]

THE FACTS AND THE PROCEEDINGS

During TY 2018, petitioner allegedly had aggregate sales in the amount of ₱162,794,001.62, broken down as follows:

Sales/ Receipts	1st Quarter[5]	2nd Quarter[6]	3rd Quarter[7]	4th Quarter[8]	Total
VATable	₱ 4,849,145.77	₱ 4,797,071.66	₱ 5,362,847.30	₱ 4,307,340.22	₱ 19,316,404.95
Zero-Rated	30,838,615.19	16,216,363.91	36,160,664.67	60,261,952.90	143,477,596.67
Total	₱ 35,687,760.96	₱ 21,013,435.57	₱ 41,523,511.97	₱ 64,569,293.12	₱ 162,794,001.62

While generating the aforesaid VATable and zero-rated sales, petitioner purchased various materials, services, and capital goods in the aggregate amount of ₱66,132,806.23, details of which are as follows:

Purchases	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Capital Goods Exceeding 1M		₱ 9,375,000.00			₱ 9,375,000.00
Local Purchases of Goods	₱ 214,339.55	106,983.16	₱ 297,230.39	₱ 109,974.30	728,527.40
Importation of Goods	555,933.16	3,515,707.37	675,793.10	254,152.37	5,001,586.00
Local Purchases of Services	980,727.20	562,134.96	460,945.56	341,951.72	2,345,759.44
Purchases not Qualified for Input Tax			3,312,606.77	8,414,904.06	11,727,510.83
Others	8,473,527.33	13,344,639.59	9,194,926.86	5,941,328.78	36,954,422.56
Total	₱10,224,527.24	₱26,904,465.08	₱13,941,502.68	₱15,062,311.23	₱66,132,806.23

Allegedly, out of petitioner's total purchases, the amount of ₱36,954,422.56 is attributable or allocable to zero-rated sales, for which an input VAT amounting to ₱4,434,530.00 was paid. For purchases allocated to its VATable sales, petitioner paid the output tax in the aggregate amount of

[4] The Parties, *Petition for Review*, docket, p. 12.
[5] Exhibit "P-10", Docket, p. 2451.
[6] Exhibit "P-11", Docket, p. 2453.
[7] Exhibit "P-12", Docket, p. 2455.
[8] Exhibit "P-13", Docket, p. 2457.

₱1,137,854.74. Petitioner added that all the foregoing input VAT for current transactions were reported in its Amended Quarterly VAT Returns for TY 2018.

On December 27, 2019, petitioner filed with the BIR - Revenue District Office (RDO) No. 43 an administrative claim[9] for refund of its input VAT attributable to zero-rated sales made in TY 2018.

Alleging inaction, petitioner elevated its claim before the Court *via* the instant Petition for Review filed on July 10, 2020.

In his Answer[10] filed within the extension period given, respondent interposed, by way of *Special and Affirmative Defense*, that the Court has no jurisdiction over the instant case as petitioner prematurely filed its Petition for Review. According to respondent, petitioner's administrative refund claim was filed on December 27, 2019. However, additional documentary requirements were submitted on February 10, 17, 19, and March 6, 2020. Hence, according to respondent, the filing of the Petition for Review on July 10, 2020 was premature, considering that the counting of the 90 days to act should have commenced on March 6, 2020, and not December 27, 2019.

On November 10, 2020, the Court issued a *Notice of Pre-Trial Conference*, [11] informing the parties of the pre-trial conference set on February 8, 2021.

Both parties filed their pre-trial briefs before the scheduled pre-trial conference on February 5, 2021.[12]

After the *Pre-Trial Conference*, the parties filed their *Joint Stipulation of Facts and Issues*[13] on March 1, 2021, based on which a *Pre-Trial Order*[14] was issued on March 8, 2021.

The trial then ensued, during which petitioner presented its witnesses, namely: (1) Ms. Jennilyn U. Gaanan, its Director and Chief Finance Officer; and (2) Ms. Charlene Mae A. Monje,

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[9] Exhibit "P-9", docket, p. 2448.
[10] Docket, pp. 1932-1938.
[11] Docket, pp.1940-1941.
[12] Docket, pp. 1985-2015 and pp. 2018-2021, respectively.
[13] Docket, pp. 2066-2075.
[14] Docket, pp. 2079-2086.

the Court-commissioned Independent Certified Public Accountant (ICPA).

By way of a Judicial Affidavit,[15] **Ms. Jennilyn U. Gaanan** testified that she is the Chief Finance Officer (CFO) and a member of petitioner's Board of Directors. As the CFO, she is in charge of preparing and maintaining petitioner's books of accounts and tax and financial records. She is familiar with the instant case because she caused the filing of the instant petition as authorized by petitioner's Board of Directors.

Ms. Gaanan declared that the instant case is about petitioner's claim for a refund of input VAT attributable or properly allocated to zero-rated sales made in TY 2018. On December 27, 2019, petitioner filed an administrative claim for refund with the BIR-RDO No. 43, as evidenced by the Application for Claim for Tax Credit/Refunds, along with the complete documentary requirements covered by a Transmittal Letter dated December 26, 2019, with stamped "RECEIVED" by the BIR on December 27, 2019.

Ms. Gaanan further declared that petitioner is a VAT-registered taxpayer, as shown in its BIR Certificate of Registration (BIR Form No. 2303), and paid its Annual Registration Fee for TY 2018.

In 2018, petitioner had an aggregate sale of ₱162,794,001.62, consisting of sales subject to 12% VAT in the amount of ₱19,316,404.95 and zero-rated sales in the amount of ₱143,477,596.67. The output tax due from the ₱19,316,404.95 amounted to ₱2,317,968.59.

For the zero-rated sales of ₱143,477,596.67 made to Taganito HPAL Nickel Corporation and Coral Bay Nickel Corporation, both registered with the PEZA, and Oceanagold (Philippines), Inc., an enterprise registered with the Bureau of Investments (BOI).

In the course of generating the total sales of ₱162,794,001.62 for 2018, petitioner made purchases, both local and imported, amounting to ₱66,132,806.23, of which the amount of ₱36,954,422.56, were attributable to its zero-rated sales with corresponding input tax of ₱4,434,530.00.

[15] Exhibit "P-98", docket, pp. 2638-2671.

According to Ms. Gaanan, none of the ₱4,434,530.00 were applied against output tax due for TY 2018 and the succeeding periods, as evidenced by its Amended Quarterly VAT Returns for TYs 2018 and 2019.

Ms. Gaanan further declared that, for some time, they did not hear from the BIR about their administrative claim for refund. Thus, they made a follow-up, to which they were informed that a team had yet to be assigned to petitioner's administrative claim.

A new team was eventually assigned to process petitioner's application for refund. Said team requested again the documents petitioner initially filed on December 27, 2019, to which petitioner complied as evidenced by the stamped "RECEIVED" dated "FEB 10, 2020", on the face of the Transmittal Letter dated December 26, 2019, signed by Jakereen L. Gonzalo, the same person who received it the first time on December 27, 2019.

After that, the BIR requested additional documents, which petitioner provided. The submissions of additional documents were enclosed in the following Transmittal Letters with the signature of the BIR Examiner receiving the documents:

1. Transmittal Letter dated February 17, 2020:
    a. *Alphalist* of Suppliers of petitioner;
    b. Copy of SEC Registration and By-Laws of petitioner; and
    c. VAT Return for the 4th Quarter of the taxable year 2017.
2. Transmittal Letter dated February 19, 2020:
    a. Certification from the Department of Finance One-Stop Shop Inter-Agency and Duty Drawback Center (OSS).
3. Transmittal Letter dated March 6, 2020:
    a. VAT Relief for Sales in 2018;
    b. VAT relief for Importations in 2018; and
    c. VAT Relief for Purchases in 2018.

Ms. Gaanan continued that after receiving the requested additional documents, the BIR no longer contacted petitioner. As such, petitioner waited for the lapse of 90 days for the BIR to process its administrative claim for refund. However, the 90-day period was initially suspended when the Enhanced Community Quarantine (ECQ) was imposed in Metro Manila on March 17, 2020, and resumed on June 1, 2020, when the Modified ECQ was lifted, and restrictions in Metro Manila were downgraded to the General Community Quarantine (GCQ). Hence, the 90-day period for the BIR to process petitioner's administrative claim for refund ended on June 10, 2020.

Petitioner had thirty (30) days from the lapse of the 90 days to file its judicial claim for refund. According to Ms. Gaanan, petitioner filed its judicial claim for refund on July 10, 2020.

ICPA Charlene Mae A. Monje, by way of an Amended Judicial Affidavit, [16] testified that she is the ICPA commissioned by the Court in the instant case to perform the duties and responsibilities of an ICPA under Rule 32 of the Rules of Court in relation to Rule 13 of the Revised Rules of the Court of Tax Appeals (RRCTA).

ICPA Monje declared that she, with the assistance of her team, prepared the required ICPA Report and Supplemental Report, and pertinent annexes based on the documents presented by petitioner, pre-marked the Exhibits and scanned said Report, attachments and Exhibits, and stored such copies into portable devices in the form of DVDs.

ICPA Monje further declared that based on the results of the procedures they performed, applying applicable laws, rules, and regulations, the input tax that can be refunded in the instant case amounts to ₱4,440,970.03.

There being no more witness to be presented, and upon the instance of petitioner's counsel, petitioner was granted fifteen (15) days from February 16, 2022, or until March 3, 2022, to file its Formal Offer of Evidence (FOE). Respondent was also given fifteen (15) days from receipt of petitioner's FOE to file his comment. Further, and considering the manifestation of respondent's counsel that respondent will no

[16] Exhibit P-150, Docket, pp. 2285-2295.

longer present a witness in this case, the parties were granted thirty (30) days from receipt of the Court's Resolution on petitioner's FOE to file their respective memoranda.[17]

On March 3, 2022, petitioner filed its *Motion to Transfer Marking of Exhibits and Formal Offer of Documentary Exhibits*,[18] which the Court partly admitted in the Resolution[19] dated April 4, 2022.

On June 22, 2022, the instant case was deemed submitted for decision considering the Report[20] of the Records Division that both parties failed to file their respective memorandum within the period granted by the Court.[21]

Hence, this Decision.

THE ISSUE

The parties agreed to submit the following issue[22] for the resolution of the Court:

> WHETHER OR NOT PETITIONER IS ENTITLED TO A REFUND OF INPUT VAT ATTRIBUTABLE OR PROPERLY ALLOCATED TO ZERO-RATED SALES MADE IN TAXABLE YEAR 2018 IN THE AGGREGATE AMOUNT OF FOUR MILLION FOUR HUNDRED THIRTY-FOUR THOUSAND FIVE HUNDRED THIRTY PESOS (₱4,434,530.00) PURSUANT TO SECTION 112 OF NATIONAL INTERNAL REVENUE CODE OF 1997.

Petitioner's Arguments:

Petitioner submits that to be entitled to a tax credit certificate or refund of excess input VAT attributable to zero-rated or effectively zero-rated sales, the following requisites must be present:

[17] Order dated February 16, 2022, Docket, p. 2291.
[18] Docket, pp. 2394-2416.
[19] Docket, pp. 2687-2693.
[20] Docket, p. 2694.
[21] Resolution, Docket, p. 2695.
[22] Statement of the Issues, *Joint Stipulation of Facts and Issues* (JSFI), Docket, pp. 2066-2067.

1. The taxpayer is VAT-registered;

2. The taxpayer is engaged in zero-rated or effectively zero-rated sales;

3. The input taxes are due or paid;

4. The input taxes are not transitional input taxes;

5. The input taxes have not been applied against output taxes during and in the succeeding quarters;

6. The input taxes claimed are attributable to zero-rated or effectively zero-rated sales;

7. For zero-rated sales under Sections 106 (A) (2) (1) and (2); 106 (B); and 108 (B) (1) and (2), the acceptable foreign currency exchange proceeds have been duly accounted for in accordance with BSP rules and regulations;

8. Where there are both zero-rated or effectively zero-rated sales and taxable or exempt sales, and the input taxes cannot be directly and entirely attributable to any of these sales, the input taxes shall be proportionately allocated on the basis of sales volume; and

9. The claim is filed within two years after the close of the taxable quarter when such sales were made.

According to petitioner, it has complied with the foregoing requirements. Hence, it is proper that the input tax in the aggregate amount of ₱4,434,530.00 be refunded by way of refund or issuance of a tax credit certificate.

Respondent's Arguments:

For his part, respondent submits that the instant Petition for Review should be dismissed, considering that the Court has no jurisdiction over petitioner's claim for refund or issuance of tax credit certificate.

According to respondent, petitioner's administrative claim for refund was filed on December 27, 2019. However, additional documentary requirements were submitted on February 10, 17, 19, and March 6, 2020. Hence, the filing of the Petition for Review on July 10, 2020 was premature, considering that the counting of the 90 days to act should have commenced on March 6, 2020, and not December 27, 2019.

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THE COURT'S RULING

Pertinent to the resolution of the instant case is Section 112(A) and (C) of the National Internal Revenue Code (NIRC) of 1997, as amended by Republic Act (RA) No. 10963,[23] otherwise known as the Tax Reform for Acceleration and Inclusion Act (TRAIN), which reads as follows:

> SEC. 112. *Refunds or Tax Credits of Input Tax.* —
>
> (A) *Zero-Rated or Effectively Zero-Rated Sales.* — Any VAT-registered person, whose sales are zero-rated or effectively zero-rated may, within two (2) years after the close of the taxable quarter when the sales were made, apply for the issuance of a tax credit certificate or refund of creditable input tax due or paid attributable to such sales, except transitional input tax, to the extent that such input tax has not been applied against output tax: *Provided, however,* That in the case of zero-rated sales under Section 106(A)(2)(a)(1), (2) and (b) and Section 108(B)(1) and (2), the acceptable foreign currency exchange proceeds thereof had been duly accounted for in accordance with the rules and regulations of the *Bangko Sentral ng Pilipinas* (BSP): *Provided, further,* That where the taxpayer is engaged in zero-rated or effectively zero-rated sale and also in taxable or exempt sale of goods of properties or services, and the amount of creditable input tax due or paid cannot be directly and entirely attributed to any one of the transactions, it shall be allocated proportionately on the basis of the volume of sales: *Provided, finally,* That for a person making sales that are zero-rated under Section 108(B)(6), the input taxes shall be allocated ratably between his zero-rated and non-zero-rated sales.
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> xxx xxx xxx
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> (C) *Period within which Refund of Input Taxes shall be Made.* — In proper cases, the Commissioner shall grant a refund for creditable input taxes within ninety (90) days from the date of submission of the official receipts or invoices and other documents in support of the application filed in accordance with Subsections (A) and (B) hereof: *Provided,* That should the Commissioner find that the grant of refund is not proper, the Commissioner must state in writing the legal and factual basis for the denial.

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[23] AN ACT AMENDING SECTIONS 5, 6, 24, 25, 27, 31, 32, 33, 34, 51, 52, 56, 57, 58, 74, 79, 84, 86, 90, 91, 97, 99, 100, 101, 106, 107, 108, 109, 110, 112, 114, 116, 127, 128, 129, 145, 148, 149, 151, 155, 171, 174, 175, 177, 178, 179, 180, 181, 182, 183, 186, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 232, 236, 237, 249, 254, 264, 269, AND 288; CREATING NEW SECTIONS 51-A, 148-A, 150-A, 150-B, 237-A, 264-A, 264-B, AND 265-A; AND REPEALING SECTIONS 35, 62, AND 89; ALL UNDER REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES.

> In case of full or partial denial of the claim for tax refund, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim, appeal the decision with the Court of Tax Appeals: *Provided, however,* That failure on the part of any official, agent, or employee of the BIR to act on the application within the ninety (90)-day period shall be punishable under Section 269 of this Code."

Based on the foregoing provision, jurisprudence[24] has laid down certain requisites the taxpayer-applicant must comply with to successfully obtain a credit/refund of input VAT. Said requisites may be classified into specific categories as follows:

> *As to the timeliness of the filing of the administrative and judicial claims:*
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> 1. The claim is filed with the BIR within two (2) years after the close of the taxable quarter when the sales were made;[25]
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> 2. In case of full or partial denial of the refund claim, or the failure on the part of Respondent to act on the said claim within a period of ninety (90) days, the judicial claim must be filed with this Court, within thirty (30) days from receipt of the decision or after the expiration of the said 90-day period;
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> *Concerning the taxpayer's registration with the BIR:*
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> 3. The taxpayer is a VAT-registered person;[26]
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> *In relation to the taxpayer's output VAT:*
>
> 4. The taxpayer is engaged in zero-rated or effectively zero-rated sales;[27]
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> 5. For zero-rated sales under Sections 106(A)(2)(a)(1) and (3); and 108(B)(1) and (2), the acceptable foreign currency exchange proceeds have been duly accounted for in accordance with BSP rules and regulations;[28]

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[24] *Commissioner of Internal Revenue vs. Toledo Power Co.*, G.R. Nos. 195175 & 199645, 10 August 2015, 766 SCRA 20-33.

[25] *Intel Technology Philippines, Inc. vs. Commissioner of Internal Revenue,* G.R. No. 166732, April 27, 2007; *San Roque Power Corporation vs. Commissioner of Internal Revenue,* G.R. No. 180345, November 25, 2009; and *AT&T Communications Services Philippines, Inc. vs. Commissioner of Internal Revenue,* G.R. No. 182364, August 3, 2010.

[26] *Intel Technology Philippines, Inc. vs. Commissioner of Internal Revenue*, supra; *San Roque Power Corporation vs. Commissioner of Internal Revenue*, supra; and *AT&T Communications Services Philippines, Inc.*, supra.

[27] *Id.*

[28] Par. 2, Sec. 4.112-1.(a) of RR No. 16-2005, as further amended by RR No. 13-2018.

<u>*As regards the taxpayer's input VAT being refunded:*</u>

6. The input taxes are not transitional;[29]

7. The input taxes are due or paid;[30]

8. The input taxes claimed are attributable to zero-rated or effectively zero-rated sales. However, where there are both zero-rated or effectively zero-rated sales and taxable or exempt sales, and the input taxes cannot be directly and entirely attributable to any of these sales, the input taxes shall be proportionately allocated on the basis of sales volume;[31] and

9. The input taxes have not been applied against output taxes during and in the succeeding quarters.[32]

Relative thereto, it must be emphasized that in cases filed before this Court, which are litigated *de novo*, party-litigants must prove every minute aspect of their case.[33] Thus, it behooves petitioner to comply with the foregoing requisites. As a corollary, the absence of any of the said requisites is a valid ground to deny the refund claim.

The Court has jurisdiction over the instant Petition.

First and second requisites: Petitioner's administrative and judicial claims were timely filed.

The *first* requisite pertains to filing a claim for tax refund or tax credit of input VAT before the BIR within two (2) years from the close of the taxable quarter when the zero-rated or effectively zero-rated sales were made.

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[29] *Intel Technology Philippines, Inc. vs. Commissioner of Internal Revenue*, supra; *San Roque Power Corporation vs. Commissioner of Internal Revenue*, supra; and *AT&T Communications Services Philippines, Inc.*, supra.
[30] *Id.*
[31] *Intel Technology Philippines, Inc. vs. Commissioner of Internal Revenue*, supra; and *San Roque Power Corporation vs. Commissioner of Internal Revenue*, supra.
[32] *Intel Technology Philippines, Inc. vs. Commissioner of Internal Revenue*, supra; *San Roque Power Corporation vs. Commissioner of Internal Revenue*, supra; and *AT&T Communications Services Philippines, Inc.*, supra.
[33] *Edison (Bataan) Cogeneration Corporation vs. Commissioner of Internal Revenue, et seq.*, G.R. Nos. 201665 and 201668, August 30, 2017; *Commissioner of Internal Revenue vs. Philippine National Bank*, G.R. No. 180290, September 29, 2014; *Commissioner of Internal Revenue vs. United Salvage and Towage (Phils.), Inc.*, G.R. No. 197515, July 2, 2014; *Dizon vs. Court of Tax Appeals, et al.*, G.R. No. 140944, April 30, 2008; *Atlas Consolidated Mining and Development Corporation vs. Commissioner of Internal Revenue*, G.R. No. 145526, March 16, 2007; and *Commissioner of Internal Revenue vs. Manila Mining Corporation*, G.R. No. 153204, August 31, 2005.

The present claim covers the first, second, third, and fourth quarters of TY 2018, which closed on March 31, 2018, June 30, 2018, September 30, 2018 and December 31, 2018 respectively. Counting two (2) years from the said dates, petitioner had until March 31, 2020, June 30, 2020, September 30, 2020, and December 31, 2020, within which to file its administrative claim for tax credit/refund for the respective quarters. By filing its administrative claim with the BIR on December 27, 2019, petitioner has seasonably complied within the period provided by law.

The *second* requisite is that the judicial claim must have been filed within thirty (30) days from receipt of respondent's decision or after the expiration of the 90 days under the afore-quoted Section 112(C) of the NIRC of 1997, as amended.

In this case, petitioner filed its administrative claim on December 27, 2019. It also submitted additional documents upon respondent's request – the last being made on March 6, 2020. According to petitioner, the 90-day period began to run on December 27, 2019. However, on March 17, 2020, the BIR issued RMC No. 27-2020, which suspended the running of the 90 days, given the government's order placing Metro Manila under ECQ. The suspension of the 90-day period was lifted only on June 1, 2020, when the restriction in Metro Manila was downgraded to GCQ.

For petitioner, the 90 days for the BIR to act on its administrative claim for refund ended on June 10, 2020, considering that only nine (9) days had left when the suspension was imposed on March 17, 2020. Hence, for petitioner, it timely filed its judicial claim on July 10, 2020, within 30 days from the lapse of the 90 days for the BIR to act on its claim.

Respondent, however, disagrees. According to respondent, the 90-day period to process petitioner's claim for refund commenced on March 6, 2020, upon submitting petitioner's complete documents in support of its administrative claim. Counting 90 days from March 6, 2020, excluding the period from March 17, 2020 to June 1, 2020, the 90 days to act on petitioner's administrative claim for refund ended on August 19, 2020. Hence, for respondent, the filing of petitioner's judicial claim via the instant Petition for Review on July 10, 2020, was premature.

The Court finds for petitioner.

One of the amendments introduced under the TRAIN law is found under Section 112 of the NIRC of 1997, as amended. More specifically, the period within which a claim for a refund or tax credit was shortened **from 120 days to 90 days, commencing from the date of submission of the official receipts or invoices and other documents in support of the application for refund**. It is also worth noting that the word "complete" from the phrase *"from the date of submission of complete documents in support of the application"* under the previous Section 112(D)[34] of the NIRC of 1997, as amended, was deleted under the TRAIN law.

Significantly, and to keep up with the shortened time frame to process claims for VAT refund under the TRAIN law, the BIR issued Revenue Memorandum Circular (RMC) No. 047-19,[35] providing, among others, that:

> **I. GENERAL POLICIES**
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> xxx xxx xxx
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> 5. The **taxpayer-claimant shall ensure the completeness and authenticity of the documentary requirements upon filing of the application for VAT refund. Failure on the part of the taxpayer-claimant to submit the complete documents in support of the claim shall result in non-acceptance of the applications. Due to the very limited time for processing the VAT refunds, no additional document/s shall be subsequently requested/required from the taxpayer-claimant.** Any unsupported claim shall be outrightly disallowed, resulting in full/partial denial of the claim.
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> xxx xxx xxx
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> **II. DOCUMENTS TO BE SUBMITTED BY THE TAXPAYER-CLAIMANTS UPON FILING OF THE APPLICATIONS FOR VAT REFUND**
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> xxx xxx xxx

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[34] SECTION 112. *Refunds or Tax Credits of Input Tax.* —
xxx xxx xxx
(D) Period within which Refund or Tax Credit of Input Taxes shall be Made. — In proper cases, the Commissioner shall grant a refund or issue the tax credit certificate for creditable input taxes within one hundred twenty (120) days from the date of submission of complete documents in support of the application filed in accordance with Subsections (A) and (B) hereof.

[35] SUBJECT: *Revised Guidelines and Mandatory Requirements for the Processing and Grant of Value-Added Tax (VAT) Refund Claims within the 90-day Period Pursuant to Section 112 of the Tax Code of 1997, as Amended.*

> 6. **The taxpayer-claimant shall attach a <u>notarized sworn certification</u> (Annex "B") attesting to the completeness of the documents submitted**. Accordingly, the claim/s shall be processed based on the documents submitted. The books of accounts and accounting records shall be presented by the taxpayer-claimant upon written request of the assigned ROs. Failure to present the books of accounts and accounting records relevant to the claim/s shall be a ground for denial of the claims. xxx (*Emphases supplied*)

Clear from the foregoing that an application for refund of input VAT shall only be accepted if the documents in support thereof are complete. Once received, it presupposes that the documents submitted in support thereof are already complete. The taxpayer-claimant must submit a notarized sworn certification stating that the documents in support of its application for refund are already complete. This means that upon receipt of the application for refund, the 90-day period begins to run.

Besides, jurisprudence [36] dictates that the taxpayer-claimant determines the completeness of the documents submitted for purposes of counting the 90-day provided under Section 112(C) of the NIRC of 1997, as amended.

In the instant case, petitioner filed its administrative claim for refund on December 27, 2019, which the BIR received/accepted on an even date. Hence, the 90-day period for the BIR to process petitioner's claim for refund commenced on December 27, 2019. Counting 90 days from December 27, 2019, respondent had until March 26, 2020 to act on petitioner's application for tax credit/refund of input VAT. However, the 90-day period was suspended on March 17, 2020, when the ECQ was imposed in Metro Manila, and was lifted on June 1, 2020, when restrictions in Metro Manila were downgraded to GCQ.

As petitioner correctly pointed out, the 90-day period for the BIR to process its claim for refund ended on June 10, 2020. [37] As no decision on the administrative claim was received after the lapse of the 90 days, petitioner had until July 10, 2020, to appeal respondent's inaction before this Court.

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[36] *Pilipinas Total Gas, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 207112, December 8, 2015.
[37] From December 27, 2019 to March 17, 2020 (the period was suspended due to the ECQ), 81 days had lapsed. The ECQ was lifted on June 1, 2020 plus 9 days (remaining days to complete the 90-day period), the 90th day fell on **June 10, 2020.**

The present Petition for Review was timely filed on July 10, 2020.

Having settled that the *Petition* was timely filed, We likewise rule that the Court has the requisite jurisdiction to take cognizance of this *Petition* under Section 3(a)(1), Rule 4[38] of the RRCTA.

Third requisite: Petitioner is a VAT-registered person.

As for its compliance with the *third* requisite, petitioner presented its BIR Certificate of Registration No. OCN 3RC0000758904 with TIN 008-042-655-000, indicating that it is liable to VAT, among other taxes.[39]

Fourth and fifth requisites: Petitioner had zero-rated sales/receipts during the TY 2018 but only in the amount of ₱58,601,925.94.

The *fourth* and *fifth* requisites require that the taxpayer is engaged in zero-rated or effectively zero-rated sales and for zero-rated sales under Sections 106(A)(2)(a)(1) and (3), and 108(B)(1) and (2) of the NIRC of 1997, as amended, the acceptable foreign currency exchange proceeds have been duly accounted for in accordance with the *Bangko Sentral ng Pilipinas* ("BSP") rules and regulations.

In its amended Quarterly VAT Returns for the TY 2018, petitioner reported total sales/receipts in the amount of ₱162,794,001.62, consisting of VATable sales/receipts of ₱19,316,404.95 and zero-rated sales/receipts of ₱143,477,596.67, as shown below:

[38] *Section 3. Cases Within the Jurisdiction of the Court in Divisions.* — The Court in Divisions shall exercise:
(a) Exclusive original or appellate jurisdiction to review by appeal the following:
(1) Decisions of the Commissioner of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue.
[39] Exhibit "P-1", Docket, p. 2419.

Sales/ Receipts	1st Quarter[40]	2nd Quarter[41]	3rd Quarter[42]	4th Quarter[43]	Total
VATable	₱ 4,849,145.77	₱ 4,797,071.66	₱ 5,362,847.30	₱4,307,340.22	₱ 19,316,404.95
Zero-Rated	30,838,615.19	16,216,363.91	36,160,664.67	60,261,952.90	143,477,596.67
Total	₱35,687,760.96	₱21,013,435.57	₱41,523,511.97	₱64,569,293.12	₱162,794,001.62

In her amended Report, the ICPA Monje accounted petitioner's total zero-rated sales/receipts in the amount of ₱143,399,993.02, extracted and summarized as follows:[44]

Zero-rated Sales		Amount
Sales to BOI-registered entity		
FCF Minerals Corp		₱ 352,697.60
Sales to PEZA-registered entities		
Coral Bay Nickel Corporation	₱ 5,412,963.16	
Taganito HPAL Nickel Corporation	59,186,887.69	64,599,850.85
Sales of goods to non-resident corporations		
Mee Wha Precision Ind. Co., Ltd	₱ 623,981.98	
Tip Top Japan Inc	99,413.25	723,395.23
Sales of services to non-resident corporations		
Rema Tip Top South Africa Pty Ltd.	₱61,436,414.88	
Rema Tip Top Surface Protection Australia	16,287,634.46	77,724,049.34
Total Zero-rated Sales		**₱143,399,993.02**

Notably, the amount of ₱77,603.65[45] pertaining to the zero-rated sales/receipts declared per amended Quarterly VAT Returns but was not adequately supported by documentary evidence is denied VAT zero-rating.

Sales of goods and services to entities registered with PEZA and BOI whose products are 100% exported.

Petitioner claims that its sales of goods and services to entities registered with PEZA and BOI during TY 2018 are subject to zero percent (0%) VAT under Sections 106(A)(2)(a)(5) and (b), and 108(B)(3) of the NIRC of 1997, as amended, in

[40] Exhibit "P-10", Docket, p. 2451.
[41] Exhibit "P-11", Docket, p. 2453.
[42] Exhibit "P-12", Docket, p. 2455.
[43] Exhibit "P-13", Docket, p. 2457.
[44] Table V of No. 3, Exhibit "P-120", Docket, p. 2307.
[45]

Total zero-rated sales/receipts	Amount
As declared per amended Quarterly VAT Returns	₱143,477,596.67
As accounted by ICPA	143,399,993.02
Discrepancy	**₱ 77,603.65**

relation to Section 4.106-5 of Revenue Regulations (RR) No. 13-2018.

Section 106(A)(2)(a)(5) and (b) of the NIRC of 1997, as amended, states:

> "SEC. 106. *Value-Added Tax on Sale of Goods or Properties.* –
>
> (A) *Rate and Base of Tax.* – xxx
>
> (2) The following sales by VAT-registered persons shall be subject to zero percent (0%) rate:
>
> (a) *Export Sales.* - The term '**export sales**' means:
>
> xxx xxx xxx
>
> (5) **Those considered export sales under Executive Order No. 226**, otherwise known as the Omnibus Investment Code of 1987, and **other special laws**; and
>
> xxx xxx xxx
>
> (b) **Sales to persons or entities whose exemption under special laws** or international agreements to which the Philippines is a signatory effectively subjects such sales to zero rate." (*Boldfacing supplied*)

Section 108(B)(3) of the NIRC of 1997, as amended, provides as follows:

> "SEC. 108. *Value-added Tax on Sale of Services and Use or Lease of Properties.* –
>
> (A) *Rate and Base of Tax.* – xxx
>
> xxx xxx xxx
>
> (B) *Transactions Subject to Zero Percent (0%) Rate.* - The following services performed in the Philippines by VAT-registered persons shall be subject to zero percent (0%) rate:
>
> xxx xxx xxx
>
> (3) **Services rendered to persons or entities whose exemption under special laws** or international agreements to which the Philippines is a signatory **effectively subjects the supply of such services to zero percent (0%) rate**;" *(Boldfacing supplied)*

Relative thereto, Sections 4.106-5(a)(4), (b) and 4.108-5(b)(3) of RR No. 13-2018, also provide:

"**SEC. 4.106-5. <u>Zero-Rated Sales of Goods or Properties</u>**. – x x x

The following sales by VAT-registered persons shall be subject to zero percent (0%) rate:

(a) *Export sales*. – '*Export Sales*' shall mean:

xxx xxx xxx

(4) Transactions considered export sales under Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987, and other special laws.

'Considered export sales under Executive Order No. 226' shall mean the Philippine port F.O.B. value determined from invoices, bills of lading, inward letters of credit, landing certificates, and other commercial documents, of export products exported directly by a registered export producer, or the net selling price of export products sold by a registered export producer to another export producer, or to an export trader that subsequently exports the same: *Provided,* That sales of export products to another producer or to an export trader shall only be deemed export sales when actually exported by the latter, as evidenced by landing certificates or similar commercial documents: *Provided, further,* That without actual exportation the following shall be considered constructively exported for purposes of these provisions: (1) sales to bonded manufacturing warehouses of export-oriented manufacturers; (2) **sales to export processing zones**; (3) sales to registered export traders operating bonded trading warehouses supplying raw materials in the manufacture of export products under guidelines to be set by the Board in consultation with the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC); (4) sales to diplomatic missions and other agencies and/or instrumentalities granted tax immunities, of locally manufactured, assembled or repacked products whether paid for in foreign currency or not.

For purposes of zero-rating, the export sales of registered export traders shall include commission income. The exportation of goods on consignment shall not be deemed export sales until the export products consigned are in fact sold by the consignee; and ***Provided, finally,* that sales of goods, properties or services made by a VAT-registered supplier to a BOI-registered manufacturer/producer whose products are 100% exported are considered export sales. A certification to**

this effect must be issued by the Board of Investment (BOI) which shall be good for one year unless subsequently re-issued by the BOI.

xxx xxx xxx

(b) **Sales to persons or entities whose exemption under special laws** or international agreements to which the Philippines is a signatory **effectively subjects such sales to zero rate.**" *(Boldfacing supplied)*

"**SEC. 4.108-5. Zero-Rated Sale of Services.** –

xxx xxx xxx

(b) ***Transactions Subject to Zero Percent (0%) VAT Rate.*** - The following services performed in the Philippines by a VAT-registered person shall be subject to zero percent (0%) VAT rate:

xxx xxx xxx

(3) **Services rendered to persons or entities whose exemption under special laws** or international agreements to which the Philippines is a signatory **effectively subjects the supply of such services to zero percent (0%) rate;**" *(Boldfacing supplied)*

RA No. 7916, as amended by RA No. 8748, otherwise known as *"The Special Economic Zone Act of 1995,"* provides for the creation of the PEZA and the treatment of special economic zones (Ecozones) as separate customs territory, Sections 8 and 24 thereof respectively provide as follows:

"**REPUBLIC ACT NO. 7916**
(as amended by Republic Act No. 8748)

AN ACT PROVIDING FOR THE LEGAL FRAMEWORK AND MECHANISMS FOR THE CREATION, OPERATION, ADMINISTRATION, AND COORDINATION OF SPECIAL ECONOMIC ZONES IN THE PHILIPPINES, CREATING FOR THIS PURPOSE, THE PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA) AND FOR OTHER PURPOSES.

xxx xxx xxx

SECTION 8. *ECOZONE to be Operated and Managed as Separate Customs Territory.* – **The ECOZONE shall be managed and operated by the PEZA as separate customs territory.**

> **The PEZA is hereby vested with the authority to issue certificates of origin for products manufactured or processed in each ECOZONE in accordance with the prevailing rules of origin**, and the pertinent regulations of the Department of Trade and Industry and/or the Department of Finance.
>
> xxx xxx xxx
>
> SECTION 24. *Exemption from National and Local Taxes.* – Except for real property taxes on land owned by developers, **no taxes, local and national, shall be imposed on business establishments operating within the ECOZONE.** xxx" (*Boldfacing supplied*)

Since the Ecozone is viewed as a foreign territory by legal fiction, sales of goods and services made by a VAT-registered person in the Philippine customs territory to an entity registered and operating within an Ecozone are considered export sales to a foreign country subject to zero percent (0%) VAT. This was elucidated by the Supreme Court in the case of *Commissioner of Internal Revenue vs. Toshiba Information Equipment (Phils.), Inc.,*[46] to wit:

> "This Court agrees, however, **that PEZA-registered enterprises, which would necessarily be located within ECOZONES, are VAT-exempt entities**, not because of Section 24 of Rep. Act No. 7916, as amended, which imposes the five percent (5%) preferential tax rate on gross income of PEZA-registered enterprises, in lieu of all taxes; but, rather, **because of Section 8 of the same statute which establishes the fiction that ECOZONES are foreign territory**.
>
> xxx An ECOZONE or a Special Economic Zone has been described as —
>
> xxx [S]elected areas with highly developed or which have the potential to be developed into agro-industrial, industrial, tourist, recreational, commercial, banking, investment and financial centers whose metes and bounds are fixed or delimited by Presidential Proclamations. An ECOZONE may contain any or all of the following: industrial estates (IEs), export processing zones (EPZs), free trade zones and tourist/recreational centers.

[46] G.R. No. 150154, August 9, 2005.

> The national territory of the Philippines outside of the proclaimed borders of the ECOZONE shall be referred to as the Customs Territory.
>
> Section 8 of Rep. Act No. 7916, as amended, mandates that the PEZA shall manage and operate the ECOZONES as a separate customs territory; thus, creating the fiction that the ECOZONE is a foreign territory. As a result, sales made by a supplier in the Customs Territory to a purchaser in the ECOZONE shall be treated as an exportation from the Customs Territory. Conversely, sales made by a supplier from the ECOZONE to a purchaser in the Customs Territory shall be considered as an importation into the Customs Territory.
>
> Given the preceding discussion, what would be the VAT implication of sales made by a supplier from the Customs Territory to an ECOZONE enterprise?
>
> **The Philippine VAT system adheres to the Cross Border Doctrine, according to which, no VAT shall be imposed to form part of the cost of goods destined for consumption outside of the territorial border of the taxing authority. Hence, actual export of goods and services from the Philippines to a foreign country must be free of VAT**; while those destined for use or consumption within the Philippines shall be imposed with ten percent (10%) VAT.[47] (*Boldfacing supplied*)

Meanwhile, pursuant to Revenue Memorandum Order (RMO) No. 9-2000,[48] sales of goods, properties, or services made by a VAT-registered supplier to a BOI-registered entity whose products are 100% exported shall be accorded automatic VAT zero-rating, subject to the following reportorial and documentary requirements, prescribed under Section 3 thereof, *viz*:

> "SECTION 3. Sales of goods, properties or services made by a VAT registered supplier to a BOI-registered exporter shall be accorded automatic zero-rating, i.e., without necessity of applying for and securing approval of the application for zero-rating as provided in Revenue Regulations No. 7-95, subject to the following conditions:
>
> (1) The supplier must be VAT-registered;
>
> (2) The BOI-registered buyer must likewise be VAT-registered;

[47] Now at 12% VAT rate.

[48] SUBJECT: Tax Treatment of Sales of Goods, Properties and Services Made by VAT-registered Suppliers to BOI-registered Manufacturers-Exporters With 100% Export Sales.

(3) The buyer must be a BOI-registered manufacturer/producer whose products are 100% exported. For this purpose, a Certification to this effect must be issued by the Board of Investments (BOI) and which certification shall be good for one year unless subsequently re-issued by the BOI;

(4) **The BOI-registered buyer shall furnish each of its suppliers with a copy of the aforementioned BOI Certification which shall serve as authority for the supplier to avail of the benefits of zero-rating for its sales to said BOI-registered buyers**; and

(5) The VAT-registered supplier shall issue for each sale to BOI-registered manufacturer/exporters a duly registered VAT invoice with the words 'zero-rated' stamped thereon in compliance with Sec. 4.108-1(5) of Revenue Regulations No. 7-95. The supplier must likewise indicate in the VAT-invoice the name and BOI-registry number of the buyer." (*Emphasis supplied*)

Based on the foregoing, sales of goods and services by a VAT-registered taxpayer, such as petitioner, to entities located in the ECOZONEs, as well as to BOI-registered entities whose products are 100% exported, are considered "export sales" subject to VAT zero-rating pursuant to Sections 106(A)(2)(a)(5) and (b); and 108(B)(3) of the NIRC of 1997, as amended, and as implemented by Sections 4.106-5(a)(4), (b) and 4.108-5(b)(3) of RR No. 13-2018.

A. Sales to BOI-registered entity

Petitioner avers that its sales to FCF Minerals Corporation, an enterprise registered with the BOI and whose products are 100% exported, are subject to zero percent (0%) VAT, pursuant to Section 106(A)(2)(a)(5) and (b) of the NIRC of 1997, as amended, in relation with Section 4.106-5 of RR No. 13-2018 and Section 3 of RMO No. 9-2000.

As extracted from petitioner's *Schedule of Zero-Rated Sale of Goods*,[49] the zero-rated sales in the amount of ₱352,697.60, as detailed below, pertains to its sales of goods to FCF Minerals Corporation:

---

[49] Annex "A", Exhibit "P-120", Docket, pp. 2318 to 2321.

SI No.	Date	Amount	Exhibit
1815	15-Jan-18	₱ 14,960.00	"P-223"; "P-595"
1815	15-Jan-18	4,360.00	"P-223"; "P-595"
1815	15-Jan-18	25,836.00	"P-223"; "P-595"
1815	15-Jan-18	18,715.20	"P-223"; "P-595"
1969	23-May-18	36,492.00	"P-224"; "P-596"
1969	23-May-18	58,564.00	"P-224"; "P-596"
2016	25-Jun-18	14,960.00	"P-225"
2016	25-Jun-18	4,360.00	"P-225"
2056	23-Jul-18	17,952.00	"P-226"; "P-598"
2056	23-Jul-18	5,232.00	"P-226"; "P-598"
2085	10-Aug-18	89,760.00	"P-227"
2085	10-Aug-18	26,160.00	"P-227"
2171	3-Oct-18	22,118.40	"P-228"
2171	3-Oct-18	5,232.00	"P-228"
2171	3-Oct-18	7,996.00	"P-228"
Total Sales to BOI-registered entity		**₱352,697.60**	

A perusal of the BOI Certificate shows that the exported sales of FCF Minerals Corporation pertain to its sales for the year 2017, before the period of claim, despite its validity for the year 2018.[50]

Hence, the whole amount of ₱352,697.60 pertaining to its sales without BOI Certification to the effect that FCF Minerals Corporation is a BOI-registered entity whose products are 100% exported for the TY 2018, shall be *denied* VAT zero-rating.

B. Sales to PEZA-registered entities

To prove that its clients are duly registered with the PEZA, petitioner submitted various Certifications issued by the said agency. Listed below are the clients of petitioner for the TY 2018 with the corresponding proof of VAT zero rating:

Name of Client	Proof of VAT zero-rating	Exhibit	Certification Period
Coral Bay Nickel Corporation	Certificate No. 2018-0784	"P-1009"	for the year 2018
Taganito HPAL Nickel Corporation	Certificate No. 2018-0206	"P-1011"	for the year 2018

Accordingly, petitioner's sales to Coral Bay Nickel Corporation (CBNC) and Taganito HPAL Nickel Corporation (THPAL) for the TY 2018 qualify for VAT zero-rating under Sections 106(A)(2)(a)(5), (b), and 108(B)(3) of the NIRC of 1997,

[50] Exhibits "P-1010" to "P-1010-1", Exhibit "P-129" (USB flash drive).

as amended, and as implemented by Sections 4.106-5(a)(4), (b) and 4.108-5(b)(3) of RR No. 13-2018, provided that the same are properly supported by VAT zero-rated sales invoices (SIs) [for sales of goods] and official receipts (ORs) [for sales of services] in accordance with Section 113(A) and (B) of the NIRC of 1997, as amended, which provides:

> "SEC. 113. *Invoicing and Accounting Requirements for VAT-registered Persons.* —
>
> (A) *Invoicing Requirements.* — A VAT-registered person shall issue:
>
> (1) A VAT invoice for every sale, barter or exchange of goods or properties; and
>
> (2) A VAT official receipt for every lease of goods or properties, and for every sale, barter or exchange of services.
>
> (B) *Information Contained in the VAT Invoice or VAT Official Receipt.* — The following information shall be indicated in the VAT invoice or VAT official receipt:
>
> (1) A statement that the seller is a VAT-registered person, followed by his Taxpayer's Identification Number (TIN);
>
> (2) The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the value-added tax: *Provided*, That:
>
> (a) The amount of the tax shall be shown as a separate item in the invoice or receipt;
>
> (b) If the sale is exempt from value-added tax, the term '**VAT-exempt sale**' shall be written or printed prominently on the invoice or receipt;
>
> (c) If the sale is subject to zero percent (0%) value-added tax, the term '**zero-rated sale**' shall be written or printed prominently on the invoice or receipt;
>
> (d) If the sale involves goods, properties or services some of which are subject to and some of which are VAT zero-rated or VAT-exempt, the invoice or receipt shall clearly indicate the break-down of the sale price between its taxable, exempt and zero-rated components, and the calculation of the value-added tax on each portion of the sale shall be shown on the invoice or receipt: *Provided*, That the seller may issue separate invoices or receipts for the taxable, exempt, and zero-rated components of the sale.

(3) The date of transaction, quantity, unit cost and description of the goods or properties or nature of the service; and

(4) In the case of sales in the amount of One thousand pesos (₱1,000) or more where the sale or transfer is made to a VAT-registered person, the name, business style, if any, address and Taxpayer Identification Number (TIN) of the purchaser, customer or client." (*Boldfacing supplied*)

The foregoing provisions are further implemented by Section 4.113-1(A) and (B) of RR No. 16-2005, as amended, which are all quoted hereunder:

"SEC. 4.113-1. *Invoicing Requirements.* —

(A) A VAT-registered person shall issue: —

(1) A VAT invoice for every sale, barter or exchange of goods or properties; and

(2) A VAT official receipt for every lease of goods or properties, and for every sale, barter or exchange of services.

Only VAT-registered persons are required to print their TIN followed by the word "VAT" in their invoice or official receipts. Said documents shall be considered as a "VAT Invoice" or "VAT official receipt." All purchases covered by invoices/receipts other than VAT Invoice/VAT Official Receipt shall not give rise to any input tax.

VAT invoice/official receipt shall be prepared at least in duplicate, the original to be given to the buyer and the duplicate to be retained by the seller as part of his accounting records.

(B) *Information contained in VAT invoice or VAT official receipt.* — The following information shall be indicated in VAT invoice or VAT official receipt:

(1) A statement that the seller is a VAT-registered person, followed by his TIN;

(2) The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the VAT, *Provided*, That:

(a) The amount of tax shall be shown as a separate item in the invoice or receipt;

(b) If the sale is exempt from VAT, the term "VAT-exempt sale" shall be written or printed prominently on the invoice or receipt;

(c) If the sale is subject to zero percent (0%) VAT, the term "zero-rated sale" shall be written or printed prominently on the invoice or receipt;

(d) If the sale involves goods, properties or services some of which are subject to and some of which are VAT zero-rated or VAT-exempt, the invoice or receipt shall clearly indicate the break-down of the sale price between its taxable, exempt and zero-rated components, and the calculation of the VAT on each portion of the sale shall be shown on the invoice or receipt. The seller has the option to issue separate invoices or receipts for the taxable, exempt, and zero-rated components of the sale.

(3) In the case of sales in the amount of one thousand pesos (₱1,000.00) or more where the sale or transfer is made to a VAT-registered person, the name, business style, if any, address and TIN of the purchaser, customer or client, shall be indicated in addition to the information required in (1) and (2) of this Section."

In addition to the above requirements, the SIs and ORs must be duly registered with the BIR as prescribed under Section 237, in relation to Section 238 of the NIRC of 1997, as amended, to wit:

"SEC. 237. *Issuance of Receipts or Sales or Commercial Invoices.* — All persons subject to an internal revenue tax shall, for each sale or transfer of merchandise or for services rendered valued at Twenty-five pesos (P25.00) or more, issue duly registered receipts or sale or commercial invoices, prepared at least in duplicate, showing the date of transaction, quantity, unit cost and description of merchandise or nature of service: xxx

xxx xxx xxx

SEC. 238. *Printing of Receipts or Sales or Commercial Invoices.* — All persons who are engaged in business shall secure from the Bureau of Internal Revenue an authority to print receipts or sales or commercial invoices before a printer can print the same

No authority to print receipts or sales or commercial invoices shall be granted unless the receipts or invoices to be printed are serially numbered and shall show, among other things, the name, business style, Taxpayer Identification Number (TIN) and business address of the person or entity to use the same, and such other information that may be required by rules and regulations to be promulgated by the Secretary of Finance, upon recommendation of the Commissioner."

To prove compliance with the VAT invoicing requirements under the aforementioned provisions and regulations, petitioner submitted its Schedules of Zero-Rated Sales of Goods and Services[51] and the related SIs, ORs, collection receipts and billing statements[52] in support of its zero-rated sales/receipts to PEZA-registered entities of ₱64,599,850.85, which the ICPA duly examined.

Upon examination of the submitted SIs and ORs in support of petitioner's sales of goods and services to PEZA-registered entities, the amount of ₱5,997,924.91, as detailed below, shall be *denied* VAT zero-rating due to the following reasons:

SI/ OR No.	Date	Name of Buyer	Amount	Exhibit
1. Sales of goods not supported by VAT SI (SIs were among those denied[53] admission by the Court for failure to present the originals for comparison); supported only by collection receipts				
1838	19-Jan-18	THPAL	₱ 35,149.50	"P-232"; "P-602"
1838	19-Jan-18	THPAL	13,000.00	"P-232"; "P-602"
1840	19-Jan-18	THPAL	3,240.00	"P-233"; "P-602"
1840	19-Jan-18	THPAL	10,800.00	"P-233"; "P-602"
1840	19-Jan-18	THPAL	700,000.00	"P-233"; "P-602"
1838	31-Jan-18	THPAL	9,350.00	"P-232"; "P-602"
1838	31-Jan-18	THPAL	160,000.00	"P-232"; "P-602"
1838	31-Jan-18	THPAL	20,800.00	"P-232"; "P-602"
1838	31-Jan-18	THPAL	1,940.00	"P-232"; "P-602"
1982	30-May-18	THPAL	978,215.00	"P-240"; "P-605"
1982	30-May-18	THPAL	155,112.00	"P-240"; "P-605"
1982	30-May-18	THPAL	126,304.00	"P-240"; "P-605"
1982	30-May-18	THPAL	179,955.00	"P-240"; "P-605"
1983	30-May-18	THPAL	96,026.00	"P-241"; "P-605"
1983	30-May-18	THPAL	56,700.00	"P-241"; "P-605"
1983	30-May-18	THPAL	(40,808.51)	"P-241"; "P-605"
		Subtotal	***₱2,505,782.99***	
2. Sales of goods without supporting documents (SIs and collection receipts were among denied[54] admission by the Court for failure to present the originals for comparison)				
2097	17-Aug-18	THPAL	₱ 74,070.00	"P-246"; "P-609"
2097	17-Aug-18	THPAL	135,165.00	"P-246"; "P-609"

[51] Annexes "A" and "B", Exhibit "P-120", Docket, pp. 2318 to 2324.
[52] Exhibits "P-200" to "P-201", "P-203" to "P-205", "P-207" to "P-213", "P-215" to "P-231", "P-234" to "P-239", "P-242" "P-245", "P-247" to "P-252", "P-254" to "P-255", "P-257" to "P-260", "P-553" to "P-557", "P-559" to "P-573", "P-574", "P-577" to "P-578", "P-580" to "P-587", "P-595" to "P-598", "P-601" to "P-606", "P-931" to "P-933" and "P-939" to "P-986", Exhibit "P-129" (USB flash drive).
[53] Resolution dated April 4, 2022, Docket, pp. 2689 to 2690.
[54] *Id.*

2097	17-Aug-18	THPAL	56,700.00	"P-246"; "P-609"
2097	17-Aug-18	THPAL	8,056.00	"P-246"; "P-609"
2097	17-Aug-18	THPAL	14,398.40	"P-246"; "P-609"
2097	17-Aug-18	THPAL	17,506.40	"P-246"; "P-609"
2097	17-Aug-18	THPAL	11,983.80	"P-246"; "P-609"
2097	17-Aug-18	THPAL	61,719.90	"P-246"; "P-609"
2201	23-Oct-18	THPAL	631,270.25	"P-253"; "P-612"
2201	23-Oct-18	THPAL	(31,563.50)	"P-253"; "P-612"
2201	23-Oct-18	THPAL	835,886.34	"P-253"; "P-612"
2201	23-Oct-18	THPAL	632,500.00	"P-253"; "P-612"
2201	23-Oct-18	THPAL	698,725.00	"P-253"; "P-612"
2201	23-Oct-18	THPAL	(34,935.00)	"P-253"; "P-612"
2201	23-Oct-18	THPAL	120,000.00	"P-253"; "P-612"
2201	23-Oct-18	THPAL	50,400.00	"P-253"; "P-612"
2218	30-Oct-18	THPAL	4,712.50	"P-256"; "P-613"
2218	30-Oct-18	THPAL	23,500.00	"P-256"; "P-613"
2218	30-Oct-18	THPAL	7,200.00	"P-256"; "P-613"
2218	30-Oct-18	THPAL	31,891.50	"P-256"; "P-613"
2218	30-Oct-18	THPAL	20,190.50	"P-256"; "P-613"
2218	30-Oct-18	THPAL	35,149.50	"P-256"; "P-613"
2218	31-Oct-18	THPAL	9,350.00	"P-256"; "P-613"
		Subtotal	***₱3,413,876.59***	
3. Sales of goods not supported by VAT SI; supported only by collection receipts				
JV#201801-0017	31-Jan-18	THPAL	₱ 743.66	"P-602"
JV#201801-0017	31-Jan-18	THPAL	7,784.84	"P-602"
JV#201801-0017	31-Jan-18	THPAL	69,736.83	"P-602"
		Subtotal	***₱ 78,265.33***	
Total zero-rated sales to PEZA registered entity not properly substantiated			**₱5,997,924.91**	

Thus, out of the zero-rated sales/receipts to PEZA-registered entities in the total amount of ₱64,599,850.85, only the amount of ₱58,601,925.94,[55] qualify for VAT zero-rating under Sections 106(A)(2)(a)(5), (b) and 108(B)(3) of the 1997 NIRC as amended, in relation to Sections 4.106-5(a)(4), (b) and 4.108-5(b)(3) of RR No. 13-2018.

C. Sales of goods to non-resident Corporations

Petitioner states that for sales to non-resident foreign corporations (NRFC), one of the requirements to qualify as zero-rated sales is that the payments by or collections from these NRFCs should be made in foreign currency.[56] Petitioner posits that its sales of goods to NRFCs are subject to zero percent (0%) VAT, pursuant to Section 106(A)(2)(a)(3) of the NIRC of 1997, as amended, which provides:

[55] ₱64,599,850.85 less ₱5,997,924.91.
[56] No. 4, Exhibit "P-120", Docket, p. 2307.

"SEC. 106. *Value-Added Tax on Sale of Goods or Properties.* –

(A) *Rate and Base of Tax.* – xxx

xxx xxx xxx

(2) The following sales by VAT-registered persons shall be subject to zero percent (0%) rate:

(a) *Export Sales.* - The term 'export sales' means:

xxx xxx xxx

(3) Sale of raw materials or packaging materials to a nonresident buyer for delivery to a resident local export-oriented enterprise to be used in manufacturing, processing, packing or repacking in the Philippines of the said buyer's goods and paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);"

The alleged zero-rated sales of goods to NRFCs amounting to ₱723,395.23, as extracted and summarized from petitioner's *Schedule of Zero-Rated Sale of Goods*, are as follows:[57]

SI No.	Date	Name of Buyer	Amount	Exhibit No.
1802	4-Jan-18	MEE WHA PRECISION IND. CO., LTD	₱ 126,265.41	"P-200"; "P-577"
1802	4-Jan-18	MEE WHA PRECISION IND. CO., LTD	271,877.93	"P-200"; "P-577"
1802	4-Jan-18	MEE WHA PRECISION IND. CO., LTD	81,701.14	"P-200"; "P-577"
1802	4-Jan-18	MEE WHA PRECISION IND. CO., LTD	23,719.69	"P-200"; "P-577"
1803	8-Jan-18	MEE WHA PRECISION IND. CO., LTD	93,323.80	"P-201"; "P-578"
1803	8-Jan-18	MEE WHA PRECISION IND. CO., LTD	27,094.01	"P-201"; "P-578"
2247	26-Nov-18	TIP TOP JAPAN INC	99,413.25	"P-202"; "P-579"[58]
Total Sales of Goods to Non-resident Corporation			**₱723,395.23**	

However, other than the SIs and collection receipts issued to Mee Wha Precision Ind. Co., Ltd, SEC Certificates of Non-Registration of Corporation/Partnership,[59] Bank of the Philippine Islands settlement advice,[60] and Reconciliation of Export Sales and Foreign Currency Remittances on Zero-rated Sale of Goods for the period January to December 2018;[61] no other documents were submitted to prove that its alleged zero-

[57] Annex "A", Exhibit "P-120", Docket, pp. 2318 to 2321.
[58] Exhibits "P-202" and "P-579" were among those denied admission by the Court through Resolution dated April 4, 2022, Docket, p. 2689.
[59] Exhibits "P-3791" to "P-3792", Exhibit "P-129" (USB flash drive).
[60] Exhibits "P-999" to "P-1001", Exhibit "P-129" (USB flash drive).
[61] Exhibit "P-91", Docket, p. 2624.

rated sales of goods to NRFCs were sales of raw materials or packaging materials to a nonresident buyer for delivery to a resident local export-oriented enterprise to be used in manufacturing, processing, packing or repacking in the Philippines of the said buyer's goods under Section 106(A)(2)(a)(3) of the NIRC of 1997, as amended.

Moreover, even the ICPA ascertained that the zero-rated sales of goods to non-resident corporations in the amount of ₱723,395.23[62] are not valid as zero-rated sales.

Thus, the alleged zero-rated sales of goods to NRFCs amounting to ₱723,395.23 shall be *denied* VAT zero-rating.

D. Sales of services to non-resident foreign corporation

Out of petitioner's zero-rated sales/receipts in the aggregate amount of ₱143,399,993.02 as accounted by the ICPA for the four quarters of TY 2018, ₱77,724,049.34 pertains to sales of services to NRFCs, as follows:[63]

Customer Name	In Foreign Currency	Amount
Rema Tip Top South Africa Pty Ltd.	$992,516.10	₱ 61,436,414.88
Rema Tip Top Surface Protection Australia	260,247.00	16,287,634.46
Total		**₱77,724,049.34**

Pertinent to the determination of whether the sales of services to a NRFC qualify for VAT zero-rating, Section 108(B)(2) of the NIRC of 1997, as amended, states:

> "SEC. 108. *Value-added Tax on Sale of Services and Use or Lease of Properties.-*
>
> xxx xxx xxx
>
> (B) *Transactions Subject to Zero Percent (0%) Rate.* – The following services performed in the Philippines by VAT-registered persons shall be subject to zero percent (0%) rate:
>
> (1) Processing, manufacturing or repacking goods for other persons doing business outside the Philippines which goods are subsequently exported, where the services are paid for in acceptable foreign currency and accounted for in

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[62] Annex "A", Exhibit "P-120", Docket, pp. 2318 to 2321.
[63] Table V of No. 3, Exhibit "P-120", Docket, p. 2307.

accordance with the rules and regulations of the *Bangko Sentral ng Pilipinas* (BSP);

(2) Services other than those mentioned in the preceding paragraph rendered to a person engaged in business conducted outside the Philippines or to a non-resident person not engaged in business who is outside the Philippines when the services are performed, the consideration for which is paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the *Bangko Sentral ng Pilipinas* (BSP);"

Based on the foregoing provision, certain *essential elements* must be present for a sale or supply of services to be subject to a VAT rate of zero percent (0%) under Section 108(B)(2) of the NIRC of 1997, as amended, to wit:

1. The recipient of the services is a foreign corporation, and the said corporation is doing business outside the Philippines or is a nonresident person not engaged in business who is outside the Philippines when the services were performed;[64]

2. The services fall under any of the categories under Section 108(B)(2),[65] or simply, the services rendered should be other than "processing, manufacturing or repacking goods";[66]

3. The services must be performed in the Philippines[67] by a VAT-registered person; and

4. The payment for such services should be in acceptable foreign currency accounted for in accordance with BSP rules.[68]

Relative to the *first* essential element, to prove that its client is a NRFC for purposes of VAT zero-rating under Section 108(B)(2) of the NIRC of 1997, as amended, petitioner must establish that: (1) the client was established under the laws of a foreign country; and, (2) it is not engaged in trade or business in the Philippines. There must be sufficient proof of these requirements to establish that a client is a foreign corporation **and** is not doing business in the Philippines.[69]

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[64] *Sitel Philippines Corporation (Formerly Clientlogic Phils. Inc.) vs. Commissioner of Internal Revenue*, G.R. No. 201326, February 8, 2017; *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.*, G.R. No. 153205, January 22, 2007; *Accenture, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 190102, July 11,2012.
[65] *Commissioner of Internal Revenue vs. American Express International, Inc. (Philippine Branch)*, G.R. No. 152609, June 29, 2005.
[66] *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.*, supra.
[67] *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.*, supra; *Commissioner of Internal Revenue vs. American Express International, Inc. (Philippine Branch)*, supra.
[68] *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.*, supra; *Commissioner of Internal Revenue vs. American Express International, Inc. (Philippine Branch)*, supra.
[69] *Commissioner of Internal Revenue vs. Deutsche Knowledge Services Pte. Ltd.*, G.R. No. 234445, July 15, 2020.

Thus, petitioner must submit for each NRFC client, at the very least, **both**: (1) the SEC Certificate of Non-Registration of Corporation/Partnership; **and** (2) Proof of Certificate/Articles of Foreign Incorporation/Association showing the state/province/country where the entity was organized.[70]

The SEC Certificate of Non-Registration shows that the foreign client is not engaged in trade or business in the Philippines. On the other hand, the Certificate/Articles of Foreign Incorporation/Association proves that the client was established under the laws of a foreign country. Together, these two (2) documents prove the two (2) requisites necessary to establish the NRFC status of a client.

Upon review of the records, it is shown that petitioner was able to present the SEC Certificates of Non-Registration of Corporation/Partnership[71] for all its NRFC entities. However, petitioner failed to submit the Certificate/Articles of Foreign Incorporation/Association to prove the NRFC status of its foreign clients.

Moreover, as ascertained by the ICPA, petitioner was unable to secure authenticated copies of their respective certificates of registration in their places of residence but obtained only a photocopy of the Certificate of the Company Information as support for zero-rating.[72]

Examination of petitioner's formally offered exhibits disclosed that the same were among those denied[73] admission by the Court per Resolution[74] dated April 4, 2022. Thus, petitioner failed to comply with the *first* essential element.

Concerning the *second* essential element, no evidence was presented by petitioner to prove that the services it rendered fall under any of the categories under Section 108(B)(2). As such, petitioner failed to comply with the *second* essential element as it was not able to establish that the services it provided to its clients were not in the same category as *"processing, manufacturing or repacking of goods."*

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[70] *Commissioner of Internal Revenue vs. CITCO International Support Services Limited-Philippine ROHQ*, CTA EB No. 2018, November 29, 2019.
[71] Exhibits "P-3789" to "P-3790", Exhibit "P-129" (USB flash drive).
[72] No. 5 and Index, Exhibit "P-120", Docket, pp. 2307 to 2308 and 2386, respectively.
[73] Exhibits "P-3793" to "P-3794-A".
[74] Docket, p. 2690.

Neither did petitioner show proof that the purported services rendered were performed in the Philippines. As such, the *third* essential element was also not complied with.

As regards the *fourth* essential element, petitioner presented its Reconciliation of Export Sales and Foreign Currency Remittances on Zero-Rated Sale of Services for the period January to December 2018, [75] bank statements/settlement advice/passbook page [76] purportedly showing the foreign currency remittances of its clients to petitioner.

Considering the foregoing, petitioner fell short in establishing that the amount of ₱77,724,049.34 declared sales of services to NRFC for the TY 2018 qualify for VAT zero-rating under Section 108(B)(2) of the NIRC of 1997, as amended.

In sum, out of the total reported zero-rated sales/receipts of ₱143,477,596.67, only the sales of goods and services to PEZA-registered entities in the total amount of ₱58,601,925.94 qualify for VAT zero-rating for the TY 2018.

Thus, for the *fourth* requisite, the Court finds that petitioner had VAT zero-rated sales/receipts for the TY 2018, but only in the amount of ₱58,601,925.94.

As for the *fifth* requisite, which is to the effect that petitioner must prove that the acceptable foreign currency exchange proceeds have been duly accounted for in accordance with BSP rules and regulations under **Sections 106(A)(2)(a)(1) and (3); and, 108(B)(1) and (2),** all of the NIRC of 1997, as amended, since the legal basis for petitioner's zero-rated sales of ₱58,601,925.94 is **Sections 106(A)(2)(a)(5), (b) and 108(B)(3)** of the NIRC of 1997, as amended, the instant case need not comply with the said *fifth* requisite. In this connection, while petitioner alleges that it has sales of services to certain NRFC, the Court need **not** determine whether there was compliance with the same *fifth* requisite since it was not duly proven, as *above* shown, that the said sales of goods and services qualify for VAT zero-rating under Sections 106(A)(2)(a)(3) and 108(B)(2) of the NIRC of 1997, as amended.

[75] Exhibit "P-92", Docket, p. 2625.
[76] Exhibits "P-1002" to "P-1008", Exhibit "P-129" (USB flash drive).

Having found that petitioner had VAT zero-rated sales in the total amount of ₱58,601,925.94 for the TY 2018, the Court shall proceed to determine whether petitioner complied with the following remaining requisites:

a. ***Sixth requisite***: the input taxes are not transitional;

b. ***Seventh requisite***: the input taxes are due or paid;

c. ***Eighth requisite***: the input taxes claimed are attributable to zero-rated or effectively zero-rated sales. However, where there are both zero-rated or effectively zero-rated sales and taxable or exempt sales, and the input taxes cannot be directly and entirely attributed to any of these sales, the input taxes shall be proportionately allocated on the basis of sales volume; and

d. ***Ninth requisite***: the input taxes have not been applied against output taxes during and in the succeeding quarters.

Sixth requisite*: *The input taxes being claimed are not transitional.

The claimed input taxes do *not* appear to be transitional, as understood under Section 111(A) of the NIRC of 1997, as amended, to wit:

> "SEC.111. *Transitional/Presumptive Input Tax Credits.* –
>
> (A) *Transitional Input Tax Credits.* – A person who becomes liable to value-added tax or any person who elects to be a VAT-registered person shall, subject to the filing of an inventory according to the rules and regulations prescribed by the Secretary of Finance, upon recommendation of the Commissioner, be allowed input tax on his beginning inventory of goods, materials and supplies equivalent to two percent (2%) of the value of such inventory or the actual value-added tax paid on such goods, materials and supplies, whichever is higher, which shall be creditable against the output tax."

Parenthetically, transitional input tax credit operates to benefit newly VAT-registered persons, whether they previously paid taxes in the acquisitions of their beginning inventory of goods, materials, and supplies. During the transition period from non-VAT to VAT status, the transitional input tax credit serves to alleviate the impact of the VAT on the taxpayer.[77]

Since there is no showing that the claimed input taxes are transitional, petitioner has complied with the *sixth* requisite for the grant of an input VAT refund.

Seventh requisite: Not all input VAT being claimed are due or paid.

Anent the *seventh* requisite in claiming VAT refund, it is of fatal importance for petitioner to provide supporting documents proving that the input taxes claimed during the four quarters of TY 2018 were due or paid in accordance with Section 110(A) of the NIRC of 1997, as amended, which provides that:

> "SEC. 110. *Tax Credits.* —
>
> (A) *Creditable Input Tax.* —
>
> (1) Any input tax evidenced by a VAT invoice or official receipt issued in accordance with Section 113 hereof on the following transactions shall be creditable against the output tax:
>
> (a) Purchase or importation of goods:
>
> (1) For sale; or
>
> (ii) For conversion into or intended to form part of a finished product for sale including packaging materials; or
>
> (iii) For use as supplies in the course of business; or
>
> (iv) For use as materials supplied in the sale of service; or

[77] *Fort Bonifacio Development Corporation vs. Commissioner of Internal Revenue*, G.R. Nos. 158885 and 170680, April 2, 2008.

(v) For use in trade or business for which deduction for depreciation or amortization is allowed under this Code.

(b) Purchase of services on which a value-added tax has actually been paid.

(2) The input tax on domestic purchase or importation of goods or properties by a VAT-registered person shall be creditable:

(a) To the purchaser upon consummation of sale and on importation of goods or properties; and

(b) To the importer upon payment of the value-added tax prior to the release of the goods from the custody of the Bureau of Customs.

Provided, That the input tax on goods purchased or imported in a calendar month for use in trade or business for which deduction for depreciation is allowed under this Code, shall be spread evenly over the month of acquisition and the fifty-nine (59) succeeding months if the aggregate acquisition cost for such goods, excluding the VAT component thereof, exceeds One million pesos (₱1,000,000): *Provided, however,* That if the estimated useful life of the capital good is less than five (5) years, as used for depreciation purposes, then the input VAT shall be spread over such a shorter period: *Provided, further,* That the amortization of the input VAT shall only be allowed until December 31, 2021 after which taxpayers with unutilized input VAT on capital goods purchased or imported shall be allowed to apply the same as scheduled until fully utilized: *Provided, finally,* That in the case of purchase of services, lease or use of properties, the input tax shall be creditable to the purchaser, lessee or licensee upon payment of the compensation, rental, royalty or fee."

The above provisions are implemented by Sections 4.110-1 to 4.110-3 of RR No. 16-2005, as further amended under RR No. 13-2018, which provide as follows:

"SECTION 4.110-1. *Credits For Input Tax.* — "Input tax" means the VAT due on or paid by a VAT-registered person on importation of goods or local purchases of goods, properties, or services, including lease or use of properties, in the course of his trade or business. It shall also include the transitional input tax and the presumptive input tax determined in accordance with Sec. 111 of the Tax Code.

It includes input taxes which can be directly attributed to transactions subject to the VAT plus a ratable portion of any input tax which cannot be directly attributed to either the taxable or exempt activity.

Any input tax on the following transactions evidenced by a VAT invoice or official receipt issued by a VAT-registered person in accordance with Secs. 113 and 237 of the Tax Code shall be creditable against the output tax:

(a) Purchase or importation of goods

(1) For sale; or

(2) For conversion into or intended to form part of a finished product for sale, including packaging materials; or

(3) For use as supplies in the course of business; or

(4) For use as raw materials supplied in the sale of services; or

(5) For use in trade or business for which deduction for depreciation or amortization is allowed under the Tax Code,

(b) Purchase of real properties for which a VAT has actually been paid;

(c) Purchase of services in which a VAT has actually been paid;

(d) Transactions "deemed sale" under Sec. 106 (B) of the Tax Code;

(e) Transitional input tax allowed under Sec. 4.111 (a) of these Regulations;

(f) Presumptive input tax allowed under Sec. 4.111 (b) of these Regulations;

(g) Transitional input tax credits allowed under the transitory and other provisions of these Regulations.

SECTION 4.110-2. *Persons Who Can Avail of the Input Tax Credit.* — The input tax credit on importation of goods or local purchases of goods, properties or services by a VAT-registered person shall be creditable:

(a) To the importer upon payment of VAT prior to the release of goods from customs custody;

Mr

(b) To the purchaser of the domestic goods or properties upon consummation of the sale; or

(c) To the purchaser of services or the lessee or licensee upon payment of the compensation, rental, royalty or fee.

SECTION 4.110-3. *Claims for Input Tax on Depreciable Goods.* — Where a VAT-registered person purchases or imports capital goods, which are depreciable assets for income tax purposes, the aggregate acquisition cost of which (exclusive of VAT) in a calendar month exceeds One Million pesos (₱1,000,000.00), regardless of the acquisition cost of each capital good, shall be claimed as credit against output tax in the following manner:

(a) If the estimated useful life of a capital good is five (5) years or more — The input tax shall be spread evenly over a period of sixty (60) months and the claim for input tax credit will commence in the calendar month when the capital good is acquired. The total input taxes on purchases or importations of this type of capital goods shall be divided by 60 and the quotient will be the amount to be claimed monthly.

(b) If the estimated useful life of a capital good is less than five (5) years — The input tax shall be spread evenly on a monthly basis by dividing the input tax by the actual number of months comprising the estimated useful life of the capital good. The claim for input tax credit shall commence in the calendar month that the capital goods were acquired.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed One million pesos (₱1,000,000.00), the total input taxes will be allowable as credit against output tax in the month of acquisition.

Capital goods or properties refers to goods or properties with estimated useful life greater than one (1) year and which are treated as depreciable assets under Sec. 34(F) of the Tax Code, used directly or indirectly in the production or sale of taxable goods or services.

The aggregate acquisition cost of depreciable assets in any calendar month refers to the total price, excluding the VAT, agreed upon for one or more assets acquired and not on the payments actually made during the calendar month. Thus, an asset acquired on installment for an acquisition cost of more than P1,000,000.00, excluding the VAT, will be subject to the amortization of input tax despite the fact that the monthly payments/installments may not exceed P1,000,000.00."

Further, Section 4.110-8 of RR No. 16-2005 provides for the substantiation requirements of input tax credits on domestic purchases of goods, properties, and services, as follows:

"SECTION 4.110-8. *Substantiation of Input Tax Credits.* —

(a) Input taxes for the importation of goods or the domestic purchase of goods, properties, or services is made in the course of trade or business, whether such input taxes shall be credited against zero-rated sale, non-zero-rated sales, or subjected to the 5% Final Withholding VAT, must be substantiated and supported by the following documents, and must be reported in the information returns required to be submitted to the Bureau:

(1) For the importation of goods — import entry or other equivalent document showing actual payment of VAT on the imported goods.

(2) For the domestic purchase of goods and properties — invoice showing the information required under Secs. 113 and 237 of the Tax Code.

(3) For the purchase of real property — public instrument i.e., deed of absolute sale, deed of conditional sale, contract/agreement to sell, etc., together with VAT invoice issued by the seller.

(4) For the purchase of services — official receipt showing the information required under Secs. 113 and 237 of the Tax Code.

A cash register machine tape issued to a registered buyer shall constitute valid proof of substantiation of tax credit only if it shows the information required under Secs. 113 and 237 of the Tax Code."

It is categorically mentioned in the above provisions that to be entitled to input tax credits, the same must be evidenced by VAT SIs (for domestic purchases of goods or properties) or ORs (for domestic purchases of services) issued in accordance with Sections 113 and 237 of the NIRC of 1997, as amended, which were quoted earlier.

Thus, to prove entitlement to credits for input taxes due or paid, petitioner must not only present the supporting documents prescribed under Section 4.110-8 of RR No. 16-2005, but more importantly, these documents must comply with the invoicing requirements under Sections 113(A) and (B), 237 and 238 of the NIRC of 1997, as amended, and as implemented by Section 4.113-1(A) and (B) of RR No. 16-2005, as further amended under RR No. 13-2018.

In its amended Quarterly VAT Returns for the TY 2018, petitioner reported input taxes from its amortization of input VAT on capital goods exceeding ₱1Million, domestic purchases and importation of goods other than capital goods, and domestic purchases of services in the total amount of ₱5,572,385.45 out of which the amount of ₱4,434,530.70[78] as reflected in *"Others,"* specifically under Line 21O, is the subject of petitioner's claim for refund, to wit:

Nature of Transaction	**1st Quarter[79]**	**2nd Quarter[80]**	**3rd Quarter[81]**	**4th Quarter[82]**	**Input Tax**
Input Tax Deferred on Capital Goods exceeding ₱1Million from the Previous Quarter *(Line 20B)*	-	-	₱ 56,250.00	₱ 56,250.00	₱ 112,500.00
Add: Input Tax on Purchase of Capital Goods exceeding ₱1Million *(Line 21D)*	-	1,125,000.00	-	-	1,125,000.00
Less: Input Tax on Purchases of Capital Goods exceeding P1Million deferred for the succeeding period *(Line 23A)*	-	(1,068,750.00)	-	-	(1,068,750.00)
Input Tax Amortized for the period	-	₱ 56,250.00	₱ 56,250.00	₱ 56,250.00	₱ 168,750.00
Add: Current Input Taxes					

[78] With ₱0.70 discrepancy against the amount of claim.
[79] Exhibit "P-10", Docket, pp. 2451 to 2452.
[80] Exhibit "P-11", Docket, pp. 2453 to 2454.
[81] Exhibit "P-12", Docket, pp. 2455 to 2456.
[82] Exhibit "P-13", Docket, pp. 2457 to 2458.

Domestic Purchases of Goods Other than Capital Goods *(Line 21F)*	₱ 25,720.75	₱ 12,837.98	₱ 35,667.65	₱ 13,196.92	₱ 87,423.30
Importation of Goods Other than Capital Goods *(Line 21H)*	66,711.98	421,884.88	81,095.17	30,498.28	600,190.31
Domestic Purchase of Services *(Line 21J)*	117,687.26	67,456.20	55,313.47	41,034.21	281,491.14
Others *(Line 21O)*	1,016,823.28	1,601,356.75	1,103,391.22	712,959.45	4,434,530.70
Total Input Taxes	**₱1,226,943.27**	**₱2,159,785.81**	**₱1,331,717.51**	**₱853,938.86**	**₱5,572,385.45**

The input VAT of ₱4,434,530.70, as reported in "*Others*" (Line 21O) in the Quarterly VAT Returns of TY 2018, was determined by petitioner[83] and the ICPA[84] to be composed of input VAT on purchases of goods and services **directly attributable** to zero-rated sales, and input VAT on purchases of goods and services **allocable** to zero-rated sales, as follows:

Purchases	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**	**Total**
Purchases allocated to Zero-Rated Sales	₱7,952,193.25	₱12,867,698.84	₱8,740,582.03	₱5,565,155.70	₱35,125,629.81[85]
Purchases Directly Attributable to Zero-Rated Sales	521,334.08	476,940.75	454,344.83	376,173.08	1,828,792.75[86]
Total Purchases Directly Attributable or allocated to Zero-Rated Sales	**₱8,473,527.33**	**₱13,344,639.59**	**₱9,194,926.86**	**₱5,941,328.78**	**₱36,954,422.56**
					0.12
Total Input VAT on Purchases Directly Attributable or allocated to Zero-Rated Sales					**₱ 4,434,530.71**

However, upon verification by the Court, it was found that petitioner failed to prove that certain domestic purchases and importation of goods other than capital goods, purchase of capital goods exceeding ₱1 million, and domestic purchase of services in the total amount of ₱1,828,792.75 were **directly attributable** to zero-rated sales made during the four quarters of TY 2018. Thus, the Court is constrained to consider the

[83] Pars. 23 and 24, *Petition for Review*, Docket, pp. 14 to 15.
[84] Table I, Exhibit "P-120", Docket, p. 2298.
[85] With ₱0.01 difference per footing.
[86] With ₱0.01 difference per footing.

whole amount of ₱5,572,385.45 as petitioner's total input VAT on amortization of capital goods exceeding ₱1 million, domestic purchases and importation of goods other than capital goods, and domestic purchase of services, subject to **proportional allocation** between VATable, VAT-exempt, and VAT zero-rated sales under Section 112(A) of the NIRC of 1997, as amended.

In support of its input taxes due or paid, petitioner submitted its *Schedule of Local Purchases with Input Tax,*[87] *Schedule of Importations,*[88] various sales invoices, ORs, and importation documents,[89] which the ICPA examined.

Based on the ICPA's *Schedule of Local Purchases with Input Tax,*[90] the input VAT in the amount of ₱472,611.41 shall be disallowed for failure to meet the invoicing and substantiation requirements under Sections 110(A), 113(A), and (B), and 237 of the NIRC of 1997, as amended, in relation to Sections 4.110-1, 4.110-2, 4.110-8 and 4.113-1 of RR No. 16-2005, as amended.

In addition to the above disallowances, the following input VAT amounting to ₱2,274,264.72 shall likewise be disallowed for failure to meet the invoicing and substantiation requirements prescribed under the VAT law and regulations, *viz*:

Exhibit No.	Registered Name of Supplier	Input VAT
1. Input VAT on purchases of goods/services supported by documents that were among those denied[91] admission by the Court for failure to present the originals for comparison		
"P-1205"	HONEYLEMON FOODS INC	₱ 37.18
"P-1376"	HONEYLEMON FOODS INC	53.36
"P-1490"	SUPERVALUE INC	40.29
"P-1633"	TOYOTA BUTUAN CITY	1,161.65
"P-1634"	MULTI STORE CORP	70.50
"P-1640"	E ZARATE HOSPITAL	431.79
"P-1641"	CHICKIE SARAP FOODS CORP	27.64
"P-1840"	DIAMANT VELOURS FOOD CORP	253.50
"P-1841"	E ZARATE HOSPITAL	2,742.32
"P-1860"	CIPCON PETROL VENTURES INC	10.71

[87] Annex "D", Docket, pp. 2340 to 2376.
[88] Annex "E", Docket, pp. 2377 to 2378.
[89] Exhibits "P-1021" to "P-3788" and submarkings.
[90] Annex "D", Docket, pp. 2340 to 2376.
[91] Resolution dated April 4, 2022, Docket, pp. 2689 to 2690.

"P-1861"	BALIWAG LECHON MANOK INC	72.75
"P-1880"	THE BELLEVUE MANILA (RPJ DEVELOPMENT INC)	3,796.39
"P-1881"	THE BELLEVUE MANILA (RPJ DEVELOPMENT INC)	1,667.92
"P-1988"	NUSERY CARE CORP	248.55
"P-2006"	K3CP CORPORATION	326.89
"P-2045"	SUPERVALUE INC	804.24
"P-2046"	PALAWAN JOLLY FOODS CORP	20.04
"P-2047"	GRANDIOSA CORP.	33.11
"P-2048"	PALAWAN JOLLY FOODS CORP	14.36
"P-2049"	PHILIPPINE PIZZA INC	127.93
"P-2050"	GOOD GRUB INC	299.14
"P-2062"	TRAVELBEE MANAGEMENT CORPORATION	467.14
"P-2063"	M YAMZON INTERNATIONAL TRADING CORP	214.29
"P-2064"	TRAVELBEE MANAGEMENT CORPORATION	467.14
"P-2248"	SOUTHGATEFOODS INC	57.64
"P-2691"	SANFORD MARKETING CORPORATION	21.19
"P-2692"	FREEMONT FOODS CORPORATION (JOLLIBEE)	39.64
"P-2693"	NEY SHELL SERVICE STATION	319.74
"P-2694"	ROBINSONS HANDYMAN INC	92.31
"P-2695"	SHUKEY KEY SERVICES & TRADING	10.71
"P-2696"	CEBU PRIMEGRILL CORP	267.86
"P-2697"	SHUKEY KEY SERVICES & TRADING	96.43
"P-2698"	TOP SPRING PURIFIED DRINKING WATER & DIST SERVICES	10.71
"P-2699"	AEROPHINE ENTERPRISES & CO.	214.29
"P-2701"	FREEMONT FOODS CORPORATION (JOLLIBEE)	39.64
"P-2702"	KINGS MULTI PARTS GENERAL SALES	165.00
"P-2705"	CEBU ORIGINAL LECHON BELLY	231.43
"P-2706"	SANFORD MARKETING CORPORATION	102.06
"P-2707"	NEY SHELL SERVICE STATION	321.43
"P-2708"	ESPRUTINGKLE GAS & SERVICE INC	2,475.42
"P-2709"	CEBU PRIMEGRILL CORP	335.28
"P-2710"	M YAMZON INTERNATIONAL TRADING CORP	37.50
"P-2711"	LECIANN VENTURES INC	17.91
"P-2714"	SANFORD MARKETING CORPORATION	44.89
"P-2715"	M YAMZON INTERNATIONAL TRADING CORP	107.14
"P-2719"	GRANDRESTO INC	428.04
"P-2720"	CEBU PRIMEGRILL CORP	675.54
"P-2753"	U-FREIGHT PHILS INC	204.42
"P-2755"	KARTON BUSINESS VENTURES INC	21.43
"P-2760"	AL & TL FOOD FRANCHISE CORP	28.71
"P-2762"	KALREJ CORPORATION	78.00
"P-2763"	SUPERVALUE INC	54.24
"P-2764"	TOOLBOX TRADING	471.43

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"P-2765"	INFINITY SHELL GAS STATION	5.36
"P-2892"	RUSTAN COFFE CORP (STARBUCKS COFFEE)	184.29
"P-2893"	RUSTAN SUPERCENTERS INC	38.06
"P-2894"	EASYGAS CONVENIENCE STATION	53.57
"P-2895"	AVALON SCION FOODS CORPORATION	17.68
"P-2896"	GOLDEN ARCHES DEVELOPMENT CORP	17.36
"P-2898"	FRONTLAKE INC	17.57
"P-2899"	RUSTAN SUPERCENTERS INC	73.15
"P-2901"	HARBOUR CITY DIMSUM HOUSE INC	17.36
"P-2902"	FRIJOLES CORPORATION	61.61
"P-2903"	SOUTHROAD GRILL CORP	145.07
"P-2904"	CHOWFUN INC	20.36
"P-2905"	PERSIAN KEBAB TANDOORI CUISINE	24.64
"P-2906"	S&R PIZZA INC	12.32
"P-2907"	HANDSBURY INC	26.79
"P-2918"	WENDYS ALL PLATINUM RETAILERS INC	184.29
"P-2946"	COCHINILLO INC	125.63
"P-2950"	FREEMONT FOODS CORPORATION (JOLLIBEE)	17.14
"P-2958"	BALIWAG LECHON MANOK INC	27.32
"P-2959"	KALREJ CORPORATION	107.14
"P-2960"	BALIWAG LECHON MANOK INC	48.64
"P-2961"	INTELLIGENT E PROCESSES TECHNOLOGIES	24.00
"P-2962"	MICHAEL PAUL NOODLE HOUSE	44.25
"P-2963"	SUPERVALUE INC	148.58
"P-2965"	BRITE TOWN AUTO PARTS	75.00
"P-3114"	DHL EXPRESS (PHILIPPINES) CORP	328.82
"P-3122"	MANDAUE CONSTELLATION BUSINESS PLAZA INC.	7,920.00
"P-3316"	RUSTAN COFFE CORP (STARBUCKS COFFEE)	17.68
"P-3422"	FILLER UP GASOLINE STATION	14.40
"P-3462"	ESPRUTINGKLE GAS & SERVICE INC	2,182.52
"P-3466"	YUNITED CORP	111.43
"P-3467"	AKROASIA PETRON SERVICE STATION	204.31
"P-3499"	BEERY HAPPY FOOD SERVICES	11.25
"P-3500"	BEERY HAPPY FOOD SERVICES	5.79
"P-3753"	TOYOTA MANDAUE SOUTH CEBU	583.13
	Subtotal	*₱ 33,255.37*
2. Input VAT on purchases of goods/services supported by documents that were among those denied[92] admission by the Court for being unreadable		
"P-1329"	MANDAUE TRADE CENTER	₱ 12.86
"P-1540"	ACE HARDWARE PHILS INC	20.87
"P-3021"	ACE HARDWARE PHILS INC	23.55

[92] No. 3, Resolution dated April 4, 2022, Docket, p. 2690.

	Subtotal			₱ *57.28*
3. Input VAT on purchases of goods/services supported by unreadable/blurred documents				
"P-1226"	ACE HARDWARE PHILS INC			₱ 111.30
"P-1275"	MERCURY DRUG			83.71
"P-1599"	SOLIDMARK INC			972.77
"P-1888"	CEBU PORT AUTHORITY			220.32
"P-1890"	CEBU PORT AUTHORITY			112.44
"P-1951"	ROBINSONS HANDYMAN INC			21.30
"P-1984"	RUSTAN COFFE CORP (STARBUCKS COFFEE)			127.50
"P-3174"	ZUBUFOODS, INC.			48.75
"P-3496"	MULTI STORE CORP			109.39
"P-3497"	MULTI STORE CORP			204.37
"P-3498"	SANFORD MARKETING CORPORATION			136.74
"P-3685"	LAUGHING BUDDH FOOD CORP			11.79
	Subtotal			₱ *2,160.38*
4. Input VAT on purchases of goods/services supported by photocopied[93] documents				
"P-1544"	THE BELLEVUE MANILA (RPJ DEVELOPMENT INC)			₱ 198.21
"P-1545"	MAJOR SHOPPING MANAGEMENT CORP			157.50
"P-2690"	GLOBALVIEW TRAVEL & TOURS CORP			803.57
"P-3718"	GLOBAL SECURITY SOLUTIONS INC.			461.60
	Subtotal			₱ *1,620.88*
5. Over-claimed input VAT from purchases of goods/services				
		input VAT amounts		
		per claim	**per OR**	
"P-1233"	ALAIN ASIA TRADING CORP	₱ 321.43	₱ 312.43	₱ 9.00
"P-1373"	MINDANAOAN MARKETING & AUTOPARTS	31.07	26.78	4.29
"P-1600"	GAISANO CAPITAL-SURIGAO (TAI-PAN DEVELOPMENT INC)	101.03	100.02	1.01
"P-1681"	ARMY NAVY BURGER INC	31.45	30.54	0.91
"P-1807"	MOTHERS CHOICE SURIGAO INC	853.32	844.80	8.52
"P-1987"	SANFORD MARKETING CORPORATION	151.56	2.36	149.20
"P-2428"	GAISANO CAPITAL-SURIGAO (TAI-PAN DEVELOPMENT INC)	140.49	48.74	91.75
"P-2444"	GAISANO CAPITAL-SURIGAO (TAI-PAN DEVELOPMENT INC)	487.68	474.39	13.29
	Subtotal			₱ *277.97*
6. Input VAT on purchases of goods/services supported by computer-generated VAT				

[93] Index, Exhibit "P-120", Docket, pp. 2384 to 2386.

invoices/official receipts with alterations/insertions of petitioner's name and/or TIN/address without the countersignature of the issuer		
"P-1051"	FAST WHEEL SHELL GAS STATION	₱ 200.11
"P-1052"	FAST WHEEL SHELL GAS STATION	107.15
"P-1054"	INFINITY SHELL GAS STATION	171.43
"P-1057"	DAVAO CITIHARDWARE INC	2,764.23
"P-1059"	FPG INSURANCE CO., INC	17,904.60
"P-1078"	FAST WHEEL SHELL GAS STATION	10.71
"P-1083"	ABACUS BOOK AND CARD CORP (NATIONAL BOOKSTORE)	27.62
"P-1084"	NEY SHELL SERVICE STATION	17.15
"P-1085"	ABACUS BOOK AND CARD CORP (NATIONAL BOOKSTORE)	9.80
"P-1088"	EASYGAS CONVENIENCE STATION	17.86
"P-1099"	NEY SHELL SERVICE STATION	321.43
"P-1100"	NEY SHELL SERVICE STATION	107.14
"P-1107"	ICED PETRON SERVICE STATION	13.70
"P-1120"	FAST WHEEL SHELL GAS STATION	10.71
"P-1125"	GARNTLINE INC	20.36
"P-1133"	INFINITY SHELL GAS STATION	10.71
"P-1135"	ABACUS BOOK AND CARD CORP (NATIONAL BOOKSTORE)	25.69
"P-1138"	INFINITY SHELL GAS STATION	10.71
"P-1145"	NATIONAL BOOK STORE INC	14.28
"P-1186"	GAISANO CAPITAL-SURIGAO (TAI-PAN DEVELOPMENT INC)	11.68
"P-1194"	CHARTER PING AN INSURANCE CORP	20,327.29
"P-1200"	SANFORD MARKETING CORPORATION	85.00
"P-1211"	FAST WHEEL SHELL GAS STATION	198.40
"P-1213"	INFINITY SHELL GAS STATION	214.29
"P-1223"	MANDAUE BEST FUEL DEPOT INC	17.60
"P-1228"	FREEMONT FOODS CORPORATION (JOLLIBEE)	9.64
"P-1229"	LVC FOODS	4.29
"P-1231"	NEY SHELL SERVICE STATION	321.43
"P-1240"	CUBIXOOFFICE INC	8.73
"P-1241"	OFFICE WAREHOUSE INC	13.71
"P-1245"	CUBIXOOFFICE INC	7.95
"P-1246"	CUBIXOOFFICE INC	16.07
"P-1250"	CUBIXOOFFICE INC	3.75
"P-1251"	GOLDEN ARCHES DEVELOPMENT CORP	9.86
"P-1255"	ANCECAR SPECIALTY FOODS INC	149.46
"P-1256"	MAJOR SHOPPING MANAGEMENT CORP	157.50
"P-1265"	CUBIXOOFFICE INC	4.47
"P-1294"	XPRESSFILL SERVICE STATION	70.29
"P-1304"	INFINITY SHELL GAS STATION	32.14
"P-1305"	TRI OKTO SHELL GASOLINE STATION	10.71

"P-1318"	ICED PETRON SERVICE STATION	16.07
"P-1323"	ICED PETRON SERVICE STATION	10.71
"P-1324"	NEY SHELL SERVICE STATION	322.62
"P-1327"	SANFORD MARKETING CORPORATION	44.55
"P-1333"	CUBIXOOFFICE INC	1.61
"P-1337"	CUBIXOOFFICE INC	11.79
"P-1344"	NATIONAL BOOK STORE INC	24.64
"P-1346"	CUBIXOOFFICE INC	64.61
"P-1349"	JOINT VENTURE	11.68
"P-1353"	CUBIXOOFFICE INC	3.00
"P-1378"	GAISANO CAPITAL-SURIGAO (TAI-PAN DEVELOPMENT INC)	6.27
"P-1383"	LAVENDER SHELL SERVICE STATION & GEN MDSE	214.29
"P-1413"	FAST WHEEL SHELL GAS STATION	203.57
"P-1415"	INFINITY SHELL GAS STATION	137.76
"P-1416"	FAST WHEEL SHELL GAS STATION	203.58
"P-1417"	FAST WHEEL SHELL GAS STATION	160.72
"P-1450"	PROTON MICROSYSTEM	42.86
"P-1456"	XPRESSFILL SERVICE STATION	10.71
"P-1460"	NEY SHELL SERVICE STATION	321.44
"P-1462"	AKROASIA PETRON SERVICE STATION	17.58
"P-1468"	EASYGAS CONVENIENCE STATION	15.11
"P-1469"	NEY SHELL SERVICE STATION	214.29
"P-1473"	ICED PETRON SERVICE STATION	16.71
"P-1475"	NEY SHELL SERVICE STATION	293.37
"P-1477"	SANFORD MARKETING CORPORATION	509.97
"P-1480"	HONDA MOTOR WORLD INC	48.21
"P-1481"	HONDA MOTOR WORLD INC	94.29
"P-1491"	MAJOR SHOPPING MANAGEMENT CORP	21.43
"P-1509"	ACE HARDWARE PHILS INC	32.12
"P-1510"	LAVENDER SHELL SERVICE STATION & GEN MDSE	32.14
"P-1513"	GAISANO CAPITAL-SURIGAO (TAI-PAN DEVELOPMENT INC)	24.62
"P-1516"	LATINUS FOODS INCORPORATED	29.69
"P-1549"	GOLDEN GREAT VALUE PROPERTIES INC	1.07
"P-1554"	GAISANO CAPITAL-SURIGAO (TAI-PAN DEVELOPMENT INC)	45.36
"P-1555"	CLYBROS MERCHANDISING INC	9.93
"P-1569"	GAISANO CAPITAL-SURIGAO (TAI-PAN DEVELOPMENT INC)	28.77
"P-1602"	CITI HARDWARE BACOLOD INC	26.57
"P-1642"	INFINITY SHELL GAS STATION	192.86
"P-1643"	ICED PETRON SERVICE STATION	140.68
"P-1647"	FAST WHEEL SHELL GAS STATION	179.49
"P-1648"	FAST WHEEL SHELL GAS STATION	203.58

"P-1665"	HARI-RAYA COFFEE SHOP INC	650.91
"P-1678"	GOLDEN ARCHES DEVELOPMENT CORP	40.50
"P-1693"	INGUSAN GASOLINE STATION	10.71
"P-1703"	GRANATINA FOOD CORP	13.39
"P-1711"	NEY SHELL SERVICE STATION	107.14
"P-1715"	SANFORD MARKETING CORPORATION	94.29
"P-1718"	SANFORD MARKETING CORPORATION	33.35
"P-1727"	NEY SHELL SERVICE STATION	321.43
"P-1729"	SEATTLE'S BEST COFFEE	2.68
"P-1741"	EASYGAS CONVENIENCE STATION	10.71
"P-1743"	ICED PETRON SERVICE STATION	13.04
"P-1748"	NEW VENTURES SHELL STATION	16.09
"P-1751"	NEY SHELL SERVICE STATION	289.77
"P-1752"	NEY SHELL SERVICE STATION	53.57
"P-1753"	MANDAUE FOAM INDUSTRIES INC	134.60
"P-1766"	HONEYLEMON FOODS INC	31.82
"P-1773"	ASEANA HOLDINGS INC	2.68
"P-1774"	ASEANA HOLDINGS INC	2.68
"P-1775"	GOLDEN LION FOODS (SURIGAO II) CORPORATION	9.11
"P-1776"	FREEMONT FOODS CORPORATION (JOLLIBEE)	10.93
"P-1777"	FREEMONT FOODS CORPORATION (JOLLIBEE)	10.50
"P-1781"	SILICON VALLEY COMPUTER GROUP PHILS INC	649.29
"P-1796"	SANFORD MARKETING CORPORATION	57.51
"P-1810"	SAM HIRANAND FOOD CORPORATION	27.96
"P-1812"	CUBIXOOFFICE INC	3.21
"P-1825"	MIA MAISON HOME INC	166.50
"P-1827"	GOLDILOCKS BAKESHOP HAPPY FOODS CORP	33.00
"P-1828"	MAJOR SHOPPING MANAGEMENT CORP	107.12
"P-1835"	ANCECAR SPECIALTY FOODS INC	197.68
"P-1837"	CITI HARDWARE BACOLOD INC	577.98
"P-1842"	CUBIXOOFFICE INC	43.07
"P-1856"	CUBIXOOFFICE INC	48.27
"P-1859"	MM YAMAT MOTORIST CENTER	10.71
"P-1863"	INFINITY SHELL GAS STATION	192.86
"P-1864"	FAST WHEEL SHELL GAS STATION	203.58
"P-1867"	INFINITY SHELL GAS STATION	160.72
"P-1869"	CUBIXOOFFICE INC	1,583.04
"P-1914"	FOUR A PETROLEUM STATION	10.71
"P-1917"	SANFORD MARKETING CORPORATION	47.57
"P-1918"	MISTER DONUT	34.29
"P-1921"	NEY SHELL SERVICE STATION	321.48
"P-1929"	NEY SHELL SERVICE STATION	20.32
"P-1934"	ABACUS BOOK AND CARD CORP (NATIONAL	5.30

	BOOKSTORE)	
"P-1936"	SANFORD MARKETING CORPORATION	18.08
"P-1940"	LECIANN VENTURES INC	21.45
"P-1941"	NEY SHELL SERVICE STATION	21.45
"P-1943"	ABACUS BOOK AND CARD CORP (NATIONAL BOOKSTORE)	99.00
"P-1944"	MULTI STORE CORP	143.44
"P-1946"	NEY SHELL SERVICE STATION	213.18
"P-1956"	ICED PETRON SERVICE STATION	16.50
"P-1959"	NEY SHELL SERVICE STATION	335.59
"P-1981"	UNIVERSITY OF CEBU MEDICAL CENTER	51.84
"P-1986"	BELMONT INDUSTRIAL TOOL CENTER	304.18
"P-2012"	GAISANO CAPITAL-SURIGAO (TAI-PAN DEVELOPMENT INC)	27.80
"P-2019"	CONTEMPORIAN FOODS INC (JCO DONUTS & COFFEE)	143.04
"P-2053"	FAST WHEEL SHELL GAS STATION	202.56
"P-2054"	FAST WHEEL SHELL GAS STATION	234.62
"P-2056"	INFINITY SHELL GAS STATION	166.62
"P-2086"	LAMUAN SHELL GAS STATION INC	15.32
"P-2092"	KALREJ CORPORATION	74.89
"P-2102"	CITI HARDWARE BACOLOD INC	80.33
"P-2103"	ICED PETRON SERVICE STATION	19.72
"P-2107"	JMR GOLDEN FOOD VENTURES INC	15.11
"P-2120"	NEY SHELL SERVICE STATION	318.07
"P-2125"	JMR GOLDEN FOOD VENTURES INC	15.32
"P-2126"	FREEMONT FOODS CORPORATION (JOLLIBEE)	10.07
"P-2137"	GAISANO CAPITAL-SURIGAO (TAI-PAN DEVELOPMENT INC)	15.00
"P-2163"	NEY SHELL SERVICE STATION	319.78
"P-2164"	EASYGAS CONVENIENCE STATION	10.71
"P-2175"	GAISANO CAPITAL-SURIGAO (TAI-PAN DEVELOPMENT INC)	42.27
"P-2182"	GAISANO CAPITAL-SURIGAO (TAI-PAN DEVELOPMENT INC)	29.29
"P-2192"	ONG KIN KING & CO INC	41.04
"P-2198"	ZUBUFOODS, INC.	25.71
"P-2209"	INFINITY SHELL GAS STATION	13.93
"P-2215"	RUSTAN COFFE CORP (STARBUCKS COFFEE)	57.32
"P-2217"	INNOVACHOWS CORP	6.86
"P-2244"	LECIANN VENTURES INC	21.50
"P-2252"	INFINITY SHELL GAS STATION	160.74
"P-2254"	INFINITY SHELL GAS STATION	128.63
"P-2255"	FAST WHEEL SHELL GAS STATION	179.29
"P-2256"	FAST WHEEL SHELL GAS STATION	231.00
"P-2257"	FAST WHEEL SHELL GAS STATION	202.55
"P-2260"	CUBIXOOFFICE INC	499.82

"P-2296"	KALREJ CORPORATION	20.68
"P-2297"	GOLDEN ARCHES DEVELOPMENT CORP	14.46
"P-2316"	NEW VENTURES SHELL STATION	10.71
"P-2318"	CANELLE FOOD CORPORATION	19.29
"P-2320"	SCOOBYS GAS DEPOT	21.43
"P-2323"	MANDAUE BOLT CENTER	9.64
"P-2328"	NATIONAL BOOK STORE INC	65.36
"P-2329"	NATIONAL BOOK STORE INC	44.92
"P-2340"	ACHIEVERS FUEL & SERVICE CENTER CORP	13.93
"P-2354"	INFINITY SHELL GAS STATION	10.71
"P-2356"	YDLAZAVON PANCIT HABHAB INC	46.50
"P-2361"	RED RIBBON BAKESHOP INC	37.50
"P-2364"	NEY SHELL SERVICE STATION	318.20
"P-2368"	MANDAUE BOLT CENTER	9.16
"P-2376"	NEY SHELL SERVICE STATION	265.09
"P-2380"	MULTI STORE CORP	42.64
"P-2392"	DIVI MART CORP	12.32
"P-2424"	TOYOTA BUTUAN CITY	952.86
"P-2474"	MULTI STORE CORP	56.76
"P-2487"	INFINITY SHELL GAS STATION	148.22
"P-2518"	LVV (LITTLE VIN-VIN) FOOD CORPORATION	18.75
"P-2536"	NEY SHELL SERVICE STATION	314.66
"P-2542"	AKROASIA PETRON SERVICE STATION	16.07
"P-2552"	LATINUS FOODS INCORPORATED	37.51
"P-2564"	SILICON VALLEY COMPUTER GROUP PHILS INC	482.14
"P-2568"	MAJOR SHOPPING MANAGEMENT CORP	105.00
"P-2576"	PANCAKE HOUSE 3PEAS IN A POD INC	68.78
"P-2577"	FAST WHEEL SHELL GAS STATION	15.00
"P-2583"	ISLAND SOUVENIR INC	99.62
"P-2594"	OCTAGON COMPUTER SUPERSTORE PROTON MICROSYSTEMS	85.61
"P-2596"	GAISANO CAPITAL-SURIGAO (TAI-PAN DEVELOPMENT INC)	44.20
"P-2611"	FREEMONT FOODS CORPORATION (JOLLIBEE)	10.71
"P-2653"	THE SM STORE MINDANAO SHOPPERS DAILY DESTINATION CORP	12.29
"P-2676"	NCCC SUPERMARKET LTS RETAIL SPECIALIST INC	324.68
"P-2687"	NEY SHELL SERVICE STATION	319.73
"P-2689"	MULTI STORE CORP	145.50
"P-2722"	FAST WHEEL SHELL GAS STATION	235.72
"P-2728"	CUBIXOOFFICE INC	1,330.71
"P-2729"	CUBIXOOFFICE INC	1,069.29
"P-2732"	MAJOR SHOPPING MANAGEMENT CORP	133.90
"P-2775"	WS AND LANDIN INC	18.21
"P-2779"	SANFORD MARKETING CORPORATION	62.14

"P-2780"	ABACUS BOOK AND CARD CORP (NATIONAL BOOKSTORE)	56.25
"P-2784"	ALL FRESH FOOD PRODUCTS INC	53.57
"P-2790"	SANFORD MARKETING CORPORATION	418.47
"P-2794"	ICED PETRON SERVICE STATION	22.40
"P-2795"	NEY SHELL SERVICE STATION	351.86
"P-2796"	NEY SHELL SERVICE STATION	107.14
"P-2799"	SANFORD MARKETING CORPORATION	49.20
"P-2800"	AKROASIA PETRON SERVICE STATION	10.71
"P-2805"	ABACUS BOOK AND CARD CORP (NATIONAL BOOKSTORE)	93.40
"P-2819"	OFFICE WAREHOUSE INC	48.21
"P-2824"	INFINITY SHELL GAS STATION	12.86
"P-2831"	SUPERVALUE INC	21.40
"P-2833"	4S HIRANAND FOOD CORPORATION	35.12
"P-2835"	CUBIXOOFFICE INC	487.40
"P-2849"	GAISANO CAPITAL-SURIGAO (TAI-PAN DEVELOPMENT INC)	17.24
"P-2853"	GAISANO CAPITAL-SURIGAO (TAI-PAN DEVELOPMENT INC)	28.83
"P-2888"	LAVENDER SHELL SERVICE STATION & GEN MDSE	107.14
"P-2920"	FAST WHEEL SHELL GAS STATION	300.01
"P-2932"	TWO FOUR ENTERPRISES	12.86
"P-2943"	XPRESSFILL SERVICE STATION	16.07
"P-2977"	CEBU BELMONT INC	104.57
"P-2984"	NEY SHELL SERVICE STATION	214.29
"P-2996"	MULTI STORE CORP	58.87
"P-3003"	LECIANN VENTURES INC	214.29
"P-3020"	SUPERVALUE INC	3.43
"P-3029"	ARMY NAVY BURGER INC	19.82
"P-3030"	HIGH HAVEN SPIRITS & CIGAR INC.	123.75
"P-3032"	INFINITY SHELL GAS STATION	10.71
"P-3041"	LATINUS FOODS INCORPORATED	26.79
"P-3115"	FAST WHEEL SHELL GAS STATION	314.84
"P-3116"	FAST WHEEL SHELL GAS STATION	203.60
"P-3131"	XPRESSFILL SERVICE STATION	53.57
"P-3138"	FEDERAL BRENT RETAIL INC	19.29
"P-3159"	ABACUS BOOK AND CARD CORP (NATIONAL BOOKSTORE)	38.09
"P-3165"	SCOOBYS GAS DEPOT	19.29
"P-3167"	AKROASIA PETRON SERVICE STATION	214.29
"P-3181"	CEBU BELMONT INC	22.61
"P-3182"	ICED PETRON SERVICE STATION	19.34
"P-3187"	NEY SHELL SERVICE STATION	214.29
"P-3189"	PHILIPPINE TOYOKO INN INC.	214.29
"P-3194"	DIVI MART CORP	17.09
"P-3206"	CHOWFUN INC	22.93

"P-3225"	PALAWAN BAKER'S HILL CORP	122.68
"P-3279"	FAST WHEEL SHELL GAS STATION	244.57
"P-3280"	FAST WHEEL SHELL GAS STATION	171.48
"P-3322"	AKROASIA PETRON SERVICE STATION	194.23
"P-3336"	SUPERVALUE INC	189.13
"P-3338"	WONDERFOODS INC (SIZZLING PLATES)	30.54
"P-3339"	PRESAM SHELL SERVICE CENTER	92.85
"P-3343"	KERWIN MINIMART	32.68
"P-3346"	KAKING SHOPPING CENTER INC	37.39
"P-3347"	CEBU BUENA VICTORIA TRADING COMPANY INC	56.68
"P-3356"	ROBINSON INCORPORATED	48.08
"P-3357"	SUYEN CORPORATION	96.05
"P-3364"	SOLIDMARK INC	570.64
"P-3366"	SBARRO FRESH ITALIAN COOKING	57.43
"P-3368"	SUPERVALUE INC	123.59
"P-3405"	ROSE PHARMACY INC	30.35
"P-3411"	JOLLIBEE FOODS CORP	20.36
"P-3412"	MANG INASAL PACIFIC MALL	26.57
"P-3415"	ARIANNA GAS STATION INC	6.86
"P-3427"	FIRST GLOBAL PREMIUM DEALER CO LTD	375.00
"P-3450"	TOYOTA BUTUAN CITY	469.73
"P-3469"	SUPERVALUE INC	55.29
"P-3479"	GOLDEN GREAT VALUE SPECIALIST INC	8.04
"P-3480"	FAST WHEEL SHELL GAS STATION	139.29
"P-3481"	FAST WHEEL SHELL GAS STATION	181.54
"P-3495"	BALTE FOOD CORP	18.96
"P-3509"	BAAN SHELL SERVICE STATION	75.00
"P-3518"	SOLARIE SERVICE STATION (SOLARIE VENTURES CO LTD)	107.14
"P-3548"	CLYBROS MERCHANDISING INC	23.14
"P-3549"	GOLDEN GREAT VALUE PROPERTIES INC	1.07
"P-3550"	GOLDEN GREAT VALUE PROPERTIES INC	1.07
"P-3556"	SANFORD MARKETING CORPORATION	5.73
"P-3557"	GOLDEN GREAT VALUE PROPERTIES INC	1.07
"P-3558"	GOLDEN GREAT VALUE PROPERTIES INC	1.07
"P-3559"	GOLDEN GREAT VALUE PROPERTIES INC	1.07
"P-3560"	GOLDEN GREAT VALUE PROPERTIES INC	1.07
"P-3562"	GOLDEN GREAT VALUE PROPERTIES INC	1.07
"P-3563"	GOLDEN GREAT VALUE PROPERTIES INC	1.07
"P-3564"	GOLDEN GREAT VALUE PROPERTIES INC	1.07
"P-3570"	GOLDEN GREAT VALUE PROPERTIES INC	1.07
"P-3575"	7 ELEVEN	5.36
"P-3576"	7 ELEVEN	3.21
"P-3579"	GOLDEN GREAT VALUE PROPERTIES INC	1.07

"P-3580"	GOLDEN GREAT VALUE PROPERTIES INC	1.07
"P-3619"	GOLDEN GREAT VALUE PROPERTIES INC	1.07
"P-3643"	HAPCHAN TEA HOUSE	180.00
"P-3647"	RUSTAN COFFE CORP	56.25
"P-3648"	CG & E SHELL SERVICE STATION	139.56
"P-3653"	DEMP RETAIL MANAGEMENT CORPORATION	147.86
"P-3662"	NORWEN PARKING SERVICES	2.14
"P-3668"	FREEMONT FOODS CORPORATION	33.75
"P-3689"	BEERY HAPPY FOOD SERVICES	12.21
"P-3690"	GOLDEN GREAT VALUE PROPERTIES INC	1.07
"P-3693"	PHILIPPINE SEVEN CORPORATION	5.79
"P-3694"	PRINCITY INC	127.98
"P-3696"	SCOOBYS GAS DEPOT	10.71
"P-3699"	ROBINSON LAND CORPORATION	2.14
"P-3700"	NORWEN PARKING SERVICES	2.14
"P-3704"	PROMOLABELS INC	9.43
"P-3706"	MAKATI PARKING AUTHORITY	3.21
"P-3742"	BEERY HAPPY FOOD SERVICES	16.61
"P-3744"	BEERY HAPPY FOOD SERVICES	5.79
"P-3747"	GOLDEN GREAT VALUE PROPERTIES INC	1.07
"P-3754"	TRIM FOOD VENTURES	54.70
"P-3755"	A-D 7 ENTERPRISE	65.14
"P-3762"	SUPERVALUE INC	5.01
"P-3765"	JOLY-RED CEBU INC	53.57
"P-3770"	PHILIPPINE PORTS AUTHORITY	2.37
"P-3781"	FRONTLAKE INC	32.14
"P-3784"	AJL ASIA-PACIFIC FOODS CORP	68.04
"P-3785"	PALAWAN JOLLY FOODS CORP	29.36
	Subtotal	*₱ 74,497.98*
7. Input VAT on purchases of services dated outside the period of claim		
"P-3270"	CARAG ZABALLERO LLAMADO & ABIERA LAW OFFICE	₱ 12,939.60
"P-3271"	CARAG ZABALLERO LLAMADO & ABIERA LAW OFFICE	30,288.86
"P-3409"	CARAG ZABALLERO LLAMADO & ABIERA LAW OFFICE	7,714.29
	Subtotal	*₱ 50,942.75*
8. Input VAT on purchases of goods not supported by VAT sales invoices		
"P-3363"	ROMANEL ENTERPRISES	₱ 910.71
"P-3374"	TT & COMPANY INC	468.64
"P-3375"	CLYBROS MERCHANDISING INC	42.96
"P-3406"	TT & COMPANY INC	49.50
"P-3407"	TT & COMPANY INC	1,236.99

"P-3408"	TT & COMPANY INC	1,268.57
"P-3461"	TT & COMPANY INC	1,012.06
"P-3527"	TT & COMPANY INC	101.25
"P-3529"	TT & COMPANY INC	1,118.18
"P-3532"	TT & COMPANY INC	752.95
	Subtotal	*₱ 6,961.81*
9. Input VAT on purchases of goods/services supported by VAT invoices/official receipts without petitioner's name and/or TIN/address		
"P-1091"	LBC EXPRESS INC	₱ 38.57
"P-1108"	TOP SPRING PURIFIED DRINKING WATER & DIST SERVICES	53.57
"P-1113"	LBC EXPRESS INC	16.61
"P-1114"	LBC EXPRESS INC	17.14
"P-1118"	DHL EXPRESS (PHILIPPINES) CORP	135.54
"P-1119"	LBC EXPRESS INC	82.50
"P-1122"	LBC EXPRESS INC	20.89
"P-1123"	LBC EXPRESS INC	20.89
"P-1148"	LBC EXPRESS INC	20.89
"P-1292"	SUPERVALUE INC	118.09
"P-1449"	DONICA CORPORATION	26.89
"P-1713"	LBC EXPRESS INC	20.89
"P-1816"	LBC EXPRESS INC	9.11
"P-1848"	LBC EXPRESS INC	37.50
"P-1874"	LINCOLN REALTY CORPORATION	3,214.29
"P-1925"	LBC EXPRESS INC	20.89
"P-1947"	LBC EXPRESS INC	20.89
"P-2004"	LBC EXPRESS INC	20.89
"P-2008"	FIRST GLOBAL PREMIUM DEALER CO LTD	214.18
"P-2024"	LBC EXPRESS INC	20.89
"P-2099"	ATS AIR TECHNIC SERVICES	2,550.18
"P-3011"	MEGATECH SURVEILLANCE AND COMPUTER TECHNOLOGIES CORP.	890.36
"P-3016"	MOTORCENTRAL SALES CORP	29.01
"P-3027"	LBC EXPRESS INC	17.89
"P-3028"	LBC EXPRESS INC	17.89
"P-3118"	DHL GLOBAL FORWARDING (PHILS) INC.	551.25
"P-3268"	LBC EXPRESS INC	21.43
"P-3420"	LBC EXPRESS INC	23.04
"P-3421"	LBC EXPRESS INC	25.18
"P-3449"	LBC EXPRESS INC	21.43
"P-3456"	LBC EXPRESS INC	21.43
"P-3578" to "P-3578-2"	ATLAS COPCO (PHILIPPINES) INC	168,750.00
"P-3722"	SURIGAO DEL NORTE ELECTRIC COOPERATIVE, INC.	3,542.21
	Subtotal	*₱ 180,592.41*
10. Input VAT on purchases of services wherein the nature of the service is not		

indicated		
"P-1064"	KUEHNE + NAGEL INC	₱ 1,734.31
"P-1065", "P-1066"	PEARL ENTERPRISES	47,460.00
"P-1065", "P-1066"	PEARL ENTERPRISES	103,260.00
"P-1081"	TOYOTA ALABANG HILLS	1,992.24
"P-1094"	MOREDONE VENTURES INC	653.57
"P-1096"	MOREDONE VENTURES INC	37.50
"P-1104"	MOREDONE VENTURES INC	653.57
"P-1166"	PARKWAY CLYBROS MERCHANDISING INC	680.79
"P-1270"	INSIGHT PRINTING PERFECTION INC	1,264.29
"P-1280"	LINCOLN REALTY CORPORATION	3,214.29
"P-1334"	VDCU PRINCE HOTEL INC	143.68
"P-1422"	GLOBAL SECURITY SOLUTIONS INC.	425.85
"P-1428"	LINCOLN REALTY CORPORATION	3,214.29
"P-1435"	PEARL ENTERPRISES	71,190.00
"P-1436"	PEARL ENTERPRISES	114,425.00
"P-1441"	GAC PHILIPPINES INC	74,591.52
"P-1518"	PILIPINAS TELESERV INC	79.83
"P-1523"	PHILIPPINE POSTAL CORPORATION	12.00
"P-1653"	GLOBALVIEW TRAVEL & TOURS CORP	14,449.80
"P-1662"	GAC PHILIPPINES INC	27,547.03
"P-1871"	GLOBALVIEW TRAVEL & TOURS CORP	11,018.30
"P-1883"	GAC PHILIPPINES INC	31,784.65
"P-1911"	PHILIPPINE PIZZA INC	63.96
"P-1924"	INQUIRER PUBLICATIONS, INC.	44.57
"P-2044"	GLOBALVIEW TRAVEL & TOURS CORP	23,301.22
"P-2084"	TOYOTA ALABANG INC	1,315.84
"P-2150"	GLOBALCARS INC	214.29
"P-2281"	DB SCHENKER PHILS INC	336.00
"P-2282"	GAC PHILIPPINES INC	1,231.80
"P-2283"	GAC PHILIPPINES INC	1,140.00
"P-2284"	GAC PHILIPPINES INC	1,543.80
"P-2287"	GAC PHILIPPINES INC	1,591.80
"P-2288"	FEDERAL EXPRESS PACIFIC LLC	566.40
"P-2290"	GAC PHILIPPINES INC	3,600.00
"P-2291"	GAC PHILIPPINES INC	2,550.32
"P-2397"	LATINUS FOODS INCORPORATED	29.89
"P-2503"	GLOBAL SECURITY SOLUTIONS INC.	372.25
"P-2512"	GAC PHILIPPINES INC	7,580.73
"P-2733"	RICHMONDE HOTEL ORTIGAS	26.25
"P-2750"	GAC PHILIPPINES INC	10,356.90
"P-2754"	GAC PHILIPPINES INC	21,403.80
"P-2929"	CONPAC WAREHOUSING INC	622.68
"P-2931"	ORIENT FREIGHT INTERNATIONAL	1,914.38

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"P-3163"	CHOOBI CHOOBI FLAVORS CORPORATION	78.21
"P-3216"	BACOLOD CHICKEN INASAL	50.79
"P-3291"	EGYP MOBILE COMMUNICATION CORP	316.07
"P-3311"	CONPAC WAREHOUSING INC	2,565.72
"P-3352"	SAN PEDRO COUNTRY FARM RESORT & EVENT CENTER INC	1,179.64
"P-3370"	STA FE BEACH CLUB INC	150.00
"P-3487"	GAC PHILIPPINES INC	19,599.04
"P-3505"	BYA'S LOUNGE CAFE (ANNABELLE BORJAL)	69.21
"P-3642"	SARSALEJO SECURITY AGENCY INC	2,000.00
	Subtotal	*₱ 615,648.07*
11. Input VAT on the purchase of service on the vat-exempt transaction		
"P-1980"	UNIVERSITY OF CEBU MEDICAL CENTER	₱ 64.29
	Subtotal	*₱ 64.29*
12. Input VAT on purchase of goods supported by VAT invoice wherein the VAT amount was not separately indicated therein		
"P-3679"	SUPERVALUE INC	₱ 16.66
	Subtotal	*₱ 16.66*
13. Input VAT on purchases of goods/services supported by VAT invoices/official receipts with incorrect TIN of petitioner/with correction on TIN but without the countersignature of the issuer		
"P-2502"	TOYOTA MANDAUE SOUTH CEBU	₱ 1,723.71
"P-2811"	TOYOTA MANDAUE SOUTH CEBU	48.00
"P-3119"	TOYOTA MANDAUE SOUTH CEBU	2,279.32
"P-3682"	TOYOTA MANDAUE SOUTH CEBU	583.13
"P-3750"	TOYOTA MANDAUE SOUTH CEBU	395.71
	Subtotal	*₱ 5,029.87*
14. Input VAT on importations supported by documents that were among those denied[94] admission by the Court for failure to present the originals for comparison		
"P-1024" to "P-1024-12"	REMA TIP TOP AG	₱ 221,791.00
"P-1025" to "P-1025-7"	GMA GARNET GROUP	123,429.00
"P-1027" to "P-1027-7"	TIP TOP OBERFLANCHENSHUTZ ELBE GMBH	7,337.00
"P-1031" to "P-1031-8"	TIP TOP OBERFLANCHENSHUTZ ELBE GMBH	23,791.00
"P-1032" to "P-1032-9"	TIP TOP OBERFLANCHENSHUTZ ELBE GMBH	4,430.00
"P-1033" to "P-1033-8"	AME INTERNATIONAL	9,116.00
"P-1034" to "P-1034-5"	AME INTERNATIONAL	3,932.00
"P-1035" to "P-1035-7"	HAMATON AUTOMOTIVE TECHNOLOGY CO LTD	6,106.00

[94] Resolution dated April 4, 2022, Docket - Vol. V, pp. 2689 to 2690.

"P-1037" to "P-1037-12"	REMA TIP TOP AG	188,154.00
"P-1039" to "P-1039-9"	TIP TOP JAPAN INC	22,692.00
"P-1040" to "P-1040-16"	REMA TIP TOP AG	112,498.00
"P-1041" to "P-1041-10"	HAMATON AUTOMOTIVE TECHNOLOGY CO LTD	9,898.00
"P-1044" to "P-1044-11"	TIP TOP OBERFLANCHENSHUTZ ELBE GMBH	296,849.00
"P-1045"; "P-1045-2" to "P-1045-11"	AME INTERNATIONAL	9,597.00
"P-1046" to "P-1046-9"	TIP TOP OBERFLANCHENSHUTZ ELBE GMBH	9,123.00
"P-1047" to "P-1047-7"	TIP TOP OBERFLACHENSCHUTZ ELBE GMBH	102,100.00
"P-1048" to "P-1048-11"	REMA TIP TOP AG	57,517.00
"P-1049" to "P-1049-5"	REMA TIP TOP AG	4,481.00
"P-1050" to "P-1050-12"	REMA TIP TOP AG	25,154.00
"P-1021"; "P-1021-2" to "P-1021-7"	HAMATON AUTOMOTIVE TECHNOLOGYY CO LTD	15,721.00
"P-1023" to "P-1023-11"	TIP TOP JAPAN INC.	12,631.00
	Subtotal	*₱ 1,266,347.00*
15. Input VAT on importation supported by documents not pertaining to the transaction		
"P-1026" to "P-1026-5"	REMA TIP TOP AG	₱ 36,792.00
	Subtotal	*₱ 36,792.00*
	Total	**₱ 2,274,264.72**

Thus, in compliance with the *seventh* requisite, only the amount of ₱2,825,509.32, as computed below, is duly substantiated and shall be considered valid input VAT, to wit:

Reported input VAT per amended Quarterly VAT Returns for TY 2018		₱ 5,572,385.45
Less: Disallowances		
Per ICPA's Amended Report	₱ 472,611.41	
Per this Court's further verification	2,274,264.72	2,746,876.13
Valid input VAT		**₱2,825,509.32**

Eighth requisite*: *Since there are both zero-rated and taxable sales subject to 12% VAT, the valid input VAT of ₱2,825,509.32 shall be proportionately allocated based on petitioner's sales volume.

To reiterate, the *eighth* requisite is that the input taxes claimed are attributable to zero-rated or effectively zero-rated sales. However, where there are both zero-rated or effectively zero-rated sales and taxable or exempt sales, and the input taxes cannot be directly and entirely attributable to any of these sales, the input taxes shall be proportionately allocated based on sales volume.

As stated earlier, petitioner declared taxable sales/receipts subject to 12% VAT and zero-rated sales/receipts, reflecting total sales/receipts of ₱162,794,001.62 for TY 2018, as shown below:

Particulars	Amount
VATable Sales/Receipts	₱ 19,316,404.95
Zero-Rated Sales/Receipts	143,477,596.67
Total Sales/Receipts	**₱ 162,794,001.62**

In the present case, only ₱58,601,925.94 qualified for VAT zero-rating of sales of goods and services to PEZA-registered entities. Out of the total reported input VAT of ₱5,572,385.45 attributable to both twelve percent (12%) VAT-able and zero-rated transactions, only ₱2,825,509.32 was substantiated with VAT official receipts and invoices.

Since petitioner's input VAT cannot be directly or entirely attributed to any of the transactions, the valid input VAT of ₱2,825,509.32 shall be allocated proportionately based on the volume of petitioner's total reported sales/receipts of ₱162,794,001.62. Consequently, only the portion of input VAT amounting to ₱1,017,115.41 is attributable to the valid zero-rated sales/receipts of ₱58,601,925.94, computed as follows:

Valid zero-rated sales/receipts for TY 2018	₱ 58,601,925.94
Divided by: Total reported sales/receipts for TY 2018	162,794,001.62
Multiplied by: Valid input VAT not directly attributable to any activity	2,825,509.32
Valid input VAT attributable to valid zero-rated sales/receipts	**₱1,017,115.41**

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Thus, regarding petitioner's compliance with the *eighth* requisite, only the amount of ₱1,017,115.41 represents petitioner's valid input VAT directly attributable and allocable to its valid zero-rated sales/receipts for the TY 2018.

Ninth requisite*: *Petitioner failed to establish that the subject claim was not carried over nor applied against any output tax in the succeeding quarters.

Having determined that petitioner had valid input VAT attributable to its zero-rated sales/receipts, the Court shall now determine whether the same was not applied against its output VAT liability during and in the succeeding quarters, relative to the *ninth* requisite for the successful prosecution of an input VAT refund claim.

At this juncture, it is worth mentioning the recent pronouncement of the Supreme Court in the case of ***Chevron Holdings, Inc. (Formerly Caltex Asia Limited) vs. Commissioner of Internal Revenue***,[95] where it held that the input tax attributable to zero-rated sales may, at the option of the VAT-registered taxpayer, be: (1) charged against output tax from regular 12% VAT-able sales, and any unutilized or "excess" input tax may be claimed for refund, or the issuance of a tax credit certificate; or (2) claimed for refund or tax credit in its entirety, and such option is vested with the taxpayer-claimant.

In the instant case, petitioner claims for refund and/or issuance of tax credit certificate of its alleged unutilized input VAT attributable to zero-rated sales in its entirety, thus, availing of the option (2) as mentioned above.

Concerning the *ninth* requisite, petitioner submitted in evidence its amended Quarterly VAT Returns for the 4th quarter of TY 2017 to the 1st quarter of TY 2020.[96] However, the Court finds the preceding documents insufficient.

[95] G.R. No. 215159, July 5, 2022.
[96] Exhibits "P-10" to "P-13", "P-94" to "P-97", "P-1012" to "P-1020-1", and, "P-3796 and submarkings", Docket, pp. 2451 to 2458, 2630 to 2637 and USB.

While petitioner's Quarterly VAT Returns for the four quarters of TY 2018[97] show that the claimed input taxes attributable to zero-rated sales/receipts were not credited against output taxes[98] because of the substantial amount of input tax carried over from the previous period,[99] petitioner failed to prove that the claimed input taxes were not applied against any output tax in the succeeding quarters.

It must be emphasized that although petitioner is allowed under Section 110(B) of the NIRC of 1997, as amended, to carry over the excess input VAT of a given quarter to the succeeding quarter(s), petitioner is required to deduct the claimed input taxes from its accumulated input VAT as of the quarter when it opted to file a claim therefor as provided under Section 110(C) of the NIRC of 1997, as amended, to wit:

> "SEC. 110. Tax Credits
>
> xxx xxx xxx
>
> (C) *Determination of Creditable Input Tax.* - The sum of the excess input tax carried over from the preceding month or quarter and the input tax creditable to a VAT-registered person during the taxable month or quarter **shall be reduced by the amount of claim for refund or tax credit for value-added tax** and other adjustments, such as purchase returns or allowances and input tax attributable to exempt sale. xxx" (*Boldfacing supplied*)

The deduction ensures that the claimed input VAT shall not be carried-over nor applied against any output tax in the succeeding quarter(s).

In this case, the ICPA alleged that the tracing of petitioner's Quarterly VAT Returns for the TY 2018 and subsequent returns filed with the BIR in TYs 2019 and 2020 (Annexes "F" and "G") shows that while petitioner reported its purchases allocated to zero-rated sales in its VAT Returns

[97] Exhibits "P-10" to "P-13", Docket, pp. 2451 to 2458.

[98]

Exhibit (Line 19B, Docket – Vol. V, pp. 2451 to 2458.)	TY 2018	Amount
"P-10"	1st Quarter	₱ 581,897.49
"P-11"	2nd Quarter	575,648.60
"P-12"	3rd Quarter	643,541.68
"P-13"	4th Quarter	516,880.83
Output VAT per amended Quarterly VAT Returns		₱2,317,968.60

[99] ₱8,446,334.93, Line 20A, Exhibit "P-10", Docket, pp. 2451 to 2452.

(Line 21N), the corresponding amount of input tax on said purchases (Line 21O) allocated to zero-rated sales for each period and the carry-over from the previous period (Line 20E) were deducted as VAT Refund in said VAT Returns (Line 23D). The net effect of this computation is zero. Thus, the ICPA asserts that it can be said that the amount of input tax allocated to zero-rated sales in TY 2018 was not utilized by petitioner in TYs 2019 and 2020.[100]

A perusal of petitioner's Quarterly VAT Returns for TYs 2018 and 2019 shows that petitioner habitually carried over the cumulative amount of *"VAT Refund/TCC Claimed"* (Line 23D) from the previous period as allowable input tax *"Others"* for the succeeding period (Line 20E). Simultaneously, the sum of the previous period's *"VAT Refund/TCC Claimed"* (Line 23D) or each quarter's *"Others"* (Line 20E) and each quarter's input tax allocated to zero-rated sales (*"Others,"* Line 21O) was reported as a deduction from input tax as *"VAT Refund/TCC claimed"* (Line 23D) for the current quarter, from one period to another, detailed as follows:

<u>*Amended Quarterly VAT Returns for* ***TY 2018:***</u>

Exhibit No.	*"P-10"*	*"P-11"*	*"P-12"*	*"P-13"*
Docket-Vol. V, pp.	*2451-2452*	*2453-2454*	*2455-2456*	*2457-2458*
TY 2018	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
Output Tax Due *(Line 19B)*	**₱ 581,897.49**	**₱ 575,648.60**	**₱ 643,541.68**	**₱ 516,880.83**
Less: Allowable Input Tax				
Input Tax Carried Over from Previous Period *(Line 20A)*	₱ 8,446,334.93	₱ 8,074,557.43	₱ 8,057,337.89	₱ 7,642,122.50
Input Tax Deferred on Capital Goods Exceeding ₱1Million from Previous Quarter *(Line 20B)*	-	-	56,250.00	56,250.00
Others *(Line 20E)*	7,275,535.75	8,292,359.03	9,893,715.78	10,997,107.00
Total *(Line 20F) (Sum of Items 20A, 20B & 20E)*	**₱15,721,870.68**	**₱16,366,916.46**	**₱18,007,303.67**	**₱18,695,479.50**
Current Transactions				
Purchase of Capital Goods exceeding ₱1Million *(Line 21D)*	₱ -	₱ 1,125,000.00	₱ -	₱ -

[100] No. 17, Exhibit "P-120", Docket, pp. 2310 to 2311.

Domestic Purchases of Goods Other than Capital Goods *(Line 21F)*	25,720.75	12,837.98	35,667.65	13,196.92
Importation of Goods Other than Capital Goods *(Line 21H)*	66,711.98	421,884.88	81,095.17	30,498.28
Domestic Purchase of Services *(Line 21J)*	117,687.26	67,456.20	55,313.47	41,034.21
Others *(Line 21O)*	1,016,823.28	1,601,356.75	1,103,391.22	712,959.45
Total Available Input Tax *(Line 22) (Sum of Items 20F, 21D, 21F, 21H, 21J & 21O)*	**₱16,948,813.95**	**₱19,595,452.27**	**₱19,282,771.18**	**₱19,493,168.36**
Less: Deductions from Input Tax				
Input Tax on Purchases of Capital Goods exceeding ₱1Million deferred for the succeeding period *(Line 23A)*	₱ -	₱ 1,068,750.00	₱ -	₱ -
VAT Refund / TCC claimed *(Line 23D)*	8,292,359.03	9,893,715.78	10,997,107.00	11,710,066.46
Total *(Line 23F) (Sum of Items 23A & 23D)*	**₱ 8,292,359.03**	**₱10,962,465.78**	**₱10,997,107.00**	**₱11,710,066.46**
Total Allowable Input Tax *(Line 24) (Item 22 less Item 23F)*	**₱ 8,656,454.92**	**₱ 8,632,986.49**	**₱ 8,285,664.18**	**₱ 7,783,101.90**
Tax Overpayment *(Lines 25, 27 & 29) (Item 19B less Item 24)*	**₱(8,074,557.43)**	**₱(8,057,337.89)**	**₱(7,642,122.50)**	**₱(7,266,221.07)**

*Amended Quarterly VAT Returns for **TY 2019:***

Exhibit No.	*"P-94"*	*"P-95"*	*"P-96"*	*"P-97"*
Docket-Vol. V, pp.	*2630-2631*	*2632-2633*	*2634-2635*	*2636-2637*
TY 2019	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**
Output Tax Due *(Line 19B)*	**₱ 450,755.27**	**₱ 675,202.18**	**₱ 427,165.62**	**₱ 667,443.14**
Less: Allowable Input Tax				
Input Tax Carried Over from Previous Period *(Line 20A)*	₱ 7,266,221.07	₱7,263,932.66[101]	₱ 7,332,206.11[102]	₱ 7,143,316.02

[101] With ₱0.01 difference from previous quarter's tax overpayment.
[102] With ₱0.01 difference from previous quarter's tax overpayment.

Input Tax Deferred on Capital Goods Exceeding ₱1Million from Previous Quarter *(Line 20B)*	56,250.00	56,250.00	56,250.00	56,250.00
Others *(Line 20E)*	11,710,066.46	13,262,694.77	14,407,043.09	16,020,993.31
Total *(Line 20F)* *(Sum of Items 20A, 20B & 20E)*	**₱19,032,537.53**	**₱20,582,877.43**	**₱21,795,499.20**	**₱23,220,559.33**
Current Transactions				
Purchase of Capital Goods exceeding ₱1Million *(Line 21D)*	₱ -	₱ -	₱ -	₱ -
Domestic Purchases of Goods Other than Capital Goods *(Line 21F)*	18,537.06	30,006.80	17,257.82	51,756.86
Importation of Goods Other than Capital Goods *(Line 21H)*	327,818.22	540,670.47	122,336.01	340,200.29
Domestic Purchase of Services *(Line 21J)*	45,861.58	116,548.36	42,431.70	97,699.75
Others *(Line 21O)*	1,552,628.32	1,144,348.31	1,613,950.22	1,160,500.00
Total Available Input Tax *(Line 22)* *(Sum of Items 20F, 21D, 21F, 21H, 21J & 21O)*	**₱20,977,382.71**	**₱22,414,451.37**	**₱23,591,474.95**	**₱24,870,716.23**
Less: Deductions from Input Tax				
Input Tax on Purchases of Capital Goods exceeding ₱1Million deferred for the succeeding period *(Line 23A)*	₱ -	₱ -	₱ -	₱ -
VAT Refund / TCC claimed *(Line 23D)*	13,262,694.77	14,407,043.09	16,020,993.31	17,181,493.30
Total *(Line 23F)* *(Sum of Items 23A & 23D)*	**₱13,262,694.77**	**₱14,407,043.09**	**₱16,020,993.31**	**₱17,181,493.30**
Total Allowable Input Tax *(Line 24)* *(Item 22 less Item 23F)*	**₱ 7,714,687.94**	**₱ 8,007,408.28**	**₱ 7,570,481.64**	**₱ 7,689,222.93**
Tax Overpayment *(Lines 25, 27 & 29)* *(Item 19B less Item 24)*	**₱(7,263,932.67)**	**₱(7,332,206.10)**	**₱(7,143,316.02)**	**₱(7,021,779.79)**

From the foregoing, the cumulative figures of *"VAT Refund/TCC claimed"* (Line 23D) reported for TYs 2018 and 2019 included the input VAT claim of ₱4,434,530.00 which was deducted as part of the *"VAT Refund/TCC Claimed"* for the four quarters of TY 2018. Said amount is determined as follows:[103]

Exhibit No.	TY 2018	VAT Refund/ TCC claimed *(Line 23D)*	Less: Others *(Line 20E)*	VAT Refund/ TCC claimed for the quarter
"P-10"	1st Quarter	₱8,292,359.03	₱ 7,275,535.75	₱ 1,016,823.28
"P-11"	2nd Quarter	9,893,715.78	8,292,359.03	1,601,356.75
"P-12"	3rd Quarter	10,997,107.00	9,893,715.78	1,103,391.22
"P-13"	4th Quarter	11,710,066.46	10,997,107.00	712,959.46
Total				**₱4,434,530.71**

Based on petitioner's amended Quarterly VAT Returns, as mentioned earlier, the tax overpayment for each quarter to be carried over to the succeeding quarter matched from the 1st quarter of TY 2018 to the 4th quarter of TY 2019. However, the tax overpayment in the amount of ₱7,021,779.79[104] for the 4th quarter of TY 2019 does not tally with the reported *"Input Tax Carried Over from Previous Period"* in the amount of ₱16,542,149.83[105] for the 1st quarter of TY 2020. The *"Input Tax Carried Over from Previous Period"* for the 1st quarter of TY 2020 is way higher than the tax overpayment from the 4th quarter of TY 2019 by ₱9,520,370.04[106], shown as follows:

Exhibit No.	*"P-97"*	*"P-3796"*
Docket-Vol. V, pp.	*2636-2637*	*USB*
Period	**4th Quarter of TY 2019**	**1st Quarter of TY 2020**
Output Tax Due *(Line 19B)*	**₱ 667,443.14**	**₱ 576,445.77**
Less: Allowable Input Tax		
Input Tax Carried Over from Previous Period *(Line 20A)*	₱ 7,143,316.02	₱ 16,542,149.83
Input Tax Deferred on Capital Goods exceeding ₱1Million from Previous Quarter *(Line 20B)*	56,250.00	56,250.00
Others *(Line 20E)*	16,020,993.31	11,710,066.46
Total *(Line 20F) (Sum of Items 20A, 20B and 20E)*	**₱23,220,559.33**	**₱ 28,308,466.29**
Current Transactions		
Purchase of Capital Goods exceeding ₱1Million *(Line 21D)*	₱ -	₱ -
Domestic Purchases of Goods Other than Capital Goods *(Line 21F)*	51,756.86	19,930.80
Importation of Goods Other than Capital Goods *(Line 21H)*	340,200.29	99,789.35
Domestic Purchase of Services *(Line 21J)*	97,699.75	120,086.86

[103] With rounding-off difference of ₱0.71: Docket, pp. 2451 to 2458.
[104] Line 29, Exhibit "P-97", Docket, p. 2637.
[105] Line 20A, Exhibit "P-3796", Exhibit "P-129" (USB flash drive).
[106] ₱16,542,149.83 less ₱7,021,779.79.

Services Rendered by Non-residents *(Line 21L)*	-	180,205.71
Others *(Line 21O)*	1,160,500.00	1,638,277.08
Total Available Input Tax *(Line 22)* *(Sum of Items 20F, 21D, 21F, 21H, 21J, 21L & 21O)*	**₱24,870,716.23**	**₱ 30,366,756.09**
Less: Deductions from Input Tax		
Input Tax on Purchases of Capital Goods exceeding ₱1Million deferred for the succeeding period *(Line 23A)*	-	-
VAT Refund/TCC claimed *(Line 23D)*	17,181,493.30	13,348,343.62
Total *(Line 23F) (Sum of Items 23A & 23D)*	**₱17,181,493.30**	**₱ 13,348,343.62**
Total Allowable Input Tax *(Line 24)* *(Item 22 lessItem 23F)*	**₱ 7,689,222.93**	**₱ 17,018,412.47**
Tax Overpayment *(Lines 25, 27 & 29)* *(Item 19B less Item 24*	**₱(7,021,779.79)**	**₱(16,441,966.70)**

The ICPA noted that the amount of VAT refund carried over in the 1st quarter of TY 2020 (Line 20E) pertains to the amount of VAT refund per VAT Return for the 4th quarter of TY 2018 instead of the amount of VAT refund per VAT Return for the 4th quarter of TY 2019. Petitioner claims that this was their presentation since it will no longer claim for VAT refund the input VAT for zero-rated sales for the TY 2019.[107]

Moreover, the ICPA points out that the input tax allocated to zero-rated sales, first presented in Line 20E *"Others"* of the 1st quarter VAT Return for TY 2019, amounted to ₱11,710,066.46. This amount consists of ₱7,275,535.75, which is the amount of input tax allocated to zero-rated sales as of the 4th quarter of TY 2016, and ₱4,434,530.71, which is the amount of input tax allocated to zero-rated sales for TY 2018 and the subject matter of this Petition.[108]

Nevertheless, the Court cannot ascertain whether the discrepancy in the amount of ₱9,520,370.04 between the tax overpayment of ₱7,021,779.79[109] for the 4th quarter of TY 2019 *vis-à-vis* the "*Input Tax Carried Over from Previous Period*" of ₱16,542,149.83[110] for the 1st quarter of TY 2020 does not include the claimed amount of ₱4,434,530.00. *Albeit* the input VAT claimed amount of ₱4,434,530.00 formed part of the cumulative figures of both *"Others"* (Line 20E) and *"VAT Refund/TCC claimed"* (Line 23D), in the respective amounts of ₱11,710,066.46 and ₱13,348,343.62, for the 1st quarter of TY 2020, nonetheless, the "*Input Tax Carried Over from Previous Period*" of ₱16,542,149.83[111] for the 1st quarter of TY 2020 remains excessive. Moreover, even if the input VAT allocated

[107] No. 18, Exhibit "P-120", Docket, p. 2311.
[108] No. 19, Exhibit "P-120", Docket, p. 2311.
[109] Line 29, Exhibit "P-97", Docket, p. 2637.
[110] Line 20A, Exhibit "P-3796", Exhibit "P-129" (USB flash drive).
[111] Line 20A, Exhibit "P-3796", Exhibit "P-129" (USB flash drive).

for zero-rated sales for TY 2019 in the total amount of ₱5,471,426.85[112] is to be added back to the overpayment of ₱7,021,779.79[113] for the 4th quarter of TY 2019, the resulting amount of ₱12,493,206.64[114] is still lower than the actual "*Input Tax Carried Over from Previous Period*" in the amount of ₱16,542,149.83[115] for the 1st quarter of TY 2020 by ₱4,048,943.19.[116] Hence, the subject claim may still form part of the ₱16,542,149.83 carried over to the 1st quarter of TY 2020 and, consequently, be applied to the output VAT liability in the said quarter and the succeeding taxable quarters.

In sum, notwithstanding that out of the total claim of ₱4,434,530.00, petitioner was able to prove that the amount of ₱1,017,115.41 represents unutilized input VAT attributable to its zero-rated sales/receipts for the TY 2018, the latter amount cannot be granted since petitioner failed to establish that it was *not* carried-over *nor* applied against any output tax in the succeeding quarters.

It bears to stress that statutes that grant tax exemptions are construed *strictissimi juris* against the taxpayer and liberally in favor of the taxing authority.[117] Tax refunds in relation to the VAT are in the nature of tax exemptions.[118] Thus, the taxpayer claiming the tax credit or refund has the burden of proving that he/she is entitled to the refund or credit, in this case, input VAT, by submitting evidence that he/she has complied with the requirements laid down in the Tax Code and the BIR's Revenue Regulations under which such privilege of credit or refund is accorded.[119] However, in this case, petitioner failed to discharge the said burden fully.

WHEREFORE, premises considered, the instant *Petition for Review* is **DENIED** for lack of merit.

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[112] Sum of ₱1,552,628.32; ₱1,144,348.31; ₱1,613,950.22; and, ₱1,160.500.00; *"Others"* (Line 21O), Exhibits "P-94" to "P-97", Docket, pp. 2630 to 2637.
[113] Line 29, Exhibit "P-97", Docket, p. 2637.
[114] Sum of ₱5,471,426.85 and ₱7,021,779.79.
[115] Line 20A, Exhibit "P-3796", Exhibit "P-129" (USB flash drive).
[116] ₱16,542,149.83 less ₱12,493,206.64.
[117] *Commissioner of Internal Revenue vs. Seagate Technology (Philippines.)*, G.R. No. 153866, February 11, 2005.
[118] *Panasonic Communication Imaging Corporation of the Philippines (formerly Matsushita Business Machine Corporation of the Philippines) vs. Commissioner of Internal Revenue*, G.R. No. 178090, February 08, 2010.
[119] *Microsoft Philippines, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 180173, April 06, 2011.

SO ORDERED.

LANEE S. CUI-DAVID
Associate Justice

I CONCUR:

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice
Special ~~2nd~~ Division Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Special 2nd Division Chairperson's Attestation, it is hereby certified that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ROMAN G. DEL ROSARIO
Presiding Justice

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