REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

SPECIAL SECOND DIVISION

GCH INVESTMENTS PTE. LTD.,
Petitioner,

vs.

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA CASE NO. 11245

Present:

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

Promulgated:

JUN 17 2026

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DECISION

FERRER-FLORES, J.:

The **Petition for Review**, filed through registered mail on July 31, 2023 and received by this Court on August 7, 2023, prays for the refund in the amount of **₱22,659,050.48** allegedly representing petitioner's erroneously and/or excessively withheld final withholding tax (FWT) for the cash dividend payment received from Robinsons Retail Holdings Inc. (RRHI) for the quarter ended June 30, 2021.[1]

THE PARTIES

Petitioner **GCH Investments Pte. Ltd.** is a non-resident foreign corporation (NRFC) incorporated under the laws of Singapore.[2] It is registered with the Bureau of Internal Revenue (BIR) under Taxpayer Identification Number 731-901-884-000 as a One-Time Taxpayer, with office address at 239 Alexandra Road Singapore 159930.[3] It is a tax resident of Singapore in the year 2021, as evidenced by the Certificate of Residence duly

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[1] Summary of the Case, Pre-Trial Order dated May 29, 2024, Docket – Vol. II, p. 825.
[2] Exhibit "P-9", Docket – Vol. III, pp. 944 to 946.
[3] Exhibit "P-18", Docket – Vol. III, p. 985.

issued by the Inland Revenue Authority of Singapore (IRAS).[4] It is not registered as a corporation, partnership, or one person corporation with the Philippine Securities Exchange Commission (SEC).[5]

Respondent **Commissioner of Internal Revenue** is vested with the authority to decide, approve and grant application for refund of erroneously or illegally collected national internal revenue taxes, among others.[6]

ANTECEDENTS (ADMINISTRATIVE LEVEL)

RRHI is a domestic corporation duly organized and existing under the laws of the Philippines with principal office address at the 43rd Floor, Robinsons Equitable Tower, ADB Avenue corner Poveda St., Ortigas Center, Pasig City, Metro Manila.[7]

Petitioner GCH Investments Pte. Ltd. is the legal and beneficial owner of 123,819,948 shares of common stock of RRHI, lodged under PCD Nominee (Non-Filipino) and acquired through its broker, Credit Lyonnais Securities Asia Limited-HK (CLSA Limited-HK),[8] which in turn, acquired the same through CLSA Philippines, Inc. (CLSA Philippines).[9] CLSA Philippines acquired said RRHI shares through the Philippine Depository & Trust Corp. (PDTC), a part of the Philippine Dealing System Holdings Corp. & Subsidiaries (PDS Group).[10]

On April 27, 2021, the Board of Directors of RRHI declared cash dividends amounting to ₱1.83 per share, representing a regular cash dividend of ₱0.83 per share, and a special cash dividend of ₱1.00 per share, to all its stockholders, with a record date of May 20, 2021, and payable on June 10, 2021.[11]

Thus, on June 11, 2021, petitioner received the cash dividend payments from RRHI amounting to US$3,556,555.23 (equivalent to ₱169,942,878.63),[12] net of withholding taxes, through its broker, CLSA Limited-HK.[13] wy

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4 Exhibit "P-10", Docket – Vol. III, pp. 947 to 948.
5 Exhibits "P-11" and "P-42", Docket – Vol. III, pp. 949 and 1165, respectively.
6 Par. 1, Admitted Facts, *Joint Stipulation of Fact & Issues* (JSFI), Docket – Vol. II, pp. 618 to 619.
7 Exhibit "P-12", Docket – Vol. III, pp. 950 to 966.
8 Exhibits "P-2-B", "P-3", and "P-37", Docket – Vol. III, pp. 878, 880, and 1154 to 1156, respectively; Exhibit "P-13", Docket – Vol. III, at p. 972.
9 Exhibit "P-38", Docket – Vol. III, p. 1157.
10 Exhibits "P-39", "P-39-A", "P-40", "P-40-A" and "P-41", Docket – Vol. III, pp. 1158 to 1164.
11 Exhibits "P-4" and "P-5", Docket – Vol. III, p. 881 and at p. 920, respectively.
12 123,819,948 shares multiplied by ₱1.83 cash dividends per share, less 25% final withholding tax.
13 Exhibits "P-2", "P-2-A" and "P-2-B", Docket – Vol. III, pp. 873 to 879.

On July 29, 2021, RRHI remitted and paid to the BIR the 25% FWT amounting to ₱56,647,626.21 withheld from its cash dividend payment to petitioner on June 11, 2021 amounting to ₱226,590,504.84.[14]

Thereafter, on October 26, 2022, petitioner filed with the BIR International Tax Affairs Division its "Request for Certification of Entitlement to Reduced Rate on Dividends Paid to a Non-Resident Foreign Corporation ('Tax Sparing')" pursuant to Section 28(B)(5)(b) of the Tax Code",[15] together with the "Application for the Reduced Rate on Intercompany Dividends Received by a Non-Resident Foreign Corporation from a Domestic Corporation" (BIR Form No. 0901-TS).[16]

On December 5, 2022, the BIR issued the "Certificate of Entitlement to the Reduced Dividend Rate (For intercompany dividends received by a nonresident foreign corporation from a domestic corporation)",[17] stating that the dividend payments made by RRHI to petitioner are subject to the reduced dividend rate of 15% pursuant to Section 28(B)(5)(b) of the NIRC of 1997, as amended.

Petitioner then filed on January 13, 2023 a letter dated January 12, 2023,[18] together with the corresponding "Application for Tax Credits/Refund" (BIR Form No. 1914),[19] seeking refund of erroneously remitted excess FWT amounting to ₱22,659,050.48 on dividends received from RRHI.

PROCEEDINGS BEFORE THIS COURT

Petitioner filed via registered mail the present *Petition for Review* on July 31, 2023.[20]

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14 Exhibits "P-14" and "P-15", Docket – Vol. III, pp. 978 to 980; Line 44, Exhibit "P-16", Docket – Vol. III, p. 981; and Line 37, Exhibit "P-16-A", Docket – Vol. III, p. 982; Exhibits "P-17" and "P-17-A", Docket – Vol. III, pp. 983 to 984.

15 Exhibit "P-20", Docket – Vol. III, pp. 988 to 993.

16 Exhibit "P-21", Docket – Vol. III, pp. 994 to 995.

17 Exhibit "P-22", Docket – Vol. III, p. 996.

18 Exhibit "P-23", Docket – Vol. III, pp. 997 to 1000; Exhibit "R-2", BIR Records (Exhibit "R-1"), pp. 1 to 4.

19 Exhibit "P-24", Docket – Vol. III, p. 1001; Exhibit "R-3", BIR Records (Exhibit "R-1"), p. 46.

20 Docket – Vol. I, pp. 6 to 31, and 33 (for the *Verification and Certification of Non-Forum Shopping*), and Docket – Vol. II, pp. 406 to 408 (for the *Corporate Secretary's Certificate*).

Within the period granted by the Court,[21] respondent filed his *Answer* on November 28, 2023,[22] interposing his special and affirmative defenses.

Respondent then transmitted the *BIR Records* of the present case on December 7, 2023.[23]

The Pre-Trial Conference was set and held on March 14, 2024.[24] Prior thereto, *Petitioner's Pre-Trial Brief* and *Respondent's Pre-Trial Brief* were both submitted on March 11, 2021.[25]

On April 15, 2024, the parties filed their *Joint Stipulation of Facts & Issues*,[26] which was admitted and approved by the Court in its Resolution dated April 30, 2024,[27] thereby deeming the termination of the Pre-Trial. The Pre-Trial Order dated May 29, 2024 was then issued.[28]

Trial ensued, with the parties presenting and offering their respective documentary and testimonial evidence.

Petitioner offered the testimonies of the following individuals, namely: (1) Ms. Xy-za Marie Fajardo,[29] a Senior Associate of Isla Lipana & Co.; (2) Mr. Jose Luis Yupangco,[30] an Assistant Manager for Tax Advisory and Services of Isla Lipana & Co.; (3) Mr. Marc Anthony Dela Cruz,[31] the Corporate Controller of RRHI and its subsidiaries; and, (4) Mr. Kong Lun Fat,[32] the Head of Tax of DFI Retail Group, petitioner's parent company.

On October 24, 2024, petitioner filed its *Formal Offer of Evidence*,[33] to which respondent filed his *Comment (To Formal Offer of Evidence of GCH*

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21 Respondent's *Entry of Appearance with Motion for Extension of Time to File Answer to the Petition for Review* dated October 26, 2023, and Minute Resolution dated November 8, 2023, Docket – Vol. II, pp. 412 to 416.
22 Docket – Vol. II, pp. 417 to 423.
23 Respondent's *Compliance* dated December 7, 2023, Docket – Vol. II, pp. 424 to 428.
24 Notice of Pre-Trial Conference dated December 21, 2023, Docket – Vol. II, pp. 430 to 431; Minutes of the hearing held on, and Order dated March 14, 2024, Docket – Vol. II, pp. 610 to 610-C.
25 Docket – Vol. II, pp. 567 to 595 and 605 to 608, respectively.
26 Docket – Vol. II, pp. 618 to 635.
27 Docket – Vol. II, pp. 647 to 648.
28 Docket – Vol. II, pp. 825 to 832.
29 Exhibit "P-34", Docket – Vol. I, pp. 210 to 227; Minutes of the hearing held on, and Order dated, June 4, 2024, Docket – Vol. II, pp. 833 to 834.
30 Exhibit "P-35", Docket – Vol. II, pp. 449 to 472; Minutes of the hearing held on, and Order dated, June 4, 2024, Docket – Vol. II, pp. 833 to 834.
31 Exhibit "P-43", Docket – Vol. II, pp. 784 to 796; Minutes of the hearing held on, and Order dated, August 1, 2024, Docket – Vol. II, pp. 838 to 840.
32 Exhibit "P-44", Docket – Vol. II, pp. 679 to 694; Minutes of the hearing held on, and Order dated, September 24, 2024, Docket – Vol. II, pp. 843 and 846, respectively.
33 Docket – Vol. III, pp. 848 to 865.

Investments Pte Ltd. dated October 24, 2024) on November 12, 2024.[34] In the Resolution dated January 8, 2025,[35] the Court admitted all of petitioner's offered exhibits.

For his part, respondent presented the testimony of Revenue Officer (RO) Jun Norman M. Fillon.[36]

On February 21, 2025, respondent filed his *Formal Offer of Evidence*,[37] to which petitioner filed its *Comment (To the Respondent's Formal Offer of Evidence)* on March 10, 2025.[38] In the Resolution dated April 10, 2025,[39] the Court admitted all of respondent's offered exhibits.

Petitioner's *Memorandum* was filed on May 29, 2025;[40] while respondent failed to file his memorandum.[41]

The case was considered submitted for decision on June 18, 2025.[42]

Hence, this Decision.

THE STIPULATED ISSUE

As stipulated by the parties, the issue for this Court's resolution is:

> Whether petitioner is entitled to its claim for tax refund/credit certificate in the amount of **Twenty-Two Million Six Hundred Fifty-Nine Thousand Fifty Pesos and 48/100 (₱22,659,050.48)** which represents its erroneously and/or excessively withheld FWT on the dividend payment for the quarter ended June 30, 2021.[43]

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[34] Docket – Vol. III, pp. 1203 to 1212.
[35] Docket– Vol. III, pp. 1213 to 1214.
[36] Exhibit "R-6", Docket – Vol. II, pp. 640 to 645; Minutes of the hearing held on, and Order dated, January 23, 2025, Docket – Vol. III, pp. 1216 to 1217.
[37] Docket – Vol. III, pp. 1220 to 1225.
[38] Docket – Vol. III, pp. 1227 to 1234.
[39] Docket – Vol. III, pp. 1239 to 1240.
[40] Docket – Vol. III, pp. 1242 to 1283.
[41] Records Verification dated June 10, 2025 issued by the Judicial Records Division of this Court, Docket Vol. III, p. 1286.
[42] Minute Resolution dated June 18, 2025, Docket – Vol. III, p. 1287.
[43] Stipulated Issue, JSFI, Docket – Vol. II, p. 619.

Petitioner's arguments:

Petitioner argues that it is entitled to the reduced dividend rate of 15% pursuant to Section 28(B)(5)(b) of the National Internal Revenue Code (NIRC) of 1997, as amended; that it filed the *Petition for Review* on time; that RRHI paid the withholding taxes on July 29, 2021; that petitioner had until July 31, 2023 to file for a judicial refund; that petitioner is entitled to the refund, being the ultimate payee and the beneficial owner of the shares; that petitioner is the beneficial owner of RRHI shares; that the beneficial owner of the shares is the taxpayer of the withholding tax on dividends; that RRHI remitted to the BIR the 25% withholding tax subject for refund; and, that the alleged findings of the RO in charge of petitioner's administrative claim for refund are void for having no authority to do so.

Respondent's counter-arguments:

In his *Answer,* respondent contends that the Court has no jurisdiction over the subject matter; that petitioner's failure to submit a copy of the Singaporean law on which the claim for refund is primarily hinged upon negates the entitlement of petitioner to the 15% preferential rate under Section 28(B)(5)(b) of the NIRC of 1997, as amended; and, that petitioner has the burden of proving that the right to such tax refund indubitably exists and well-founded doubt is fatal to the claim.

THE COURT'S RULING

The Court finds merit in the present *Petition for Review.*

Governing provisions for refund claims

To be entitled to a refund of erroneously paid taxes, petitioner must comply with the requisites provided by law. In this regard, Sections 204(C) and 229 of the NIRC of 1997 provide:

> SEC. 204. *Authority of the Commissioner to Compromise, Abate and Refund or Credit Taxes.* — The Commissioner may —
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> 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.
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> xxx xxx xxx
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> 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 aforequoted provisions are clear: within two years from the date of payment of tax, the claimant must first file an administrative claim with respondent before filing its judicial claim with the courts of law. Both claims must be filed within a two-year reglementary period. **Timeliness of the filing of the claim is mandatory and jurisdictional, and, thus, the Court cannot take cognizance of a judicial claim for refund filed either prematurely or out of time.** It is worthy to stress that, as for the judicial claim, tax law even explicitly provides that it be filed within two years from payment of the tax "regardless of any supervening cause that may arise after payment."[44]

Moreover, the foregoing provisions allow the recovery of taxes erroneously or illegally collected. An "erroneous or illegal tax" is defined as one levied without statutory authority, or upon property not subject to taxation, or by some officer having no authority to levy the tax, or one which in some other similar respect is illegal.[45]

Based on the foregoing, for the present claim for refund to prosper, petitioner must not only establish that it has timely filed its refund claim, it

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[44] *Commissioner of Internal Revenue vs. San Miguel Corporation, et seq.*, G.R. Nos. 180740 and 180910, November 11, 2019.

[45] *Commissioner of Internal Revenue vs. Pilipinas Shell Petroleum Corporation*, G.R. No. 188497, April 25, 2012, citing the definition provided in BLACK'S LAW DICTIONARY, Fifth Edition, p. 486.

must likewise prove that the subject FWT paid falls under the above-stated definition of "erroneous or illegal tax".

Petitioner timely filed its administrative and judicial claims; thus, the Court has jurisdiction over the present case

Respondent argues that the Court has no jurisdiction on the instant *Petition for Review* and that the same should be dismissed outright for being filed out of time. He avers that the alleged excessively withheld FWT was paid on July 26, 2021; hence, the prescriptive period for the judicial claim for refund lapsed on July 26, 2023, or two years from the date of remittance of the tax. As such, the judicial claim for refund was belatedly filed on July 31, 2023, five days beyond the lapse of the prescriptive period. Thus, the judicial claim for refund was filed out of time. Respondent contends that jurisprudence is replete with cases holding that the timeliness of the filing of the claim is mandatory and jurisdictional. Thus, according to respondent, the Court cannot take cognizance of a judicial claim for refund filed out of time.

On the other hand, petitioner submits that this Court has jurisdiction over the judicial claim and the same was filed on time. Petitioner alleges that following Section 229 of the NIRC of 1997, as amended, petitioner must file both its administrative and judicial claim for refund within the two-year period from the date of payment of the FWT.

According to petitioner, it filed its application for refund with the BIR on January 12, 2023, well within the two-year period under Section 229 of the NIRC of 1997, as amended. Petitioner was unable to wait for the decision of the BIR as the two-year period to avail of the judicial remedy for refunding the improperly paid tax was about to prescribe; thus, it resorted to filing the present *Petition for Review*. Considering that July 29, 2023 fell on a Saturday, petitioner filed the *Petition for Review* on July 31, 2023, or the next working day which is Monday.

The Court agrees with petitioner.

At the outset, Section 58(A) of the NIRC of 1997, as amended, reads:

> SEC. 58. Return and Payment of Taxes Withheld at Source. —
>
> (A) Quarterly Returns and Payments of Taxes Withheld. – xxx xxx xxx

xxx xxx xxx

> The return for final and creditable withholding taxes shall be filed and **the payment made not later than the last day of the month following the close of the quarter during which withholding was made**. *(Emphasis added)*

Based on the foregoing provision, petitioner's final taxes for the 2nd quarter of taxable year (TY) 2021 should have been paid on or before **July 31, 2021**.

In connection therewith, Revenue Memorandum Circular No. 27-2018 issued on April 16, 2018,[46] states that electronic filing and payment system (eFPS) filers shall use the new returns in filing and remitting the final income taxes withheld for the quarter. Further, under Revenue Memorandum Order No. 10-2006,[47] taxes paid by the taxpayer through e-payment shall be deemed paid after a Confirmation Number has been issued by the concerned eFPS Authorized Agent Bank (AAB) to the taxpayer and BIR. A Bank Acknowledgement Number shall also be issued by the AAB to the BIR to confirm that tax payment has been credited to the account of the government or recognized as revenue (internal revenue tax collection) by the Bureau of Treasury.

In this case, petitioner presented the Certificate of Final Tax Withheld at Source (BIR Form No. 2306) issued by RRHI,[48] RRHI's Annual Information Return of Income Taxes Withheld on Compensation and Final Withholding Taxes (BIR Form No. 1604-CF) for 2021,[49] RRHI's 1601FQ Alphalist of Payees for FWT,[50] RRHI's 1604-CF Alphalist of Payees for FWT,[51] Certification dated May 26, 2023 issued by the BIR on the collection of the FWT,[52] Certification issued by RRHI's Corporate Controller,[53] RRHI's electronic filing and payment system (eFPS) Payment Details of FWT for the period June 30, 2021,[54] and eFPS Payment Confirmation for RRHI's FWT tax return for the period June 30, 2021 from MBTC,[55] to establish the withholding and remittance by RRHI to the BIR on July 29, 2021 of the 25% final tax

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46 SUBJECT: Circularizing New and Revised BIR Forms Affected by Tax Reform for Acceleration and Inclusion (TRAIN) Law.
47 SUBJECT: Revised Guidelines and Procedures in the Adoption of Electronic Filing and Payment System (eFPS) for Computerized Revenue District Offices (RDOs).
48 Exhibit "P-14", Docket – Vol. III, p. 978.
49 Exhibit "P-15", Docket – Vol. III, pp. 979 to 980; Exhibit "R-6", BIR Records (Exhibit "R-1"), pp. 32 to 33.
50 Exhibit "P-16", Docket – Vol. III, p. 981.
51 Exhibit "P-16-A", Docket – Vol. III, p. 982.
52 Exhibit "P-30", Docket – Vol. III, p. 1015.
53 Exhibit "P-31", Docket – Vol. III, p. 1016.
54 Exhibits "P-17" and "R-5", Docket – Vol. III, p. 983.
55 Exhibit "P-17-A", Docket – Vol. III, p. 984.

amounting to ₱56,647,626.21 on the cash dividend payments to petitioner amounting to ₱226,590,504.84.

Based on the evidence presented, RRHI is an eFPS filer, remitting the final income taxes withheld for the 2nd quarter of TY 2021 as follows:

Date of remittance of tax	Two years from the date of payment of tax	Filing of Administrative Claim	Filing of Judicial Claim
July 29, 2021[56]	July 31, 2023[57]	Jan. 13, 2023[58]	July 31, 2023[59]

Considering that petitioner's administrative and judicial claims for refund were filed within the two-year prescriptive period, then the Court may take cognizance over the present judicial claim.

This Court shall now resolve to determine whether petitioner was able to prove by sufficient evidence that the subject FWT paid is erroneous or illegal.

The cash dividends received by petitioner, an NRFC, from RRHI, a domestic corporation, is subject to the reduced rate of 15% FWT as per Section 28(B)(5)(b) of the NIRC of 1997, as amended

Petitioner claims that the FWT amounting to ₱22,659,050.48 on its dividends was erroneously or illegally remitted. Particularly, petitioner is allegedly entitled to the 15% reduced rate under Section 28(B)(5)(b) and Section 57(A) of the NIRC of 1997, as amended, because Singapore does not impose tax on the dividends received from a corporation domiciled outside of Singapore. Petitioner, being the ultimate payee and beneficial owner of the shares, is entitled to the refund.

On the other hand, respondent argues that petitioner failed to plead and prove as a fact the law of Singapore providing for exemption of dividends

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[56] Exhibits "P-14" and "P-15", Docket – Vol. III, pp. 978 to 980; Line 44, Exhibit "P-16", Docket – Vol. III, p. 981; and Line 37, Exhibit "P-16-A", Docket – Vol. III, p. 982; Exhibits "P-17" and "P-17-A", Docket – Vol. III, pp. 983 to 984; Exhibit "P-30", Docket – Vol. III, p. 1015; Exhibit "P-31", Docket – Vol. III, p. 1016.

[57] July 29, 2023, the end of the two-period, fell on a Saturday.

[58] Exhibits "P-23" and "P-24", Docket – Vol. III, pp. 997 to 1001; Exhibits "R-2" and "R-3", BIR Records (Exhibit "R-1"), pp. 1 to 4 and 46, respectively.

[59] Docket – Vol. I, pp. 6 to 31.

received by its residents from a foreign country. Respondent insists that this is fatal to petitioner's claim as Philippine courts do not take judicial notice of foreign laws. They must be proven as a fact under our rules on evidence before its legal effects may be extended in this jurisdiction. Respondent further argues that petitioner's failure to submit a copy of the Singaporean law on which the claim for refund is primarily hinged upon negates the entitlement of petitioner to the 15% preferential rate under Section 28(B)(5)(b) of the NIRC of 1997, as amended. Thus, the instant claim for refund should be denied.

The Court finds merit in petitioner's claim.

Sections 28(B)(1) and (5)(b) and Section 57(A) of the NIRC of 1997, as amended by Republic Act (R.A.) No. 11534,[60] provide, in part, as follows:

> SEC. 28. *Rates of Income Tax on Foreign Corporations.* –
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> xxx xxx xxx
>
> (B) *Tax on Nonresident Foreign Corporation*
>
> (1) *In General.* – Except as otherwise provided in this Code, **a foreign corporation not engaged in trade or business in the Philippines, effective January 1, 2021, shall pay a tax equal to twenty-five percent (25%) of the gross income received during each taxable year from all sources within the Philippines, such as** interests, **dividends**, rents, royalties, salaries, premiums (except reinsurance premiums), annuities, emoluments or other fixed or determinable annual, periodic or casual gains, profits and income, and capital gains, except capital gains subject to tax under subparagraph 5(c).
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> xxx xxx xxx
>
> (5) *Tax on Certain Incomes Received by a Nonresident Foreign Corporation.* –
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> xxx xxx xxx
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> (b) *Intercorporate Dividends.* – **A final withholding tax at the rate of fifteen percent (15%) is hereby imposed on the amount of cash and/or property dividends received from a domestic corporation**, which shall be collected and paid as provided in Section 57(A) of this Code, **subject to the condition that the country in which the nonresident foreign corporation is domiciled, shall allow a credit against the tax due**

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[60] AN ACT REFORMING THE CORPORATE INCOME TAX AND INCENTIVES SYSTEM, AMENDING FOR THE PURPOSE SECTIONS 20, 22, 25, 27, 28, 29, 34, 40, 57, 109, 116, 204 AND 290 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND CREATING THEREIN NEW TITLE XIII, AND FOR OTHER PURPOSES, March 26, 2021.

> **from the nonresident foreign corporation taxes deemed to have been paid in the Philippines equivalent to fifteen percent (15%), which represents the difference between the regular income tax and the fifteen percent (15%) tax on dividends as provided in this subparagraph**: *Provided*, That **effective July 1, 2020, the credit against the tax due shall be equivalent to the difference between the regular income tax rate provided in Section 28(B)(1) of this Code and the fifteen percent (15%) tax on dividends**;
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> xxx xxx xxx
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> **SEC. 57.** ***Withholding of Tax at Source.*** –
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> ***(A) Withholding of Final Tax on Certain Incomes.*** – Subject to rules and regulations the Secretary of Finance may promulgate, upon the recommendation of the Commissioner, requiring the filing of income tax return by certain income payees, the tax imposed or prescribed by Sections 24(B)(1), 24(B)(2), 24(C), 24(D)(1); 25(A)(2), 25(A)(3), 25(B), 25(C), 25(D), 25(E), 27(D)(1), 27(D)(2), 27(D)(3), 27(D)(5), 28(A)(4), 28(A)(5), 28(A)(7)(a), 28(A)(7)(b), 28(A)(7)(c), **28(B)(1)**, 28(B)(2), 28(B)(3), 28(B)(4), 28(B)(5)(a), 28(B)(5)(b), 28(B)(5)(c); 33; and 282 of this Code on specified items of income **shall be withheld by payor-corporation** and/or person and paid in the same manner and subject to the same conditions as provided in Section 58 of this Code. *(Emphasis supplied)*

From the above-quoted provisions, the dividends received by an NRFC from all sources within the Philippines, as a general rule, are subject to 25% final tax under Section 28(B)(1) and Section 57(A) of the NIRC of 1997, as amended. However, the dividends received from a domestic corporation liable to tax shall be subject to 15% final tax, subject to the condition that the country in which the NRFC is domiciled shall allow a credit against the tax due from the NRFC for taxes deemed to have been paid in the Philippines equivalent to 10%, which represents the difference between the regular tax of 25% on non-resident foreign corporations and the 15% tax on dividends. The said 15% final tax shall be withheld by the domestic corporation.

In *Commissioner of Internal Revenue vs. Wander Philippines, Inc. et al.*,[61] the Supreme Court explained Section 28(B)(5)(b) of the NIRC of 1997, as amended, which was previously Section 24(b)(1) of the 1977 NIRC, in this wise:

> Section 24 (b) (1) of the Tax Code, as amended by P.D. 369 and 778, the law involved in this case, reads:
>
> > "Sec. 1. The first paragraph of subsection (b) of Section 24 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

[61] G.R. No. 68375, April 15, 1988.

> '(b) Tax on foreign corporations. — (1) Non-resident corporation. — A foreign corporation not engaged in trade or business in the Philippines, including a foreign life insurance company not engaged in the life insurance business in the Philippines, shall pay a tax equal to 35% of the gross income received during its taxable year from all sources within the Philippines, as interest (except interest on foreign loans which shall be subject to 15% tax.), dividends, premiums, annuities, compensations, remuneration for technical services or otherwise, emoluments or other fixed or determinable, annual, periodical or casual gains, profits, and income, and capital gains: x x x Provided, still further That on dividends received from a domestic corporation liable to tax under this Chapter, the tax shall be 15% of the dividends received, which shall be collected and paid as provided in Section 53 (d) of this Code, subject to the condition that the country in which the non-resident foreign corporation is domiciled shall allow a credit against the tax due from the non-resident foreign corporation taxes deemed to have been paid in the Philippines equivalent to 20% which represents the difference between the regular tax (35%) on corporations and the tax (15%) dividends as provided in this section: x x x .'

From the above-quoted provision, the dividends received from a domestic corporation liable to tax, the tax shall be 15% of the dividends received, subject to the condition that the country in which the non-resident foreign corporation is domiciled shall allow a credit against the tax due from the non-resident foreign corporation taxes deemed to have been paid in the Philippines equivalent to 20% which represents the difference between the regular tax (35%) on corporations and the tax (15%) dividends.

In the instant case, Switzerland did not impose any tax on the dividends received by Glaro. Accordingly, Wander claims that full credit is granted and not merely credit equivalent to 20%. Petitioner, on the other hand, avers the tax sparing credit is applicable only if the country of the parent corporation allows a foreign tax credit not only for the 15 percentage-point portion actually paid but also for the equivalent twenty percentage-point portion spared, waived or otherwise deemed as if paid in the Philippines; that private respondent does not cite anywhere a Swiss law to the effect that in case where a foreign tax, such as the Philippine 35% dividend tax, is spared, waived or otherwise considered as if paid in whole or in part by the foreign country, a Swiss foreign-tax credit would be allowed for the whole or for the part, as the case may be, of the foreign tax so spared or waived or considered as if paid by the foreign country.

While it may be true that claims for refund are construed strictly against the claimant, nevertheless, the fact that Switzerland did not impose any tax o[n] the dividends received by Glaro from the Philippines should be considered as a full satisfaction of the given condition. For, as aptly stated by respondent Court, to deny private respondent the privilege to withhold only 15% tax provided for under Presidential Decree No. 369, amending Section 24 (b) (1) of the Tax Code,

> would run counter to the very spirit and intent of said law and definitely will adversely affect foreign corporations' interest here and discourage them from investing capital in our country.
>
> Besides, it is significant to note that the conclusion reached by respondent Court is but a confirmation of the May 19, 1977 ruling of petitioner that "since the Swiss Government does not impose any tax on the dividends to be received by the said parent corporation in the Philippines, the condition imposed under the above-mentioned section is satisfied. Accordingly, the withholding tax rate of 15% is hereby affirmed." *(Emphasis added)*

Based on the foregoing jurisprudential pronouncements, the preferential 15% FWT on dividends received by an NRFC from a domestic corporation applies if the country in which the NRFC is domiciled allows a tax credit equivalent to 20% (now 10%) for the taxes deemed paid in the Philippines. Further, while it may be true that claims for refund are construed strictly against the claimant, nevertheless, the fact that the country in which the NRFC is domiciled did not impose any tax on the dividends received by the NRFC from the Philippines should be considered as a full satisfaction of the given condition.

In this case, petitioner avers that it is entitled to the 15% reduced rate under Section 28(B)(5)(b) and Section 57(A) of the NIRC of 1997, as amended, because Singapore does not impose tax on the dividends received from corporations domiciled outside Singapore.

To bolster its claim that it is an NRFC with no business presence in the Philippines, petitioner presented the following documents:

1. Apostilled Certified True Copy (CTC) of petitioner's Certificate Confirming Incorporation of Company (Company No. 200921637E) issued by the Accounting and Corporate Regulatory Authority of Singapore;[62]

2. Apostilled CTC of generated printout from the IRAS of the Certificate of Residence for the Purpose of the Singapore–Philippines DTA of petitioner dated August 6, 2022;[63] and,

3. Certification of Non-Registration of petitioner issued by the SEC.[64]

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[62] Exhibit "P-9", Docket – Vol. III, pp. 944 to 946.
[63] Exhibit "P-10", Docket – Vol. III, pp. 947 to 948.
[64] Exhibit "P-42", Docket – Vol. III, p. 1165.

On the other hand, to prove that Singapore does not impose tax on the dividends received from corporations domiciled outside Singapore, petitioner presented the following documents:

1. Apostilled Extract of Section 13 of the Singapore Income Tax Act 1947 as certified by a Director of petitioner;[65]

2. Section 13(8) of the Singapore Income Tax Act 1947;[66]

3. Section 13(9) of the Singapore Income Tax Act 1947;[67]

4. Apostilled Extract of Section 13 of the Singapore Income Tax Act 1947, 2020 revised edition as certified by a Singaporean Notary Public;[68] and,

5. Printed copy of the extract of Section 13 of the Singaporean Income Tax Act 1947 (2020 edition), pages 124 to 126, through Singaporean eGazette.[69]

Additionally, petitioner offered the letter from the IRAS dated September 16, 2022,[70] to establish that the IRAS confirmed that petitioner is exempt from income tax on dividends received from RRHI based on Sections 13(8) and 13(9) of the Singapore Income Tax Act, as petitioner fulfilled the conditions for tax exemption of its foreign-sourced dividends. Petitioner also presented the "Certificate of Entitlement to the Reduced Dividend Rate (For intercompany dividends received by a nonresident foreign corporation from a domestic corporation)" issued by the BIR on December 5, 2022,[71] to establish that the BIR confirms and recognizes that the dividend payment by RRHI on June 11, 2021 to petitioner is subject to the reduced dividend rate of 15% pursuant to Section 28(B)(5)(b) of the NIRC of 1997, as amended, considering that Singapore, the country of residence, does not impose any tax on the aforesaid dividends.

Based on the evidence presented, petitioner is an NRFC entitled to the preferential FWT rate of 15% on dividends received from a domestic corporation because Singapore, the country in which it is domiciled, does not impose tax on the dividends received from corporations domiciled outside Singapore, subject to certain conditions, which were met by petitioner.

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65 Exhibit "P-32", Docket – Vol. III, pp. 1017 to 1042.
66 Exhibit "P-32-A", Docket – Vol. III, p. 1034.
67 Exhibit "P-32-B", Docket – Vol. III, p. 1035.
68 Exhibit "P-36", Docket – Vol. III, pp. 1113 to 1148.
69 Exhibit "P-36-A", Docket – Vol. III, pp. 1149 to 1151.
70 Exhibit "P-19", Docket – Vol. III, pp. 986 to 987.
71 Exhibit "P-22", Docket – Vol. III, p. 996.

Petitioner also claims that the dividends from RRHI are derived from the Philippines.

We agree with petitioner.

In this case, petitioner offered and submitted documents relative to RRHI, to wit: Amended Articles of Incorporation;[72] General Information Sheet for 2021;[73] Secretary's Certificate attesting to the Resolution adopted by RRHI's Board of Directors on the approval of the cash dividend declaration;[74] and Audited Financial Statements (AFS) for 2021.[75] These documents show that RRHI is a domestic corporation and that it declared cash dividends in 2021.

Further, to prove that it was the legal and beneficial owner of 123,819,948 common shares of stock of RRHI when dividends were declared and paid for the quarter ended June 30, 2021, petitioner presented the following documents:

1. Page 5, Line 1 of the Statement of Account issued by CLSA Limited-HK which showed the shares of stock petitioner owns in RRHI;[76]

2. Original Computer Printout of Microsoft Excel file extract containing the detailed breakdown of the purchase of shares of common stock of RRHI by petitioner;[77]

3. Apostilled copy of the letter from CLSA Limited-HK dated April 2, 2024 stating that CLSA Limited-HK is holding the shares of stock of RRHI on behalf of petitioner;[78]

4. Original letter of CLSA Philippines stating that CLSA Philippines is holding the shares of stock of RRHI on behalf of CLSA Limited-HK;[79]

5. Certification of holding issued by PDS Group stating that CLSA Philippines has outstanding shares in RRHI with the PDTC as of December 31, 2020;[80]

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[72] Exhibit "P-12", Docket – Vol. III, pp. 950 to 966.
[73] Exhibit "P-13", Docket – Vol. III, pp. 967 to 977.
[74] Exhibit "P-4", Docket – Vol. III, p. 881.
[75] Exhibit "P-5", Docket – Vol. III, pp. 882 to 938.
[76] Exhibit "P-2-B", Docket – Vol. III, p. 878.
[77] Exhibit "P-3", Docket – Vol. III, p. 880.
[78] Exhibit "P-37", Docket – Vol. III, pp. 1154 to 1156.
[79] Exhibit "P-38", Docket – Vol. III, p. 1157.
[80] Exhibit "P-39", Docket – Vol. III, p. 1158.

6. Certification of holding issued by PDS Group stating that CLSA Philippines has outstanding shares in RRHI with PDTC as of December 31, 2021;[81]

7. Certification dated April 17, 2024 issued by CLSA Philippines stating that the shares it holds with RRHI are beneficially owned by petitioner as of December 31, 2020;[82]

8. Certification dated April 17, 2024 issued by CLSA Philippines stating that the shares it holds with RRHI are beneficially owned by petitioner as of December 31, 2021;[83] and,

9. Certification of CLSA Philippines stating that the correct date of receipt of the Certification of Holdings is May 10, 2024 instead of April 17, 2024.[84]

Upon a review of the evidence submitted to substantiate the claim, petitioner was able to establish that the dividends declared by RRHI were derived from the Philippines, and that petitioner was the legal and beneficial owner of 123,819,948 common shares of stock of RRHI when dividends were declared and paid in 2021.

The alleged erroneous and/or excessive FWT payment was proven by petitioner

To prove that petitioner actually earned dividends in 2021, and that the corresponding 25% FWT totaling ₱56,647,626.21 was withheld therefrom and remitted to the BIR, petitioner presented RRHI's Secretary's Certificate on the cash dividend declaration,[85] and AFS for 2021,[86] showing the declaration and payment of the following cash dividends to its stockholders of record, summarized as follows:

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81 Exhibit "P-39-A", Docket – Vol. III, p. 1159.
82 Exhibit "P-40", Docket – Vol. III, p. 1160.
83 Exhibit "P-40-A", Docket – Vol. III, p. 1162.
84 Exhibit "P-41", Docket – Vol. III, p. 1164.
85 Exhibit "P-4", Docket – Vol. III, p. 881.
86 Exhibit "P-5", Docket – Vol. III, pp. 882 to 938.

Per RRHI's AFS			**Per RRHI's Secretary's Certificate**		
Date of Declaration	**Date of Payment**	**Dividends**	**Date of Meeting**	**Payable on**	**Dividends Declared**
					₱0.83 per share (Regular Cash Dividend)
Apr. 27, 2021	June 10, 2021	₱ 2,813,524,076.00[87]	Apr. 27, 2021	June 10, 2021	₱1.00 per share (Special Cash Dividend)

On the other hand, the Statements of Account issued by petitioner's broker, CLSA Limited-HK,[88] show that petitioner received from RRHI cash dividends amounting to USD3,556,555.23 (₱169,942,878.63), net of withholding tax,[89] on June 11, 2021. In addition, the Cash Withdrawal Request Form of CLSA Limited-HK dated June 16, 2021[90] shows that petitioner withdrew from its account the amount of USD3,529,487.59, representing the cash dividends received by petitioner less all deductibles,[91] with June 17, 2021 indicated as the value date of transfer and HSBC Singapore stated as the beneficiary bank name. On the other hand, petitioner's Account Statement dated June 30, 2021[92] from HSBC Singapore shows that there was a deposit of US$3,529,472.59 to the said account from CLSA Limited-HK on June 17, 2021.

In *The Philippine Stock Exchange, Inc., et al. vs. Secretary of Finance, et al.,*[93] the Supreme Court explained that, whenever there is a dividend declaration on the stocks listed with the PSE, the listed company, as withholding agent, reports this taxable event to the BIR and may lump the payees into one account (such as "PCD nominee," "Various Payees," or "Others"), to wit:

> **Trading through a broker or a securities intermediary is allowed under Section 43.1 of Republic Act No. 8799, or the Securities Regulation Code (SRC). Brokers are essentially the counterparties to the stock transactions at the stock exchange. They buy and sell stocks on behalf of the principal.** As the principals of these brokers are generally undisclosed, brokers are generally personally liable for contracts thus entered into.
>
> The core of this case is the scripless trading system adopted by PSE. The Office of the Solicitor General explained it in this wise:

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[87] Note 14, *Notes to Parent Company Financial Statements*, Exhibit "P-5", Docket – Vol. III, at p. 920.
[88] Exhibits "P-2", "P-2-A", and "P-2-B", Docket – Vol. III, pp. 873 to 879.
[89] Q&A No. 12, Exhibit "P-44", Docket – Vol. II, p. 683.
[90] Exhibits "P-7" and "P-7-A", Docket – Vol. III, pp. 939 to 940.
[91] Q&A No. 14, Exhibit "P-44", Docket – Vol. II, p. 684.
[92] Exhibits "P-8" and "P-8-A", Docket – Vol. III, pp. 941 to 943; Q&A No. 14, Exhibit "P-44", Docket – Vol. II, p. 684.
[93] G.R. No. 213860, July 5, 2022.

> Prior to the scripless or uncertificated trading system, a stockholder who wishes to sell his shares of stock covered by a certificate is obliged to physically deliver his stock certificate to his broker, who in turn would deliver the stock certificate and other transfer papers to another broker (representing the buyer of the shares of stock). After the payment is made through the brokers, the buyer would then get the stock certificate, go to the issuing corporation, have the stock certificate cancelled, and get a new stock certificate issued in his name. This process had proven to be cumbersome and not conducive to trade in the United States, resulting in the 'Paper Crisis of 1968,' where trade was backlogged for months because of the volume of stock certificates that had to be processed.
>
> Clearing and settlement practices in trading securities have developed since then.
>
> In accordance with international best practices in trading securities, the Philippines instituted a clearing and settlement system to make trading in securities more efficient. This is done through a depository system, which facilitates trading through book-entry (as opposed to actual paper) transfers otherwise known as scripless and uncertificated system.
>
> **In the current market set-up in the country, an owner of certificates of stocks of listed companies who wishes to participate in the trade market delivers his stock certificate to a broker who enters the details of transfer into the system. The shares are electronically recorded (lodgement) into the broker's account under the name "PCD Nominee." Thereby, the scrip is forwarded to the Registry (transfer agent) where the certificate is cancelled and issued under "PCD Nominee." The deposit of shares is then confirmed in the book of entry of Philippine Depository & Trust Corporation (PDTC) and may now be traded in the market.** Considering that shares may be traded (buy and sell) several times in a given day, the Philippine Stock Exchange (PSE) matches the trade such that at the end of a given trade day, a broker may either be a net selling broker or a net buying broker. Once the trade is matched, shares are delivered from the account of the net selling broker to the account of the net buying broker. Thereby, **shares are electronically transferred to the buying broker's account at the PDTC.** The buying client can then uplift the shares and register it under his name in the shares registry. Payment can now be made by net buyer and net sellers can now receive payments.

Notably, the Court mentioned in *Commissioner of Internal Revenue v. Ocier* that:

> In scripless trading, settlement is carried out via BES. Book-entry system or (BES) is a system used to record the ownership of shares. When a trade is done at the PSE, securities are moved via electronic debit and credit of Participant's securities accounts to effect settlement. There will be no need for the physical movement of stock certificate (scrip) between buyer or seller.

> The scripless or uncertificated system of trading is an international best practice adopted by the Philippine capital market. **The PSE, through its central depository, the PDTC, uses the computerized book-entry system to transfer ownership of securities from one account to another,** thus eliminating the need for physical exchange of scrip between buyer and seller. **Under the scripless trading system, the securities intermediary, a PCD Nominee, is considered by the listed company as the registered stockholder for the shares of stocks lodged by the brokers and dealers with the PDTC. Consequently, the PCD nominee is the payee of the dividends payment and is the entity listed in the alphalist.** As noted by Senior Associate Justice Marvic M.V.F. Leonen (Senior Associate Justice Leonen), **the PCD Nominee then forwards the net dividend payments to the brokers, who then distributes them accordingly to their individual investor clients.**

> With this current model of the market, Senior Associate Justice Leonen pointed out that "there is no direct connection between the listed companies and the investors, not only for efficiency of transactions, but also for the protection of the individual investor or the beneficial owner."

> xxx xxx xxx

> On dividend declarations and withholding of the final tax due therein: xxx xxx xxx, **whenever there is a dividend declaration on the stocks listed with the PSE, the listed company, as withholding agent, reports this taxable event to the BIR and may lump the payees into one account (such as "PCD nominee," "Various Payees," or "Others.")** There is no disclosure of the personal information of the investors. **The broker then files the required tax return and attachments, as well as remit the tax due. Subsequently, the PCD nominee forwards the net dividend payments to the brokers, who then distribute them accordingly to their investor clients**. *(Emphasis supplied)*

Based on the foregoing jurisprudential pronouncements, brokers are essentially the counterparties to the stock transactions at the stock exchange, buying and selling stocks on behalf of the principal. Further, under the scripless trading system, the securities intermediary, a PCD Nominee, is considered by the listed company as the registered stockholder for the shares of stocks lodged by the brokers and dealers with the PDTC. Consequently, the PCD Nominee is the payee of the dividends payment and is the entity listed in the alphalist. The PCD Nominee then forwards the net dividend payments to the brokers, who then distributes them accordingly to their individual investor clients. In the meantime, the listed company, as withholding agent, reports this taxable event to the BIR and may lump the payees into one account (such as "PCD nominee," "Various Payees," or "Others"). The broker then files the required tax return and attachments, as well as remits the tax due. Subsequently, the PCD Nominee forwards the net dividend payments to the brokers, who then distribute them accordingly to their investor clients.

In this case, petitioner's witness, Mr. Marc Anthony Dela Cruz, Corporate Controller of RRHI and its subsidiaries, testified on RRHI's payment of the cash dividends to the PCD Nominee Corporation and withholding and remittance to the BIR of the 25% FWT, as follows:[94]

15. **Q: In relation to the previous question, you mentioned that RRHI withheld cash dividends paid to PCD Nominee Corporation. Could you identify where in this document does it show the amount of dividends declared and the amount of taxes withheld?**

A: In Part III of BIR Form 2306, shows that the total cash dividends paid to PCD Nominee Corporation subjected to withholding tax is Six Hundred Sixty-Three Million, One Hundred Sixty-Four Thousand Forty-Six and 68/100 Pesos (P663,164,046.68). Of this amount, a total of One Hundred Forty-Nine Million, Six Hundred Ninety-Three Thousand Six Hundred Fifty and 65/100 Pesos (P149,693,650.65) was withheld as final withholding taxes on dividends.

16. **Q:** In relation to your answer in the previous questions, what other documents can you show to establish the amount withheld by RRHI, if any?

A: In the BIR Form 1604-CF, Annual Information Return of Income Taxes Withheld on Compensation and Final Withholding Taxes, a total amount of Two Hundred Forty Million, Seven Hundred Three Thousand, One Hundred Eighty-Nine and 87/100 (P240,703,189.87) was withheld by RRHI as final withholding tax for the month of June 2021. This is also reflected in the alphalist of payees of RRHI for both BIR Form 1601FQ and 1604F. The withholding taxes were duly paid and received by the BIR on 29 July 2021 through eFPS.

xxx xxx xxx

19. **Q: Based on your previous answer, you mentioned that a total amount of Two Hundred Forty Million, Seven Hundred Three Thousand, One Hundred Eighty-Nine and 87/100 (P240,703,189.87) was withheld by RRHI for the month of June. Can you show this court the breakdown of this amount, if any?**

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[94] Q&A Nos. 15 to 23, Exhibit "P-43", Docket – Vol. II, pp. 790 to 792.

> **A: The breakdown of this amount was provided in our BIR Form 1601FQ alphalist of payees and BIR Form 1604F alphalist of payees.**
>
> xxx xxx xxx
>
> 21. **Q: Can you read the information under line 44 of the BIR Form 1601FQ alphalist of payees?**
>
> **A: In line 44 of the BIR Form 1601FQ alphalist of payees it states Tax Identification Number (TIN) 4774849, with corporation registered name *PCD Nominee Corporation – Singapore Corp W Tax T* for the period Jun-21, ATC Code WC212, tax rate of 25%, amount of income payment, Two Hundred Twenty-Six Million, Five Hundred Ninety Thousand Five Hundred Four and 84/100 (P226,590,504.84) and tax withheld Fifty-Six Million Six Hundred Forty-Seven Thousand, [Six Hundred Twenty-Six and 21/100] (P56,647,626.21).**
>
> xxx xxx xxx
>
> 23. **Q: Can you read the information under line 37 of the BIR Form 1604F alphalist of payees?**
>
> **A: In line 37 of the BIR Form 1604F alphalist of payees shows TIN 4774849, with corporation registered name *PCD Nominee Corporation – Singapore Corp W Tax T* for the period Jun-21, ATC Code WC212, tax rate of 25%, amount of income payment, Two Hundred Twenty-Six Million, Five Hundred Ninety Thousand Five Hundred Four and 80/100 (P226,590,504.80) and tax withheld Fifty-Six Million Six Hundred Forty-Seven Thousand, [Six Hundred Twenty-Six and 20/100] (P56,647,626.20).** *(Emphasis supplied)*

As stated earlier, petitioner presented RRHI's Certificate of Final Tax Withheld at Source (BIR Form No. 2306),[95] RRHI's Annual Information Return of Income Taxes Withheld on Compensation and Final Withholding Taxes (BIR Form No. 1604-CF) for 2021,[96] RRHI's 1601FQ Alphalist of Payees for FWT,[97] RRHI's 1604-CF Alphalist of Payees for FWT,[98] Certification issued by RRHI's Corporate Controller,[99] RRHI's eFPS Payment Details of FWT for the period June 30, 2021,[100] and the eFPS Payment Confirmation for RRHI's FWT tax return for the period June 30, 2021 from MBTC[101] to establish the withholding and remittance by RRHI to the BIR on **July 29, 2021** of the 25% final tax amounting to **₱56,647,626.21**

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95 Exhibit "P-14", Docket – Vol. III, p. 978.
96 Exhibit "P-15", Docket – Vol. III, pp. 979 to 980.
97 Exhibit "P-16", Docket – Vol. III, p. 981; BIR Records (Exhibit "R-1"), p. 31.
98 Exhibit "P-16-A", Docket – Vol. III, p. 982.
99 Exhibit "P-31", Docket – Vol. III, p. 1016.
100 Exhibits "P-17" and "R-5", Docket – Vol. III, p. 983.
101 Exhibit "P-17-A", Docket – Vol. III, p. 984.

on the cash dividend payments to petitioner amounting to **₱226,590,504.84** on June 11, 2021.

Based on the Annual Information Return of Income Taxes Withheld on Compensation and Final Withholding Taxes (BIR Form No. 1604-CF) of RRHI for 2021,[102] RRHI withheld the amount of ₱240,703,189.87 for the month of June. Line No. 37 of the Alphalist of Payees for FWT,[103] attached thereto, shows that RRHI withheld the amount of ₱56,647,626.20 from the cash dividend payments amounting to ₱226,590,504.80 received by "PCD Nominee Corp. – Singapore Corp W Tax T". Likewise, Line 44 of RRHI's 1601FQ Alphalist of Payees for FWT,[104] shows that the cash dividend payment to PCD Nominee Corp. – Singapore Corp W Tax T for June 2021 amounting to **₱226,590,504.84** was subjected to 25% FWT amounting to **₱56,647,626.21**.

In addition, as previously mentioned, the BIR already confirmed through the "Certificate of Entitlement to the Reduced Dividend Rate (For intercompany dividends received by a nonresident foreign corporation from a domestic corporation)" issued to petitioner on December 5, 2022,[105] that the dividend payments amounting to ₱226,590,504.84 made by RRHI to petitioner on June 11, 2021 are subject to the reduced dividend rate of 15% pursuant to Section 28(B)(5)(b) of the NIRC of 1997, as amended. In other words, only **₱33,988,575.73** should have been withheld by RRHI from its cash dividend payments to petitioner and not ₱56,647,626.21.

Considering that Singapore, petitioner's country of residence, does not impose any tax on the dividends received from corporations domiciled outside Singapore, the amount of **₱22,659,050.48**,[106] representing the excess FWT withheld on the cash dividends received by petitioner from RRHI, constitutes erroneously paid taxes which are refundable under Sections 204(C) and 229 of the NIRC of 1997, as amended.

ACCORDINGLY, the present **Petition for Review** is **GRANTED**.

In view thereof, respondent is **ORDERED TO REFUND** to petitioner the amount of **₱22,659,050.48**, representing erroneously and/or excessively withheld final withholding taxes on the cash dividends payment received by petitioner from Robinsons Retail Holdings Inc. for the quarter ended June 30, 2021.

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[102] Exhibit "P-15", Docket – Vol. III, pp. 979 to 980.
[103] Exhibit "P-16-A", Docket – Vol. III, p. 982.
[104] Exhibit "P-16", Docket – Vol. III, p. 981.
[105] Exhibit "P-22", Docket – Vol. III, p. 996.
[106] ₱56,647,626.21 (25% FWT on the dividends received) less ₱33,988,575.73 (15% reduced FWT rate).

SO ORDERED.

CORAZON G. FERRER-FLORES
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

CERTIFICATION

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

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice