REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

THIRD DIVISION

WATSONS PERSONAL CARE STORES (PHILIPPINES), INC.,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA CASE NO. 10883

Members:

MANAHAN, *Chairperson,*
REYES-FAJARDO,
ANGELES, *JJ.*

Promulgated:

NOV 06 2025
4:26 p.m.

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DECISION

ANGELES, *J.*:

Before the Court is a *Petition for Review*[1] filed by Watsons Personal Care Stores (Philippines), Inc. (petitioner), praying that judgement be rendered ordering the Commissioner of Internal Revenue (CIR/respondent) to refund in favor of petitioner a total amount of ₱475,690,383.00, representing its unutilized and excess creditable withholding tax (CWT) for taxable year (TY) 2019.

FACTS

Petitioner is a corporation duly organized and existing under the laws of the Philippines and registered with the Bureau of Internal Revenue (BIR) under Taxpayer Identification No. 214-706-591-00000.[2] It is primarily engaged in the business of, among others, trading goods, on wholesale and retail basis, such as, but not limited to, all kinds of drugs, medicines, chemicals, hospital equipment, physician's supplies, cosmetics, beauty and health products, and other related products.[3]

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[1] Docket, Vol. I, pp. 6-26, with Annexes.
[2] Exhibit "P-58," Universal Serial Bus (USB) attached to the Independent Certified Public Accountant (ICPA) Report, pp. 987-1026.
[3] Exhibit "P-5," Docket, Vol. II, p. 1183.

Respondent is the chief of the BIR, the government agency vested with the authority to administer and enforce national internal revenue taxes, including, among others, the power to credit or refund internal revenue taxes erroneously or excessively or illegally paid, assessed or collected.[4]

On June 12, 2020, petitioner filed its Annual Income Tax Return (BIR Form No. 1702-RT) (AITR) for TY 2019 which reflected the following Tax Credits/Payments:[5]

Schedule 7 - Tax Credits/Payments	
Prior Year's Excess Credits Other Than MCIT	₱ 307,326,515.00
Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	315,293,859.00
Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter	160,396,524.00
Total Tax Credits/Payments	**783,016,898.00**

The AITR for TY 2019 also reflected an overpayment of ₱638,879,516.00, computed as follows:[6]

Part II - Total Tax Payable	
Total Income Tax Due (Overpayment)	₱ 144,137,382.00
Less: Total Tax Credits/Payments	783,016,898.00
Total Amount Payable (Overpayment)	**(638,879,516.00)**

For the overpayment, petitioner marked the option "To be refunded" in its AITR for TY 2019.[7]

Petitioner alleges that the ₱144,137,382.00 income tax due for TY 2019 was paid by applying a portion of its prior year's excess credits other than MCIT, leaving a balance of ₱163,189,133.00 prior year's

[4] *Pre-Trial Order* promulgated on January 17, 2023, Docket, Vol. II, pp. 845-851.
[5] Exhibit "P-1", Docket, Vol. II, p. 1128.
[6] *Id.*, p. 1123.
[7] *Id.*

excess credits, which is unutilized and was carried over to the following year (TY 2020). Petitioner further alleges that for the excess tax payments it made for TY 2019, resulting from the taxes withheld by its payors in the amount of ₱475,690,383.00, it opted to refund the same.[8]

Thus, on November 26, 2021, petitioner, acting through SyCip Gorres Velayo & Co. (SGV & Co.), filed with the BIR an Application for Tax Credits/Refunds (BIR Form No. 1914)[9] and a letter[10] addressed to the OIC-Assistant Commissioner of Internal Revenue, Manuel V. Mapoy, requesting for the cash refund of its excess and unutilized CWT in the amount of ₱475,690,383.00 for TY 2019.

It appears from the records of the case that respondent did not act on petitioner's above-mentioned administrative claim for refund, prompting the latter to file the instant *Petition*[11] on June 10, 2022.

PROCEEDINGS BEFORE THE COURT

On June 27, 2022, an Order[12] was issued transferring the case to the Second Division.

After being granted an extension of time,[13] respondent filed his *Answer*[14] to the instant *Petition* on September 8, 2022. Respondent also filed his *Compliance*[15] submitting the BIR records of the case. A Notice of Pre-Trial Conference[16] was then issued setting the case for pre-trial conference on November 10, 2022. Respondent filed his *Pre-Trial Brief*[17] on November 3, 2022, while petitioner filed its *Pre-Trial Brief*[18] on November 4, 2022. Thereafter, the Pre-Trial Conference was held on November 10, 2022 as scheduled.

On December 9, 2022, petitioner filed a motion to avail the services of an Independent Certified Public Accountant (ICPA).[19] On even date, both parties filed their *Joint Stipulation of Facts and Issues*.[20] The said filings were noted and approved, respectively, in a

[8] *Memorandum* dated February 16, 2024, Docket, Vol. III, p. 1468.
[9] Exhibit "P-2", Docket, Vol. II, p. 1131.
[10] Exhibit "P-3", Docket, Vol. II, pp. 1132-1140.
[11] *Supra*, note 1.
[12] Docket, Vol. II, p. 736.
[13] *Resolution* promulgated on August 16, 2022, Docket, Vol. II, p. 744.
[14] Docket, Vol. II, p. 745-754.
[15] Docket, Vol. II, pp. 758-760.
[16] Docket, Vol. II, pp. 756-757.
[17] Docket, Vol. II, pp. 763-766.
[18] Docket, Vol. II, pp. 769-786.
[19] Docket, Vol. II, pp. 826-830.
[20] Docket, Vol. II, pp. 831-841.

Resolution promulgated on December 20, 2022.[21] The Pre-Trial Order was then issued on January 17, 2023.[22]

For the initial presentation of petitioner's evidence held on March 30, 2023, petitioner presented Ms. Lady Ann Luz A. Zipagan, its Senior Tax Manager, who testified by way of a *Judicial Affidavit*[23] dated June 10, 2022.[24] As for the hearing on the motion to avail the services of an ICPA held on April 19, 2023, petitioner presented the ICPA, Katherine O. Constantino. Upon completion of Ms. Constantino's testimony, the Court granted the said motion and allowed Ms. Constantino to take her oath as the ICPA.[25]

Subsequently, on May 29, 2023, the case was again transferred, this time to the Third Division.[26]

On June 19, 2023, the ICPA submitted her ICPA Report,[27] together with the soft copy of the same, with annexes and scanned pre-marked exhibits, contained in one (1) Universal Serial Bus (USB).

On June 30, 2023, petitioner submitted the *Judicial Affidavit*[28] of Ms. Constantino. However, on August 8, 2023, petitioner filed a *Motion for Leave to File Amended Judicial Affidavit of Katherine O. Constantino,*[29] with attached *Amended Judicial Affidavit* of Ms. Constantino,[30] and *Motion for Leave to File Amended Independent Certified Public Accountant Report,*[31] with attached Amended ICPA Report.[32] In an Order[33] dated August 15, 2023, the Court granted both Motions and admitted the documents attached thereto.

On September 4, 2023, petitioner filed another *Motion for Leave to File Amended Judicial Affidavit of Katherine O. Constantino,*[34] with attached *Amended Judicial Affidavit* of Ms. Constantino,[35] and *Motion for Leave to File Supplemental Independent Certified Public*

[21] Docket, Vol. II, pp. 843.
[22] Docket, Vol. II, pp. 845-851.
[23] Docket, Vol. I, pp. 33-51.
[24] *Order* dated March 30, 2023, Docket, Vol. II, p. 860.
[25] *Order* dated April 19, 2023, Docket, Vol. II, pp. 864-865.
[26] *Resolution* dated May 29, 2023, Docket, Vol. II, p. 866.
[27] Docket, Vol. II, pp. 868-895.
[28] Docket, Vol. II, pp. 904-930.
[29] Docket, Vol. II, pp. 933-937.
[30] Docket, Vol. II, pp. 944-980.
[31] Docket, Vol. II, pp. 981-985.
[32] Docket, Vol. II, pp. 987-1025.
[33] Docket, Vol. II, p. 1027.
[34] Docket, Vol. II, pp. 1028-1033.
[35] Docket, Vol. II, pp. 1040-1079.

Accountant Report,[36] with attached Supplemental ICPA Report.[37] The Court likewise granted both Motions and admitted the documents attached thereto.[38]

On September 7, 2023, petitioner presented Ms. Constantino, who testified by way of an *Amended Judicial Affidavit*.[39] Afterwards, on October 6, 2023, petitioner filed its *Formal Offer of Evidence* (FOE),[40] to which respondent filed a Comment with Manifestation,[41] stating, among others, that he will no longer present a witness and, instead, requests to be allowed to submit a Memorandum to further support his defense. Petitioner's FOE was thus submitted for resolution of the Court.

In a Resolution[42] promulgated on January 18, 2024, the Court denied the admission of several exhibits of petitioner for various reasons. Petitioner filed a *Motion for Reconsideration*[43] thereto, which the Court eventually granted in a Resolution[44] promulgated on April 29, 2024.

On February 16, 2024, both parties filed their respective memoranda.[45] The case was thereafter submitted for decision on April 29, 2024.[46]

ISSUE

As agreed upon by the parties, the issue to be resolved by the Court is whether petitioner is entitled to its claim for refund or issuance of tax credit certificate of the alleged excess and unutilized CWT for TY 2019 in the amount of ₱475,690,383.00.[47]

ARGUMENTS OF THE PARTIES

Petitioner's arguments

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[36] Docket, Vol. II, pp. 1082-1087.
[37] Docket, Vol. II, pp. 1088-1097.
[38] *Order* dated September 7, 2023, Docket, Vol. II, pp. 1102-1104.
[39] *Supra*, note 33.
[40] Docket, Vol. II, pp. 1106-1122.
[41] Docket, Vol. III, pp. 1409-1411.
[42] Docket, Vol. III, pp. 1415-1417.
[43] Docket, Vol. III, pp. 1418-1425.
[44] Docket, Vol. III, pp. 1497-1500.
[45] Docket, Vol. III, pp. 1465-1494, for petitioner; Docket, Vol. III, pp. 1451-1463, for respondent.
[46] *Supra*, note 44.
[47] *Supra*, note 4, p. 846.

Petitioner essentially argues that it complied with all the requirements laid down by jurisprudence for a successful claim for refund of excess income tax payments arising from creditable tax withheld. *First*, its administrative and judicial claims for refund were filed within the two-year prescriptive period provided under Sections 204(C) and 229 of the National Internal Revenue Code of 1997, as amended (Tax Code), and Section 3, Rule 8 of the Revised Rules of the Court of Tax Appeals (RRCTA).[48] *Second*, petitioner avers that the income upon which the unutilized CWT were withheld, were declared as part of its gross income for TY 2019, in compliance with Section 2.58.3(B) of Revenue Regulations (RR) No. 02-98.[49] *Third*, petitioner claims that the fact of withholding with respect to the subject unutilized CWT was duly established by BIR Form No. 2307, as verified and confirmed by the ICPA in her Amended ICPA Report and *Amended Judicial Affidavit*.[50]

With the foregoing assertions, petitioner claims that it is entitled to the refund of its unutilized CWT for TY 2019 in the amount of ₱475,690,383.00.

Respondent's counter-arguments

Respondent contends that petitioner failed to exhaust administrative remedies before it elevated the case to this Court. He argues that petitioner failed to submit the required documents in support of its claim for refund which would have given the administrative agency the opportunity to ascertain the veracity and validity of the claim.[51] Petitioner thus failed to substantiate its administrative claim for refund.[52]

He further argues that petitioner is not entitled to the refund of its alleged excess and unutilized CWT, as it did not provide supporting documents to show that the income from which the CWT was being claimed, was declared in the AITR, in clear violation of the requirement that gross income as reported in the AITR must include the portion of income from which petitioner is requesting the refund of CWT.[53] He likewise argues that proof of actual remittance of the taxes withheld to the BIR is indispensable in a claim for refund of excess CWT. As claims for refund are construed in *strictissimi juris* against the claimant, it is

[48] *Memorandum* dated February 16, 2024, Docket, Vol. III, p. 1474.
[49] *Id.*, p. 1477.
[50] *Id.*, pp. 1478-1491.
[51] *Memorandum* dated February 16, 2024, Docket, Vol. III, p. 1453-1454.
[52] *Id.*, p. 1459.
[53] *Id.*, p. 1455.

incumbent upon petitioner to prove actual remittance of the alleged withheld taxes to the BIR.[54]

Respondent also points out that petitioner failed to comply or prove compliance with the requirements under Revenue Memorandum Order (RMO) No. 53-98 and RR No. 2-2006, which remain in full force and effect and are entitled to the presumption of constitutionality.[55]

RULING OF THE COURT

The present *Petition for Review* is partially granted.

The irrevocability rule under Section 76 of the Tax Code.

Section 76 of the Tax Code provides as follows:

> **SEC. 76. Final Adjustment Return.** - Every corporation liable to tax under Section 27 shall file a final adjustment return covering the total taxable income for the preceding calendar or fiscal year. If the sum of the quarterly tax payments made during the said taxable year is not equal to the total tax due on the entire taxable income of that year, the corporation shall either:
>
> (A) Pay the balance of the tax still due; or
> (B) Carry-over the excess credit; or
> (C) Be credited or refunded with the excess amount paid, as the case may be.
>
> **In case the corporation is entitled to a tax credit or refund of the excess estimated quarterly income taxes paid, the excess amount shown on its final adjustment return may be carried over and credited against the estimated quarterly income tax liabilities for the taxable quarters of the succeeding taxable years**. Once the option to carry-over and apply the excess quarterly income tax against income tax due for the taxable quarters of the succeeding taxable years has been made, such option shall be considered irrevocable for that taxable period and no application for cash refund or issuance of a tax credit certificate shall be allowed therefor. (Emphasis supplied)

The above provision discusses the two (2) options of a taxable corporation whose total quarterly income tax payments in a given taxable year exceed its total income tax due. Accordingly, the taxpayer may either: (1) carry-over the excess amount to the succeeding taxable

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[54] *Id.*
[55] *Id.*, pp. 1456-1458.

quarters/years until it is fully utilized, or (2) file a claim for refund in the form of cash or tax credit certificate.

Once the carry over option was made, actually or constructively, it became forever irrevocable regardless of whether the excess tax credits were actually or fully utilized.[56] The phrase "for that taxable period" refers to the taxable year when the excess income tax, subject of the option, was acquired by the taxpayer.[57]

In exercising its option, the corporation must signify in its annual corporate adjustment return (by marking the option box provided in the BIR form) its intention, to either carry over the excess credit or claim a refund. To facilitate tax collection, these remedies are in the alternative and the choice of one precludes the other.[58]

Petitioner did not carry-over its excess CWTs.

A perusal of petitioner's AITR for TY 2019[59] shows that petitioner had income tax credits in the total amount of ₱783,016,898.00, consisting of prior year's excess tax credits of ₱307,326,515.00 and CWTs accumulated during the four (4) quarters of TY 2019, in the aggregate amount of ₱475,690,383.00.[60]

Petitioner claims that its minimum corporate income tax (MCIT) due for TY 2019 in the amount of ₱144,137,382.00[61] was paid using a portion of its prior year's excess credits of ₱307,326,515.00. Thus, the remaining balance of the prior year's excess tax credits amounted to ₱163,189,133.00. When combined with petitioner's CWTs for TY 2019 in the amount of ₱475,690,383.00, petitioner had a total of ₱638,879,516.00 in tax credits, as of December 31, 2019, as shown below:

Prior Year's Excess Credits other than MCIT	₱ 307,326,515.00
Less: MCIT Due	144,137,382.00
Balance of Prior Year's Excess Credits	₱ 163,189,133.00
Add: Creditable Taxes Withheld during TY 2019	475,690,383.00

[56] *Systra Philippines, Inc. v. Commissioner of Internal Revenue*, G.R. No. 176290, September 21, 2007.
[57] *Commissioner of Internal Revenue v. Bank of the Philippine Islands*, G.R. No. 178490, July 7, 2009.
[58] *Philippine Bank of Communications v. Commissioner of Internal Revenue, et al.*, G.R. No. 112024, January 28, 1999.
[59] Exhibit "P-1," Docket – Vol. 2, pp. 1123 to 1130.
[60] Exhibit "P-1-A," Docket – Vol. 2, p. 1128.
[61] Part IV-Line 44, Exhibit "P-1," Docket – Vol. 2, p. 1124.

Excess Creditable Taxes Withheld as of December 31, 2019	**₱638,879,516.00**

Verily, pursuant to Section 2.58.3 of RR No. 2-98, as quoted below, the submission of petitioner's AITR for TY 2018 is sufficient to prove its "Prior Year's Excess Credits other than MCIT" in the amount of ₱307,326,515.00, to wit:

> Sec. 2.58.3. Claim for tax credit or refund. —
>
> xxx xxx xxx
>
> (C) Excess Credits. – An individual or corporate taxpayer's excess expanded withholding tax credits for the taxable quarter/year shall **automatically be allowed as a credit** against his income tax due for the taxable quarters/years immediately succeeding the taxable quarters/years in which the excess credit arose, **provided he submits with his income tax return, a copy of the first page of his income tax return for the previous taxable period showing the amount of his excess withholding tax credits**, and on which return he has not opted for a cash refund or tax credit certificate. (Emphasis supplied)

Petitioner presented its AITR for TY 2018[62] reflecting excess tax credits in the amount of ₱687,341,305.00, comprised of prior year's excess credits of ₱307,326,515.00 and CWTs for TY 2018 amounting to ₱380,014,790.00, computed as follows:

Prior Year's Excess Credits other than MCIT		₱420,045,366.00
Less: Income Tax Still Due		
Income Tax Due	₱135,852,499.00	
Less: Excess MCIT Applied in TY 2018	23,133,648.00	112,718,851.00
Balance of Prior Year's Excess Credits		**₱307,326,515.00**

Consequently, the prior year's excess credits of ₱307,326,515.00 were carried over to TY 2019 and were automatically applied against its MCIT due of ₱144,137,382.00 for the same period.

As a result, the CWTs for TY 2019, totaling ₱475,690,383.00, remained unutilized as of the end of the said period. Further, as previously noted, petitioner opted to claim a refund of its excess CWTs for TY 2019 by marking the option "To be refunded" in its AITR for TY 2019.[63]

[62] Part II - Line 16 to 20 and Schedule 7, Exhibit "P-29," Docket – Vol. 2, pp. 1388 and 1393.
[63] Exhibit "P-1-B," Docket – Vol. 2, p. 1123.

While petitioner indicated its intention to apply for a refund in its AITR for TY 2019, the Court is not unaware that its Quarterly Income Tax Return (QITR) for the first quarter of TY 2020[64] shows that it indicated the amount of ₱307,326,515.40 as "Prior Year's Excess Credits – Taxes Withheld." This amount exceeds the reported balance of prior year's excess credit as of December 31, 2019, which was only ₱163,189,133.00.

However, petitioner indicated the amount of ₱163,189,133.00 as its "Prior Year's Excess Credits – Taxes Withheld" in the QITR for the second and third quarters of TY 2020.[65] In addition, petitioner also indicated the amount of ₱163,189,133.00 as "Prior Year's Excess Credits other than MCIT" in its Amended Annual AITR for TY2020.[66]

The Court is not unaware that in *United Coconut Planters Bank v. Commissioner of Internal Revenue*,[67] the Supreme Court upheld the denial of the taxpayer's claim for refund of excess CWTs since the taxpayer carried over a substantial portion of the amount it was claiming for refund in its QITRs for the first, second, and third quarters, and the AITR of the succeeding taxable year.

Similarly, in *Stablewood Philippines, Inc. v. Commissioner of Internal Revenue*,[68] the Supreme Court also upheld the denial of the taxpayer's claim for refund of excess CWTs since the taxpayer also carried over the amount it was claiming for refund in its QITRs for the first, second, and third quarters of the succeeding taxable year.

Notably, in the two cases cited above, the taxpayers carried over a portion of the amount it was claiming as "Prior Year's Excess Credits" in its first, second, and third QITRs. However, in the present case, petitioner inadvertently indicated the amount of ₱307,326,515.40 as "Prior Year's Excess Credits – Taxes Withheld" only in its QITR for the first quarter of TY2020.

The QITRs for the second and third quarters of TY2020 reflects the amount of ₱163,189,133.00 as "Prior Year's Excess Credits – Taxes Withheld." Similarly, petitioner's AITR for TY2020 reflects the correct amount of ₱163,189,133.00 as "Prior Year's Excess Credits other than MCIT."

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[64] Line 31A, Exhibit "P-8," Docket – Vol. 2, p. 1197.
[65] Line 31A, Exhibits "P-9" and "P-10," Docket – Vol. 2, pp. 1198-1199.
[66] Line 44, Exhibit "P-11-2-A," Docket – Vol. 2, p. 1208.
[67] G.R. No. 204687, April 24, 2023.
[68] G.R. No. 206517, May 13, 2024.

In *Winebrenner & Iñigo Insurance Brokers, Inc. v. Commissioner of Internal Revenue*,[69] the Supreme Court held that:

> **If the excess tax credits of the preceding year were deducted, whether in whole or in part, from the estimated income tax liabilities of any of the taxable quarters of the succeeding taxable year, the total amount of the tax credits deducted for the entire taxable year should appear in the Annual ITR under the item "Prior Year's Excess Credits."** Otherwise, or if the tax credits were carried over to the succeeding quarters and the corporation did not report it in the annual ITR, there would be a discrepancy in the amounts of combined income and tax credits carried over for all quarters and the corporation would end up shouldering a bigger tax payable. It must be remembered **that taxes computed in the quarterly returns are mere estimates.** It is the annual ITR which shows the aggregate amounts of income, deductions, and credits for all quarters of the taxable year. It is the final adjustment return which shows whether a corporation incurred a loss or gained a profit during the taxable quarter. **Thus, the presentation of the annual ITR would suffice in proving that prior year's excess credits were not utilized for the taxable year in order to make a final determination of the total tax due.** (Emphasis supplied)

Therefore, the presentation of petitioner's AITR for TY2020 is already sufficient to prove that petitioner did not utilize the amount being claimed as refund in the following taxable year.

Furthermore, in *Citibank, N.A. v. Court of Appeals*,[70] the Supreme Court discussed the nature of CWTs, to wit:

> The payments of the withholding taxes for 1979 and 1980 were creditable to the income tax liability, if any, of petitioner-bank, determined after the filing of the corporate income tax returns on April 15, 1980 and April 15, 1981. As petitioner posted net losses in its 1979 and 1980 returns, it was not liable for any income taxes. Consequently[,] and clearly, the taxes withheld during the course of the taxable year, **while collected legally under the aforesaid revenue regulation, became untenable and took on the nature of erroneously collected taxes at the end of the taxable year**. (Emphasis supplied)

Since CWTs are in the nature of erroneously collected taxes at the end of the taxable year, a claim for refund falls under Section 229 of the Tax Code. In *Petron Corporation v. Commissioner of Internal Revenue*,[71] the Supreme Court explained that:

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[69] G.R. No. 206526, January 28, 2015.
[70] G.R. No. 107434, October 10, 1997.
[71] G.R. No. 255961. March 20, 2023.

> Not all claims for tax refund partake the nature of a tax exemption such that the rule of strict interpretation against the taxpayer is always applicable. The Court has long settled that "[t]here is parity between tax refund and tax exemption only when the former is based either on a tax exemption statute or a tax refund statute." In such case, the rule of strict interpretation against the taxpayer is applicable as the claim for refund partakes of the nature of an exemption, a legislative grace, which cannot be allowed unless granted in the most explicit and categorical language.
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> However, **when the claim for tax refund is premised on the taxpayer's erroneous payment of the tax or the government's exaction in the absence of a law, the rule to be applied must be the well-settled doctrine of strict interpretation in the imposition of taxes, not the similar doctrine as applied to tax exemptions**. (Emphasis supplied)

Tax refunds (or tax credits), on the other hand, are not founded principally on legislative grace but on the legal principle which underlies all quasi-contracts abhorring a person's unjust enrichment at the expense of another. The dynamic of erroneous payment of tax fits to a tee the prototypic quasi-contract, solutio indebiti, which covers not only mistake in fact but also mistake in law.[72]

Accordingly, since a claim for refund for excess CWTs is in the nature of erroneously paid taxes, the doctrine that tax exemptions should be strictly construed against the taxpayer finds no application.

Based on the foregoing, petitioner's act of indicating the amount of ₱307,326,515.40 as "Prior Year's Excess Credits – Taxes Withheld" in its QITR for the first quarter of TY 2020 should not be construed as it making the choice of irrevocably carrying over a portion of the amount of the excess CWT being claimed for refund.

Submission of the requirements under RMO No. 53-98 and RR No. 2-2006 is not a prerequisite to be entitled to a refund.

The CIR argues that petitioner failed to prove compliance with the requirements under Revenue Memorandum Order (RMO) No. 53-98 and RR No. 2-2006. As such, its administrative claim for refund is pro-forma and such should be construed as if no administrative claim was filed at all.

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[72] *Commissioner of Internal Revenue v. Fortune Tobacco Corporation*, G.R. No. 167274-75, July 21, 2008.

Respondent's argument is untenable.

In *Commissioner of Internal Revenue v. Team Sual Corp.*,[73] the Supreme Court confirmed that:

> The CIR's reliance on RMO 53-98 is misplaced. There is nothing in Section 112 of the NIRC, RR 3-88 or RMO 53-98 itself that requires submission of the complete documents enumerated in RMO 53-98 for a grant of a refund or credit of input VAT. The subject of RMO 53-98 states that it is a "Checklist of Documents to be Submitted by a Taxpayer upon Audit of his Tax Liabilities...." In this case, TSC was applying for a grant of refund or credit of its input tax. There was no allegation of an audit being conducted by the CIR. Even assuming that RMO 53-98 applies, it specifically states that some documents are required to be submitted by the taxpayer "if applicable."

Furthermore, in *Pilipinas Total Gas, Inc. v. Commissioner of Internal Revenue*,[74] the Supreme Court reiterated that:

> Indeed, a taxpayer's failure with the requirements listed under RMO No. 53-98 is not fatal to its claim for tax credit or refund of excess unutilized excess VAT. This holds especially true when the application for tax credit or refund of excess unutilized excess VAT has arrived at the judicial level. After all, in the judicial level or when the case is elevated to the Court, the Rules of Court governs. Simply put, the question of whether the evidence submitted by a party is sufficient to warrant the granting of its prayer lies within the sound discretion and judgment of the Court.

While the above-cited cases pertain to claims for unutilized excess value-added tax (VAT), the same principles are equally applicable to administrative claims for the refund of excess and unutilized CWTs.

Notably, neither RMO No. 53-98 nor RR No. 2-2006 imposes a requirement for the submission of supporting documents as a condition precedent before a taxpayer may file a claim for refund of excess and unutilized CWTs. Accordingly, respondent erred in characterizing petitioner's administrative claim for refund as pro-forma.

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[73] G.R. No. 205055, July 18, 2014.
[74] G.R. No. 207112, December 8, 2015.

Requisites for the entitlement for refund of excess creditable withholding taxes.

Jurisprudence has laid down the requisites for entitlement to a refund for excess CWTs, namely:

1. That the claim for refund was filed within the two-year reglementary period pursuant to Section 229 of the Tax Code;
2. When it is shown on the ITR that the income payment received is being declared part of the taxpayer's gross income; and
3. When the fact of withholding is established by a copy of the withholding tax statement, duly issued by the payor to the payee, showing the amount paid and income tax withheld from that amount.[75]

In *Commissioner of Internal Revenue v. Philippine National Bank*,[76] the Supreme Court ruled that:

> Once the minimum statutory requirements have been complied with, the claimant should be considered to have successfully discharged its burden to prove its entitlement to the refund. After the claimant has successfully established a prima facie right to the refund by complying with the requirements laid down by law, the burden is shifted to the opposing party, i.e., the BIR, to disprove such claim. To rule otherwise would be to unduly burden the claimant with additional requirements which has no statutory nor jurisprudential basis.

Thus, the taxpayer-claimant must prove whether it meets the requisites for the entitlement for refund of CWTs. In addition, the taxpayer. A determination of the petitioner's compliance with the requisites shall be made in the succeeding paragraphs.

First Requisite: Petitioner's administrative and judicial claims for refund were timely filed.

Sections 204(C) and 229 of the Tax Code provide that:

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[75] *Republic of the Philippines v. Team (Phils.) Energy Corporation*, G.R. No. 188016, January 14, 2015; *Rhombus Energy, Inc. v. Commissioner of Internal Revenue*, G.R. No. 206362, August 1, 2018.

[76] G.R. No. 212699, March 13, 2019.

SEC. 204. *Authority of the Commissioner to Compromise, Abate and Refund or Credit Taxes.* – The Commissioner may –

xxx xxx xxx

(C) Credit or refund taxes erroneously or illegally received or penalties imposed without authority, refund the value of internal revenue stamps when they are returned in good condition by the purchaser, and, in his discretion, redeem or change unused stamps that have been rendered unfit for use and refund their value upon proof of destruction. **No credit or refund of taxes or penalties shall be allowed unless the taxpayer files in writing with the Commissioner a claim for credit or refund within two (2) years after the payment of the tax or penalty**: *Provided, however,* That a return filed showing an overpayment shall be considered as a written claim for credit or refund. (Emphasis Supplied)

SEC. 229. *Recovery of Tax Erroneously or Illegally Collected.* – **No suit or proceeding shall be maintained in any court for the recovery of any national internal revenue tax hereafter alleged to have been erroneously or illegally assessed or collected**, or of any penalty claimed to have been collected without authority, or of any sum alleged to have been excessively or in any manner wrongfully collected, **until a claim for refund or credit has been duly filed with the Commissioner**; but such suit or proceeding may be maintained, whether or not such tax, penalty, or sum has been paid under protest or duress.

In any case, no such suit or proceeding shall be filed after the expiration of two (2) years from the date of payment of the tax or penalty regardless of any supervening cause that may arise after payment: *Provided, however,* That the Commissioner may, even without a written claim therefor, refund or credit any tax, where on the face of the return upon which payment was made, such payment appears clearly to have been erroneously paid. (Emphasis Supplied)

The above-stated provisions mandate that the administrative and judicial remedies of filing a claim for refund of erroneously or excessively paid tax must be done within two (2) years from the date of payment of the tax.

It is well-settled that the two (2)-year prescriptive period for claiming a refund of overpaid income tax/CWT commences to run on the date of filing of the Final Adjustment Return (or AITR).[77] This is so because it is only when the Final Adjustment Return covering the whole year is filed that the taxpayer would know whether a tax is still

[77] *ACCRA Investments Corporation v. The Honorable Court of Appeals, et al.*, G.R. No. 96322, December 20, 1991; *Commissioner of Internal Revenue v. TMX Sales, Inc., et al.*, G.R. No. 83736, January 15, 1992; *Commissioner of Internal Revenue v. The Philippine American Life Insurance Co., et al.*, G.R. No. 105208, May 29, 1995.

due or a refund can be claimed based on the adjusted and audited figures.[78]

In *Metropolitan Bank & Trust Company v. The Commissioner of Internal Revenue*,[79] the Supreme Court explained that:

> Verily, since quarterly income tax payments are treated as mere "advance payments" of the annual corporate income tax, there may arise certain situations where such "advance payments" would cover more than said corporate taxpayer's entire income tax liability for a specific taxable year. Thus, **it is only logical to reckon the two (2)-year prescriptive period from the time the Final Adjustment Return or the Annual Income Tax Return was filed, since it is only at that time that it would be possible to determine whether the corporate taxpayer had paid an amount exceeding its annual income tax liability**. (Emphasis supplied)

In this case, petitioner filed its AITR for TY 2019 *via* the electronic filing and payment system or eFPS of the BIR on June 12, 2020.[80] Thus, counting from June 12, 2020, petitioner had until June 12, 2022, within which to file both its administrative and judicial claims for refund.

Considering that petitioner filed its administrative claim for refund with the BIR on November 26, 2021,[81] and the present judicial claim was filed on June 10, 2022,[82] both claims for refund of unutilized/excess CWT were seasonably filed within the two (2)-year prescriptive period.

However, respondent contends that petitioner failed to exhaust administrative remedies, since petitioner's claim for refund is still subject to administrative investigation, and pending the closure of such investigation, no grant of refund may be given to petitioner based on the filed claim.

This Court disagrees with respondent.

In *CBK Power Company Limited v. Commissioner of Internal Revenue, et seq.*,[83] the Supreme Court held as follows:

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[78] *Commissioner of Internal Revenue v. TMX Sales Inc., et al.*, G.R. No. 83736, January 15, 1992.
[79] G.R. No. 182582, April 17, 2017.
[80] Exhibit "P-1," Docket – Vol. 2, pp. 1123 to 1130.
[81] Exhibits "P-2" and "P-3," Docket, Vol. II, pp. 1131-1140.
[82] Docket, Vol. 1, pp. 6-26.
[83] G.R. Nos. 193383-84 and 193407-8, January 14, 2015.

> Sections 204 and 229 the NIRC pertain to the refund of erroneously or illegally collected taxes. Section 204 applies to administrative claims for refund, while Section 229 to judicial claims for refund. In both instances, the taxpayer's claim must be filed within two (2) years from the date of payment of the tax or penalty. However, Section 229 of the NIRC further states the condition that a judicial claim for refund may not be maintained until a claim for refund or credit has been duly filed with the Commissioner.
>
> xxx xxx xxx
>
> ...attention must be drawn to the Court's ruling in *P.J. Kiener Co., Ltd. v. David*[84] (*Kiener*), wherein it was held that **in no wise does the law, *i.e.*, Section 306 of the old Tax Code (now, Section 229 of the NIRC), imply that the Collector of Internal Revenue first act upon the taxpayer's claim, and that the taxpayer shall not go to court before he is notified of the Collector's action.** In *Kiener*, the Court went on to say that **the claim with the Collector of Internal Revenue was intended primarily as a notice of warning that unless the tax or penalty alleged to have been collected erroneously or illegally is refunded, court action will follow**... (Emphasis Supplied)

Thus, it is already well-established that the law does not imply that the BIR first act or investigate upon the claim of the taxpayer, nor does it mandate that the taxpayer wait to be notified of such action or investigation before seeking judicial relief. Moreover, the filing of the claim with the BIR primarily serves to notify or warn the BIR that court action will ensue unless the tax or penalty alleged to have been erroneously or illegally collected is refunded. Hence, so long as both the administrative and judicial claims are filed within the two (2)-year prescriptive period, no legal impediment exists to the judicial claim for refund.

In *Commissioner of Internal Revenue v. Carrier Air Conditioning Philippines, Inc.*,[85] where the judicial claim for refund was filed barely ten days from the filing of the administrative claim, the Supreme Court emphasized that:

> Consequently, from the plain language of the law, it does not matter how far apart the administrative and judicial claims were filed, or whether the Commissioner of Internal Revenue was actually able to rule on the administrative claim, so long as both claims were filed within the two-year prescriptive period.

Similarly, in *Commissioner of Internal Revenue v. Estate of Mr. Charles Romig*,[86] where the taxpayer filed the administrative claim for

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[84] 92 Phil. 945 (1953).
[85] G.R. No. 226592, July 27, 2021.
[86] G.R. No. 262092, October 9, 2024.

refund the same day it failed the judicial claim, the Supreme Court reiterated that:

> It is of no moment that there is only a short interval between the filing of the two claims. The law merely requires that both claims are filed within the two-year period.
>
> xxx xxx xxx
>
> Moreover, the Court agrees with the finding of the CTA Second Division and CTA En Banc that the Estate's immediate resort to court action was justified, considering that the prescriptive period was about to expire. Under the circumstances, if the Estate had waited for the CIR to act on its administrative claim knowing fully well that the two-year period was about to lapse, it would have resultantly forfeited its right to seek judicial recourse, thereby suffering irreparable damage. Hence, respondent cannot be faulted for acting in such a manner to protect its interest and right to recover the taxes it erroneously paid to the government.

Since the two (2)-year prescriptive period was about to lapse, petitioner was justified in filing its judicial claim, without waiting for respondent's decision or action, to protect its interest. It should be stressed that petitioner need not await the final resolution of its administrative claim for refund, since doing so would be tantamount to the petitioner's forfeiture of its right to seek judicial recourse should the two (2)-year prescriptive period expire without the appropriate judicial claim being filed.[87]

Second Requisite: The income payments received were declared as part of petitioner's gross income in its AITR for TY 2019.

The *second* requisite mandates petitioner to prove the fact of withholding of the claimed CWTs through a copy of the statement duly issued by the payor (withholding agent) to the payee showing the names of the payor and payee, the income payment, and the amount of tax withheld therefrom.

In *Commissioner of Internal Revenue v. Philippine National Bank*,[88] the Supreme Court held that the *Certificate of Creditable Tax*

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[87] *Metropolitan Bank & Trust Company v. The Commissioner of Internal Revenue*, G.R. No. 182582, April 17, 2017; *Commissioner of Internal Revenue v. Goodyear Philippines, Inc.*, G.R. No. 216130, August 3, 2016.
[88] G.R. No. 180290, September 29, 2014.

Withheld at Source (BIR Form No. 2307), complete in relevant details, is the competent proof to establish the fact that taxes are withheld.

To prove its compliance with the *second* requisite, petitioner presented the related BIR Forms No. 2307[89] and the Schedule of Creditable Withholding Taxes for TY 2019,[90] which were examined by the Court-commissioned Independent Certified Public Accountant (ICPA).

At the outset, it must already be emphasized that the difference of ₱512,943.78 between the total claimed CWTs of ₱475,690,383.00 and the substantiated CWTs as accounted for by the ICPA in the amount of ₱475,177,439.22[91] shall be disallowed outright for being unsupported.

Moreover, based on the findings of the ICPA, the Court concurs with the following noted exceptions amounting to ₱494,525.69, which shall likewise be disallowed from the claim:[92]

Other Findings	Annex Reference	Income Payment Amount	CWT Amount
CWT duly supported by original Certificate of Creditable Tax Withheld at Source (BIR Form No. 2307) but not within the period of claim.	**Annex 2-k**	₱ 15,516,875.55	₱ 310,274.19
CWT duly supported by original Certificate of Creditable Tax Withheld at Source (BIR Form No. 2307) with incorrect Petitioner's TIN.	**Annex 2-m**	8,940,484.40	178,809.69
CWT duly supported by original Certificate of Creditable Tax Withheld at Source (BIR Form No. 2307) with incorrect Payor's name.	**Annex 2-n**	272,090.55	5,441.81
Total		**₱24,729,450.50**	**₱494,525.69**

Further, the CWTs in the amount of ₱280,465.27, itemized below, shall likewise be disallowed for the reasons stated hereunder, *viz.*:

[89] Exhibits "P-65" to "P-65-2311," USB dated August 8, 2023.
[90] Exhibit "P-63," USB dated August 8, 2023.
[91] Exhibit "P-91" (Amended ICPA Report dtd. July 14, 2023), Table 6, Docket – Vol. 2, pp. 994 to 995.
[92] Id. at p. 995.

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Customer Name	Exhibit No.	Income Payment Amount	CWT Amount
CWT supported by BIR Form No. 2307 but with unreadable details			
UL SKIN SCIENCES INC	"P-65-819"	₱ 4,383,132.70	₱ 219,156.00
CWTs supported by BIR Forms No. 2307 but without the signature of the payor-issuer/authorized representative			
COSMETICS REVELATION CORPORATION	"P-65-1940"	1,250,712.83	25,014.26
IOS MARKETING CORPORATION	"P-65-2119"	160,617.24	3,212.34
CWT supported by BIR Form No. 2307 but the document per exhibit reference does not pertain to the details per schedule			
PHILIPPINE BLUE CROSS BIOTECT CORP	"P-65-2310"	1,440,000.00	28,800.00
CWTs supported by BIR Forms No. 2307 but with alteration on petitioner's name without countersignature			
GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-16"	75,158.60	375.81
GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-18"	262,949.94	1,314.77
GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-20"	5,998.00	29.99
GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-21"	20,520.75	102.60
GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-27"	13,828.00	69.14
GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-28"	105,956.68	529.81
GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-32"	6,535.71	32.68
GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-34"	32,319.75	161.60
GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-35"	15,951.50	79.76
GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-39"	42,337.75	211.69
GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-40"	3,480.00	17.40
GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-42"	6,372.80	31.87

GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-43"	210,224.46	1,051.12
GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-44"	13,227.75	66.14
GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-45"	6,387.00	31.94
GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-46"	3,030.54	15.15
GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-48"	5,042.75	25.21
GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-1369"	8,647.43	43.24
GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-2269"	3,003.00	15.02
CWT supported by BIR Form No. 2307 but with alteration on petitioner's TIN without countersignature			
GLOBAL PAYMENTS ASIA PACIFIC PHILIPPINES INCORPORATED	"P-65-2303"	15,547.37	77.73
Total		**₱8,090,982.55**	**₱280,465.27**

Thus, in compliance with the *second* requisite, petitioner has proven the fact of withholding of its CWTs for TY 2019, but only to the extent of ₱474,402,448.26, computed as follows:

CWTs claimed for refund		₱ 475,690,383.00
Less: Disallowances		
Unsupported CWTs	₱512,943.78	
Per ICPA findings	494,525.69	
Per Court's further verification	280,465.27	1,287,934.74
Properly substantiated CWTs		**₱474,402,448.26**

Third Requisite: The income payments received were declared as part of petitioner's gross income in its AITR for TY 2019.

Anent the *third* requisite, petitioner must further establish that the income payments from which the claimed CWTs amounting to ₱474,402,448.26 were withheld were declared as part of petitioner's gross income in its AITR.

In compliance therewith, petitioner presented its Annual Audited Financial Statements (AFS) as at and for the year ended December 31, 2019 and 2018,[93] Sales Invoices,[94] Statement of Accounts,[95] Official Receipts,[96] and its 2019 Audited Trial Balance.[97]

As found by the ICPA,[98] the total revenue per AITR for TY 2019 in the amount of ₱43,811,413,092.00 tallies with the amount reflected in the AFS for TY 2019, as well as petitioner's Reconciliation Net Income per books against Taxable Income.[99] To verify that the income payments related to the CWTs being claimed for refund were reported as part of its gross income per AITR, the ICPA traced the income payments supported by BIR Forms No. 2307 to the corresponding entries in the general ledgers (GLs)[100] and the supporting source documents.

Based on the Amended ICPA Report,[101] only the related income payments amounting to ₱36,092,224,764.01, corresponding to CWTs worth ₱469,551,339.80, were traced by the ICPA as part of the gross income per AITR for TY 2019. The results of the ICPA's examination are summarized as follows:

Annex Reference	Income Payment Amount	CWT Amount
Annex 2-a; Annexes 6 to 10	₱ 27,270,801,162.66	₱ 387,350,205.52
Annex 2-b; Annexes 6 to 8	4,476,736,297.48	44,745,256.60
Annex 2-c; Annexes 7 and 8	2,616,870,932.66	26,168,709.33
Annex 2-d; Annexes 7, 8 and 10	99,292,389.13	1,002,740.06
Annex 2-e; Annexes 6, 8 and 10	1,441,908,719.27	7,379,902.95
Annex 2-f; Annexes 6, 8 and 10	157,483,744.12	2,287,707.44
Annex 2-g; Annex 10	2,211,850.43	44,237.01
Annex 2-h; Annex 10	25,815,273.00	565,805.48
Annex 2-i; Annexes 6 and 10	1,104,395.26	6,775.41
Total	**₱36,092,224,764.01**	**₱469,551,339.80**

[93] Exhibit "P-14," Docket – Vol. 2, pp. 1218 to 1269.
[94] Exhibits "P-66" to "P-66-23704," USB dated August 8, 2023.
[95] Exhibits "P-84" to "P-84-55," USB dated August 8, 2023.
[96] Exhibits "P-85" to "P-85-559," USB dated August 8, 2023.
[97] Exhibit "P-68," USB dated August 8, 2023.
[98] Annex 4 of Amended ICPA Report dtd. July 14, 2023 (Exhibit "P-91"), USB dated August 8, 2023.
[99] Exhibit "P-64," USB dated August 8, 2023.
[100] Exhibit "P-72," USB dated August 8, 2023.
[101] Exhibit "P-91," Annex 15, USB dated August 8, 2023.

However, a further perusal of the ICPA's schedules reveals that the income payments amounting to ₱36,092,224,764.01, as traced by the ICPA should be reduced by ₱89,330,432.65, upon which the CWTs of ₱2,450,176.12 were already withheld, as detailed below:

a) The total of the amounts from Annex 2-a actually included in the amounts per Annex 8 is lower than the total alleged properly substantiated amount from Annex 2-a traced in Annex 8 per ICPA summary (Overclaim)

Reference to ICPA Report	**Properly substantiated amount from Annex 2-a traced in Annex 8 per ICPA summary**		**Reference to ICPA Report**	**Total amount from Annex 2-a included in Annex 8**		**Difference/Overclaim**	
Annex 15	₱3,006,472.85	₱338,835.62	Annex 2-a; Annex 8	₱2,805,778.62	₱336,828.68	₱ 200,694.23	₱ 2,006.94
					Subtotal	***₱ 200,694.23***	***₱ 2,006.94***

b) Income payments included in the amounts traced by ICPA but the corresponding CWTs were already disallowed under the substantiation requisite

Reference to ICPA Report	**Exh. No.**	**Client Name**	**Income Payment Amount**	**CWT Amount**
Annex 2-a; Annex 10 & 10-a	"P-65-819"	UL SKIN SCIENCES INC	₱ 4,383,132.70	₱ 219,156.00
Annex 2-a; Annex 10 & 10-a	"P-65-1940"	COSMETICS REVELATION CORPORATION	1,250,712.83	25,014.26
Annex 2-a; Annex 10 & 10-a	"P-65-2119"	IOS MARKETING CORPORATION	160,617.24	3,212.34
		Subtotal	***₱ 5,794,462.77***	***₱ 247,382.60***

c) Income payments not traced to GL/supporting documents

	Per BIR Form No. 2307			**Per ICPA income tracing schedules**	**Amounts not traced**	
Reference to ICPA Report	**Exh. No.**	**Client Name**	**Income Payment Amount**	**Income Payment Amount**	**Income Payment Amount**	**CWT Amount**
Annex 2-a Annex 10 & 10-a	"P-65-1"	BEVI BEAUTY ELEMENTS VENTURES INC.	₱ 488,530.50	-	₱ 488,530.50	₱ 24,426.53
Annex 2-a Annex 10 & 10-a	"P-65-1"	BEVI BEAUTY ELEMENTS VENTURES INC.	8,386,345.80	₱ 23,000.00	8,363,345.80	167,266.92
Annex 2-a Annex 10 & 10-a	"P-65-58"	HEAVENLY PRODUCTS INCORPORATED	22,130.50	8,100.00	14,030.50	280.61
Annex 2-a Annex 10 & 10-a	"P-65-100"	ALLIED EXPRESS INTERNATIONAL IMPORT EXPORT INC	331,178.63	84,000.00	247,178.63	4,943.57
Annex 2-a Annex 10 & 10-a	"P-65-103"	ASIA PACIFIC COSMETICS PHILS. CORP.	1,559,701.22	1,538,101.21	21,600.01	432.00
Annex 2-a Annex 10 & 10-a	"P-65-794"	MIRAGE INTERNATIONAL CORP	1,682.46	-	1,682.46	33.65
Annex 2-a Annex 10 & 10-a	"P-65-804"	PHILUSA CORPORATION	1,250,000.00	-	1,250,000.00	62,500.00
Annex 2-a Annex 10 & 10-a	"P-65-804"	PHILUSA CORPORATION	3,150,034.28	360,000.00	2,790,034.28	55,800.69
Annex 2-a Annex 10 & 10-a	"P-65-825"	VIBELLE MANUFACTURING CORPORATION	135,617.00	-	135,617.00	6,780.85
Annex 2-a Annex 10 & 10-a	"P-65-825"	VIBELLE MANUFACTURING CORPORATION	7,051,783.52	140,000.00	6,911,783.52	138,235.67
Annex 2-a Annex 10 & 10-a	"P-65-1324"	COLGATE-PALMOLIVE PHILIPPINES INC	1,973,500.00	1,730,500.00	243,000.00	12,150.00
Annex 2-a Annex 10 & 10-a	"P-65-1324"	COLGATE-PALMOLIVE PHILIPPINES INC	11,029,347.66	6,046,041.40	4,983,306.26	99,666.13

Annex 2-a Annex 10 & 10-a	"P-65-1328"	COSMOS BAZAR INC	89,916.60	-	89,916.60	4,495.83
Annex 2-a Annex 10 & 10-a	"P-65-1328"	COSMOS BAZAR INC	214,359.00	156,380.73	57,978.27	1,159.57
Annex 2-a Annex 10 & 10-a	"P-65-1334"	EVER BILENA COSMETICS INC	11,301,126.31			
	"P-65-1335"	EVER BILENA COSMETICS INC	13,136,775.99	24,337,902.29	100,000.01	2,000.00
Annex 2-a Annex 10 & 10-a	"P-65-1399"	INTELLIGENT SKIN CARE INC	9,672,083.16	9,073,792.09	598,291.07	11,965.82
Annex 2-a Annex 10 & 10-a	"P-65-1409"	LE BECARRE INTERNATIONAL CORPORATION	3,126,295.00	1,320,537.66	1,805,757.34	36,115.15
Annex 2-a Annex 10 & 10-a	"P-65-1410"	LE BECARRE INTERNATIONAL CORPORATION	2,979,574.00	2,424,674.68	554,899.32	11,097.99
Annex 2-a Annex 10 & 10-a	"P-65-1455"	PROCTER & GAMBLE PHILIPPINES INC	3,322,666.60	-	3,322,666.60	166,133.33
Annex 2-a Annex 8	"P-65-1466"	SM PRIME HOLDINGS INC	849,380.45	797,718.13	51,662.32	7,309.43
Annex 2-a Annex 8	"P-65-1467"	SM PRIME HOLDINGS INC	827,643.16	763,257.72	64,385.44	8,956.59
Annex 2-a Annex 10 & 10-a	"P-65-1930"	BRANDLINES ENTERPRISES INC	11,423,180.50	11,380,679.93	42,500.57	850.01
Annex 2-a Annex 10 & 10-a	"P-65-1931"	BRANDLINES ENTERPRISES INC	7,122,120.50	7,077,280.88	44,839.63	896.79
Annex 2-a Annex 10 & 10-a	"P-65-1937"	CLS & SONS GLOBAL TRADING CORP	1,799,180.08	309,184.87	1,489,995.21	29,799.90
Annex 2-a Annex 10 & 10-a	P-65-1950	DELFI MARKETING INC	653,781.21			
	"P-65-1951"	DELFI MARKETING INC	111,235.55	637,403.51	127,613.25	2,552.27
Annex 2-a Annex 10 & 10-a	"P-65-1968"	INTEGRATED MARKETING AND DISTRIBUTION SERVICES CORPORATION	1,003,126.14	783,676.14	219,450.00	4,389.00
Annex 2-a Annex 10 & 10-a	"P-65-1970"	INTEGRATED MARKETING AND DISTRIBUTION SERVICES CORPORATION	1,660,862.82	1,608,677.43	52,185.39	1,043.71
Annex 2-a Annex 10 & 10-a	"P-65-1997"	SPLASH CORPORATION	10,762,754.11	10,665,947.66	96,806.45	1,936.13
Annex 2-a Annex 10 & 10-a	"P-65-1999"	SPLASH CORPORATION	10,272,307.88	9,784,533.47	487,774.41	9,755.49
Annex 2-a Annex 10 & 10-a	"P-65-2033"	UNILAB INC	16,302,660.88	9,253,863.16	7,048,797.72	140,975.95
Annex 2-a Annex 10 & 10-a	"P-65-2047"	UNILEVER PHILIPPINES INC	118,109,334.42	118,101,334.38	8,000.05	160.00
Annex 2-a Annex 10 & 10-a	"P-65-2048"	UNILEVER PHILIPPINES INC	195,771,992.83	191,881,795.57	3,890,197.26	77,803.95
Annex 2-a Annex 10 & 10-a	"P-65-2048"	UNILEVER PHILIPPINES INC	23,636,176.42	23,136,176.38	500,000.05	125,000.01
Annex 2-a Annex 10 & 10-a	"P-65-2059"	ARDENT WORLD INC	3,090,917.63	2,040,917.63	1,050,000.00	21,000.00
Annex 2-a Annex 10 & 10-a	"P-65-2064"	LE BECARRE INTENATIONAL CORPORATION	5,063,869.00			
	"P-65-2065"	LE BECARRE INTENATIONAL CORPORATION	8,419,949.50	13,346,894.90	136,923.60	2,738.47
Annex 2-f Annex 8	"P-65-2099"	SM PRIME HOLDINGS INC	1,145,429.87	761,611.94	383,817.93	53,908.69

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Annex 2-a Annex 10 & 10-a	"P-65-2109"	VIBELLE MANUFACTURING CORPORATION	1,331,877.13	1,208,088.64	123,788.49	2,475.77
Annex 2-a Annex 10 & 10-a	"P-65-2109"	VIBELLE MANUFACTURING CORPORATION	135,831.25	117,376.25	18,455.00	922.75
Annex 2-a Annex 10 & 10-a	"P-65-2122"	NATURALE LABS INC	918,413.42	888,254.71	30,158.71	603.17
	"P-65-2135"	WHAIR CARE TOOLS INC	7,261,924.35			
Annex 2-a Annex 10 & 10-a	"P-65-2136"	WHAIR CARE TOOLS INC	2,460,778.99	9,040,858.15	681,845.19	13,636.90
Annex 2-a Annex 10 & 10-a	"P-65-2137"	EVERWING ENTERPRISES	1,143,380.86	1,111,380.86	32,000.00	640.00
Annex 2-a Annex 10 & 10-a	"P-65-2140"	EVERWING ENTERPRISES	3,918,951.35	3,790,951.35	128,000.00	2,560.00
Annex 2-a Annex 10 & 10-a	"P-65-2144"	PHILUSA CORPORATION	5,592,437.30	5,532,437.29	60,000.01	1,200.00
Annex 2-a Annex 10 & 10-a	"P-65-2147"	FEDERATED DISTRIBUTORS INC	1,836,400.71	1,649,495.22	186,905.49	3,738.11
Annex 2-a Annex 10 & 10-a	"P-65-2157"	ADP INDUSTRIES CORP	2,183,372.86	1,228,686.06	954,686.80	19,093.74
Annex 2-a Annex 10 & 10-a	"P-65-2165"	MOSBEAU PHILIPPINES INC	747,905.90	727,195.61	20,710.29	414.21
Annex 2-a Annex 10 & 10-a	"P-65-2169"	MOSBEAU PHILIPPINES INC	3,715,030.83	3,347,133.00	367,897.83	7,357.96
Annex 2-a Annex 10 & 10-a	"P-65-2170"	PROCTER & GAMBLE PHILIPPINES INC	85,285,907.50	71,722,942.22	13,562,965.28	271,259.31
	"P-65-1455"	PROCTER & GAMBLE PHILIPPINES INC	44,541,411.50			
Annex 2-a Annex 10 & 10-a	"P-65-2172"	PROCTER & GAMBLE PHILIPPINES INC	71,702,402.00	112,689,674.82	3,554,138.68	71,082.77
Annex 2-a Annex 10 & 10-a	"P-65-2172"	PROCTER & GAMBLE PHILIPPINES INC	31,898,638.60	26,974,903.87	4,923,734.73	246,186.74
Annex 2-a Annex 10 & 10-a	"P-65-2179"	INNOGEN PHARMACEUTICALS INC	3,336,721.91	2,636,546.69	700,175.22	14,003.50
	"P-65-2180"	J.S UNITRADE MERCHANDISE, INC.	1,575,529.79			
Annex 2-a Annex 10 & 10-a	"P-65-2181"	J.S UNITRADE MERCHANDISE, INC.	3,480,656.93	4,736,056.80	320,129.92	6,402.60
Annex 2-a Annex 10 & 10-a	"P-65-2185"	OPTIMUM MARKET STRAT INTL INC	986,740.96	905,307.33	81,433.63	1,628.67
Annex 2-a Annex 10 & 10-a	"P-65-2188"	EVER BILENA COSMETICS INC	23,013,106.50	22,863,106.50	150,000.00	3,000.00
Annex 2-a Annex 10 & 10-a	"P-65-2197"	THE GOLDEN FABULOUZ INTERNATIONAL CORPORATION	988,432.13	760,720.24	227,711.89	4,554.24
Annex 2-a Annex 10 & 10-a	"P-65-2200"	GOLDLINE COSMETICS MANUFACTURING CORPORATION	1,960,084.51	1,879,658.90	80,425.61	1,608.51
Annex 2-a Annex 10 & 10-a	"P-65-2201"	ALLIED EXPRESS INTERNATIONAL IMPORT EXPORT INC	740,297.19	699,224.63	41,072.56	821.45
	"P-65-2202"	PASCUAL CONSUMER HEALTHCARE CORPORATION	3,400,928.31			
	"P-65-2203"	PASCUAL CONSUMER HEALTHCARE CORPORATION	3,601,615.14			
	"P-65-2205"	PASCUAL CONSUMER HEALTHCARE CORPORATION	3,904,541.92			
Annex 2-a Annex 10 & 10-a	"P-65-2206"	PASCUAL CONSUMER HEALTHCARE CORPORATION	2,232,025.01	16,319,441.87	1,196,991.99	23,939.84

	"P-65-2207"	PASCUAL CONSUMER HEALTHCARE CORPORATION	4,377,323.48			
Annex 2-a Annex 10 & 10-a	"P-65-2207"	PASCUAL CONSUMER HEALTHCARE CORPORATION	4,047,619.04	3,523,809.52	523,809.52	26,190.48
Annex 2-a Annex 10 & 10-a	"P-65-2208"	PASCUAL CONSUMER HEALTHCARE CORPORATION	212,564.00	199,436.54	13,127.46	262.55
Annex 2-a Annex 10 & 10-a	"P-65-2235"	LIFESTRONG MARKETING INC.	5,382,869.48	-	5,382,869.48	107,657.39
Annex 2-a Annex 10 & 10-a	"P-65-2241"	COSMOS BAZAR, INC.	967,725.00	-	967,725.00	48,386.25
Annex 2-a Annex 10 & 10-a	"P-65-2244"	BIOCOSTECH PHILIPPINES CORPORATION	375,949.59	96,000.00	279,949.59	5,598.99
Annex 2-a Annex 10 & 10-a	"P-65-2309"	ULSKIN SCIENCES INC	10,867,592.97	9,817,593.10	1,049,999.87	21,000.00
				Subtotal	***₱83,335,275.65***	***₱2,200,786.57***
				Total	**₱89,330,432.65**	**₱2,450,176.12**

Consequently, out of the properly substantiated CWTs for TY 2019, only the amount of ₱467,101,163.68, as computed below, satisfied the *third* requisite, *i.e.*, the income payments upon which the same were withheld were declared as part of petitioner's gross income in its AITR:

Properly substantiated CWTs with the related income payments tracing per ICPA findings	₱ 469,551,339.80
Less: Deduction per Court's further verification	2,450,176.12
CWTs petitioner is entitled to refund	**₱467,101,163.68**

Thus, petitioner has sufficiently established its entitlement to the refund or issuance of tax credit certificate, representing its excess and unutilized CWTs for TY 2019, in the reduced amount of ₱467,101,163.68.

WHEREFORE, premises considered, the present *Petition for Review* is **PARTIALLY GRANTED.**

Accordingly, respondent should be **ORDERED TO REFUND OR ISSUE A TAX CREDIT CERTIFICATE** in favor of petitioner, in the reduced amount of **₱467,101,163.68**, representing the latter's excess and unutilized CWTs for TY 2019.

SO ORDERED.

HENRY S. ANGELES
Associate Justice

WE CONCUR:

CATHERINE T. MANAHAN
Associate Justice

MARIAN IVY F. REYES-FAJARDO
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.

CATHERINE T. MANAHAN
Associate Justice
Third Division Chairperson

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, and the 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.

MA. BELEN M. RINGPIS-LIBAN
Acting Presiding Justice