REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

PETRON CORPORATION,
Petitioner,

CTA EB No. 3148
(CTA CASE No. 10634)

- *versus* -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

x- -x

COMMISSIONER OF INTERNAL REVENUE,
Petitioner,

CTA EB No. 3154
(CTA CASE No. 10634)

Present:

RINGPIS-LIBAN, *P.J.*,
BACORRO-VILLENA,
MODESTO-SAN PEDRO,
REYES-FAJARDO,
CUI-DAVID,
FERRER-FLORES, *and*
ANGELES, *JJ.*

- *versus* -

PETRON CORPORATION,
Respondent.

Promulgated:
JUL 02 2026 3:10p

x - x

DECISION

RINGPIS-LIBAN, *P.J.*:

Before the Court *En Banc* are consolidated *Petitions for Review* filed on June 9, 2025[1] in CTA EB No. 3148 by petitioner Petron Corporation (Petron), and

[1] EB Case No. 3148 Docket, pp. 12-36.

on May 21, 2025[2] in CTA EB No. 3154 by petitioner Commissioner of Internal Revenue (CIR), respectively. Both Petitions for Review seek to reverse and set aside the assailed Decision[3] dated October 28, 2024 and the assailed Resolution[4] dated April 30, 2025, of the Court of Tax Appeals (CTA) First (1st) Division.

For easy reference, the dispositive portion of the October 28, 2024 Decision reads:

> **WHEREFORE**, premises considered, the present Petition for Review is **PARTIALLY GRANTED**. Accordingly, respondent is ordered to **REFUND** in favor of petitioner the amount of **₱2,774,564.15**, representing petitioner's erroneously paid taxes for its imported lubricating oils and its additives for the period August 1, 2019 to December 31, 2019, which formed part of the finished goods that were subsequently sold to tax-exempt entities.
>
> **SO ORDERED.**[5]

On the other hand, the dispositive portion of the April 30, 2025 assailed Resolution reads:

> **WHEREFORE**, premises considered, petitioner's **Motion for Reconsideration (Re: Decision dated October 28, 2024)** and respondent's **Motion for Partial Reconsideration (Re: Decision promulgated 28 October 2024)** are hereby **DENIED** for lack of merit.
>
> **SO ORDERED.**[6]

FACTS

The following are the facts as found by the Court in Division:

> On August 18, 2021, petitioner [Petron] filed with the Large Taxpayers Excise Audit Division II of the BIR, an application for tax refund in the total amount of P9,553,568.40, along with supporting documents, allegedly representing excise taxes paid on its importation of lubricating oils and its additives during the period August 1, 2019 to

[2] EB Case No. 3154 Docket, pp. 1-9.
[3] Penned by Retired Presiding Justice Roman G. Del Rosario, with Associate Justice Jean Marie A. Bacorro-Villena and Associate Justice Lanee S. Cui-David concurring, EB Case No. 3148 Docket, pp. 56-92.
[4] EB Case No. 3148 Docket, pp. 48-54.
[5] See Note 3, p. 91.
[6] See Note 4, p. 54.

December 31, 2019, which were allegedly subsequently sold and delivered to various tax-exempt entities.

Due to respondent's inaction over its administrative claim for refund, petitioner filed the present Petition for Review via electronic mail on August 23, 2021.

On October 26, 2021, petitioner filed a Submission with Manifestation submitting the hard copies of its Petition for Review pursuant to CTA *En Banc* Resolution No. 4-2021.

On February 2, 2022, within the extended period, respondent filed his Answer, raising the following Special and Administrative Defenses: *(i)* petitioner is not entitled to refund of excise taxes allegedly paid for the period August 1, 2019 to December 31, 2019, on its sales and deliveries of lubricating oils to tax-exempt entities in the amount of ₱9,553,568.40; *(ii)* Section 135 of the National Internal Revenue Code (NIRC) of 1997, as amended, does not grant exemption to sellers rather it provides for an enumeration wherein petroleum products when sold to international carriers and entities enumerated therein are exempt from excise tax; and, *(iii)* claims for refund of excise taxes paid is authorized only under Section 130 (D) of the NIRC of 1997, as amended.

Respondent's Pre-Trial Brief was filed on March 28, 2022 while petitioner's Pre-Trial Brief was filed on May 4, 2022. The Pre-Trial Conference was held on May 12, 2022.

On June 10, 2022, the parties filed their Joint Stipulation of Facts and Issues which was approved by the Court in the Resolution dated June 22, 2022 thereby terminating the Pre-Trial.

Upon motion of petitioner, the Court commissioned Ms. Madonna Mia S. Dayego, as Independent Certified Public Accountant (ICPA), on July 5, 2022.

On July 13, 2022, the Court issued the Pre-Trial Order.

During trial, petitioner presented testimonial and documentary evidence. It presented the following witnesses: Atty. Ma. Clarissa C. Arguelles, petitioner's Tax Manager; Mr. Edicel R. Bautista, Plant Manager of petitioner's New Lube Oil Blending Plant (NLOBP); Mr. Jake Martin A. Magana, petitioner's Commercial Services Supervisor; Mr. Bentley Raymond L. Elgincolin, petitioner's Area Sales Manager-Lubes and Greases International and Key Accounts; Mr. Ronald Q.

Chiong, petitioner's Research and Development Manager and, Ms. Madonna Mia S. Dayego, the Court-commissioned ICPA.

On September 27, 2022, petitioner filed its Formal Offer of Evidence.

In the Resolution dated November 18, 2022, petitioner's exhibits were admitted in evidence, except Exhibit "P-10", for not being found in the records of the case and for petitioner's failure to identify the same; and Exhibit "P-26" for petitioner's failure to identify the same. In the same Resolution, petitioner was deemed to have rested its case; and, considering respondent's manifestation in his Comment (Re: Formal Offer of Evidence) that he will not be presenting evidence, the parties were directed to file their respective memoranda within thirty (30) days from receipt thereof.

On December 5, 2022, respondent filed his Memorandum.

On December 9, 2022, petitioner filed a Motion for Reconsideration (Re: Resolution Dated November 18, 2022) with Motion to Defer Filing of Memorandum praying for the admission of its Exhibits "P-10" and "P-26".

In the Resolution dated February 17, 2023, the Court admitted the previously denied Exhibits "P-10" and "P-26" and ordered petitioner to file its memorandum within thirty (30) days from receipt thereof.

On March 29, 2023, petitioner filed its Memorandums and an Omnibus Motion to Reopen Proceedings and Admit Supplemental Offer of Evidence (with Attached Supplemental Formal Offer of Evidence dated March 29, 2023).

In the Resolution dated May 26, 2023, the Court granted petitioner's Omnibus Motion and admitted and resolved its Supplemental Formal Offer of Evidence. Petitioner's offered exhibits were mostly admitted but Exhibits "P-102-3-9" to "P-102-3-18", "P-103-2-20" to "P-103-2-22", "P-103-2-24" to "P-103-2-32", and "P-103-2-34" to "P-103-2-36" were denied for not being found in the records of the case. The Court also submitted the case for decision.

On June 14, 2023, petitioner filed a Motion for Reconsideration (with Motion for Leave to Recall the Independent Certified Public Accountant). This was granted by the Court in the Resolution dated June 29, 2023, which also recalled and set aside the Resolution dated

May 26, 2023 with respect to the submission of this case for decision pending the resolution of petitioner's motion.

In the Resolution dated August 7, 2023, the Court: *(i)* partially granted petitioner's Motion for Reconsideration; *(ii)* admitted Exhibits "P-102-3-9" to "P-102-3-18"; *(iii)* denied Exhibits "P-103-2-20" to "P-103-2-22", "P-103-2-24" to "P-103-2-32", and "P-103-2-34" to "P-103-2-36" for not being found in the records of the case; *(iv)* denied petitioner's Motion for Leave to Recall the ICPA; and, *(v)* submitted the case anew for decision.

On August 29, 2023, petitioner filed a Motion to Reopen Proceedings.

In the Resolution dated October 26, 2023, the Court: *(i)* partially granted petitioner's Motion to Reopen Proceedings; *(ii)* denied petitioner's prayer to reopen the case; *(iii)* admitted Exhibits "P-103-2-20" to "P-103-2-22", "P-103-2-24" to "P-103-2-32", and "P-103-2-34" to "P-103-2-36"; and, *(v)* submitted the case anew for decision.[7]

On May 21, 2025[8] and June 9, 2025,[9] both petitioners respectively filed their *Petitions for Review*.

On November 19, 2025,[10] the Court *En Banc* issued a Minute Resolution directing both parties to file their respective comments to the Petitions for Review, among others. On November 24, 2025, the CIR filed his Comment (Re: Petition for Review)[11] in CTA EB No. 3148. On December 4, 2025, Petron Corporation filed its Comment/Opposition (To Respondent's Petition for Review)[12] in CTA EB No. 3154.

On February 11, 2026,[13] the Court *En Banc* issued a Minute Resolution submitting the case for decision, among others. Hence, this Decision.

ISSUES

The issue to be resolved in this case are: (1) whether Petron is entitled to a partial refund of the subject excise taxes; and (2) whether Petron is entitled to the refund or credit of the excise taxes in the amount of Three Million Seven Hundred Thirty-One Thousand One Hundred Forty-Six Pesos and Forty-Two

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[7] See Note 3, pp. 57-60.
[8] See Note 2.
[9] See Note 1.
[10] EB Case No. 3148 Docket, p. __.
[11] EB Case No. 3148 Docket, pp. 107-113.
[12] EB Case No. 3148 Docket, pp. 119-128.
[13] EB Case No. 3148 Docket, p. 117.

Centavos (P3,731,146.42), which the Court in Division ruled as out-of-period claims.

Petron's Arguments

Petitioner asserts that: (1) the Court should grant reliefs that are warranted by the allegations and proof; (2) a general prayer for "other reliefs just and equitable" normally enables the Court to award reliefs supported by the complaint or other pleadings, and by the facts and evidence adduced during trial, even if these reliefs are not specifically prayed for in the complaint; and (3) the out-of-period claims form part of the total claim.

CIR's Arguments

On the other hand, respondent argues that Petron is liable to pay excise taxes on importation of the subject fuel products. If the same are sold to a tax-exempt entity, Petron is precluded from passing the excise tax burden to the tax-exempt entity. In such case, Petron bears the burden of paying the excise tax.

RULING

The Court *En Banc* finds both Petitions unmeritorious.

Petron is partially entitled to its refund claim

In ruling partially in favor of Petron, the Court in Division ruled that:

> Relevant to petitioner's present refund claim are Sections 131 (A) and 135 of the NIRC of 1997, as amended. Section 131 (A) of the NIRC of 1997, as amended, provides that the excise tax due for the imported fuel shall be paid before the release of the importations from the customs house, *viz.*:
>
> > "SEC. 131. *Payment of Excise Taxes on Imported Articles.* —
> >
> > (A) Persons Liable. — Excise taxes on imported articles shall be paid by the owner or importer to the Custom Officers, conformably with the regulations of the Department of Finance and before the release of such articles from the customs house, or by the person who is found in possession

of articles which are exempt from excise taxes other than those legally entitled to exemption.

xxx xxx xxx"

On the other hand, Section 135 of the NIRC of 1997, as amended, provides:

> "SEC. 135. ***Petroleum Products Sold to International Carriers and Exempt Entities or Agencies.*** — Petroleum products sold to the following are exempt from excise tax:
>
> (a) International carriers of Philippine or foreign registry on their use or consumption outside the Philippines: Provided, That the petroleum products sold to these international carriers shall be stored in a bonded storage tank and may be disposed of only in accordance with the rules and regulations to be prescribed by the Secretary of Finance, upon recommendation of the Commissioner;
>
> (b) Exempt entities or agencies covered by tax treaties, conventions and other international agreements for their use of consumption: Provided, however, That the country of said foreign international carrier or exempt entities or agencies exempts from similar taxes petroleum products sold to Philippine carriers, entities or agencies; and
>
> **(c) Entities which are by law exempt from direct and indirect taxes.**"

In *Chevron Philippines, Inc. vs. Commissioner of Internal Revenue*, the Supreme Court elucidated that in order for the exemption under Section 135 of the NIRC of 1997, as amended, to become operative, it must be established that the entities to which petroleum products were sold are exempt from direct and indirect taxes, *viz.*:

> "Pursuant to Section 135(c), *supra*, petroleum products sold to entities that are by law exempt from direct and indirect taxes are exempt from excise tax. **The phrase *which are by law exempt from direct and indirect taxes* describes the entities to whom the petroleum products must be sold in order to**

> **render the exemption operative**. Section 135(c) should thus be construed as an exemption in favor of the petroleum products on which the excise tax was levied in the first place. The exemption cannot be granted to the buyers — that is, the entities that are by law exempt from direct and indirect taxes — because they are not under any legal duty to pay the excise tax.
>
> xxx xxx xxx
>
> Inasmuch as its liability for the payment of the excise taxes accrued immediately upon importation and prior to the removal of the petroleum products from the customshouse, Chevron was bound to pay, and actually paid such taxes. But the status of the petroleum products as exempt from the excise taxes would be confirmed only upon their sale to CDC in 2007 (or, for that matter, to any of the other entities or agencies listed in Section 135 of the NIRC). Before then, Chevron did not have **any legal basis to claim the tax refund or the tax credit as to the petroleum products**.
>
> Consequently, **the payment of the excise taxes by Chevron upon its importation of petroleum products was deemed illegal and erroneous upon the sale of the petroleum products to CDC**."

This principle was echoed in *Pilipinas Shell Petroleum Corporation vs. Commissioner of Internal Revenue*, where the Supreme Court held:

> "As may be gleaned from Section 131 as above-cited, although certain articles may be free from excise taxes upon importation, they may subsequently become subject to the same depending on the subsequent buyer. This is essentially the same **principle of subsequent confirmation** espoused by the 2015 Chevron, and is also a necessary consequence of excise tax being a property tax, and not a tax on persons.
>
> Considering that **the status of the petroleum products as tax-exempt solidifies upon the sale to any of the entities enumerated under Section 135, any excise taxes which were previously paid thereon would then be considered as 'erroneously or illegally collected,' and therefore, subject to**

> **refund.** In turn, the petroleum products become exempt from excise taxes once it is determined that they are to be sold to, among others, international [carriers]. This reflects Section 135's wording, *i.e.*, that the petroleum products are considered as tax-exempt once they are 'sold to *[inter alia]* x x x [i]nternational carriers.'"

From the above, the refund can only be ascertained, or the excise taxes will only be deemed erroneously or illegally collected once the petroleum products are sold to tax-exempt entities mentioned under Section 135 of the NIRC of 1997, as amended.

The Court *En Banc* agrees with the conclusion reached by the Court in Division.

Indeed, an importer is liable to pay excise taxes from the time of importation. However, by *principle of subsequent confirmation* mentioned in *Chevron*, the sale of petroleum products to any of the entities mentioned in Section 135 of the Tax Code, renders the status of the petroleum products as tax exempt. Consequently, any excise tax paid thereon shall then be considered as erroneously or illegally collected, and, therefore, subject to refund.

Considering the foregoing, the Court *En Banc* rules that the Petition for Review of the CIR in EB Case No. 3154 is bereft of merit.

Petron is not entitled to its out-of-period claims

On the other hand, Petron insists that it is entitled to its out-of-period claims which were denied by the Court in Division. As stated earlier, petitioner argues that its general prayer should include the out-of-period claims, among others.

In ruling that Petron's out-of-period claims may not be refunded, the Court in Division said:

> In the present case, petitioner in its Petition for Review prayed for the refund of excise taxes paid during the period August 1, 2019 to December 31, 2019 for its imported lubricating oils and its additives, which were subsequently sold and delivered to tax-exempt entities, *viz.*:
>
> "**WHEREFORE**, premises considered, it is most respectfully prayed that after due hearing, judgment be rendered by this Honorable Court ordering Respondent **to**

> **refund in favor of herein Petitioner in the amount of Nine Million Five Hundred Fifty Three Thousand Five Hundred Sixty Eight and 40/100 Pesos (P9,553,568.40), representing excise taxes paid during the period August 1, 2019 to December 31, 2019 for Petitioner's imported lubricating oils and its additives, which were subsequently sold and delivered to tax-exempt entities.**
>
> Other reliefs just and equitable under the circumstances are likewise prayed for."

Clearly, petitioner specifically and categorically prayed only for the refund of excise taxes paid during the period August 1, 2019 to December 31, 2019. The determination of the Court must necessarily be limited to petitioner's entitlement to its claim for refund of the excise taxes paid during the aforestated period.

Moreover, the Court cannot disregard the possibility that petitioner filed other claims for tax refund of excise tax payments in relation to its imported lubricating oils and its additives made outside the period August 1, 2019 to December 31, 2019. Hence, it is prudent for the Court to confine its determination of petitioner's entitlement to refund of excise tax payments for the period specified in its prayer.

Petitioner seeks for the Court *En Banc* to apply the ruling of the Supreme Court in *Ramon K. Ilusorio, et al., v. Sylvia K. Ilusorio*,[14] where the Supreme Court addressed the treatment of a general prayer in a pleading, as follows:

> The pleading shall specify the relief sought, but it may add a general prayer for such further or other relief as may be deemed just or equitable. While the petition did not categorically state the reversal and setting aside of the Order dated April 3, 2013 as one of the specific reliefs desired, causing the CA to hastily conclude that there was no principal action sought by petitioners, it did contain a general prayer *"for other legal and equitable reliefs."* This general prayer should be interpreted to include the plea for the nullity of the Order because it is already evident from the allegations contained in the body of the petition. As held in *Spouses Gutierrez v. Spouses Valiente, et al.*:
>
> > x x x [The] general prayer is broad enough "to justify extension of a remedy different from or together with the specific remedy sought." Even without the prayer for a specific remedy, proper relief may be granted by the court if the facts alleged in the complaint and the evidence

[14] G.R. No. 210475, April 11, 2018.

> introduced so warrant. The court shall grant relief warranted by the allegations and the proof, even if no such relief is prayed for. The prayer in the complaint for other reliefs equitable and just in the premises justifies the grant of a relief not otherwise specifically prayed for.
>
> Certainly, a general prayer for "other reliefs just and equitable" appearing on a complaint or pleading (a petition in this case) normally enables the court to award reliefs supported by the complaint or other pleadings, by the facts admitted at the trial, and by the evidence adduced by the parties, even if these reliefs are not specifically prayed for in the complaint.

While the ruling of the Supreme Court in *Ilusorio* is instructive, said ruling must be harmonized with the established rule that "courts cannot grant a relief not prayed for in the pleadings or in excess of what is being sought by the party."[15] Thus:

> It is an established principle that "courts cannot grant a relief not prayed for in the pleadings or in excess of what is being sought by the party." The rationale for the rule was explained in *Development Bank of the Philippines v. Teston,* where this Court held that it is improper to enter an order which exceeds the scope of the relief sought by the pleadings:
>
>> The Court of Appeals erred in ordering [Development Bank of the Philippines] to return to respondent "the ₱1,000,000.00" alleged down payment, a matter not raised in respondent's Petition for Review before it. In *Jose Clavano, Inc.* v. *Housing and Land Use Regulatory Board,* this Court held:
>>
>> It is elementary that a judgment must conform to, and be supported by, both the pleadings and the evidence, and must be in accordance with the theory of the action on which the pleadings are framed and the case was tried. The judgment must be *secudum allegata et probata.*
>
> Due process considerations justify this requirement. It is improper to enter an order which exceeds the scope of relief sought by the pleadings, absent notice which affords the opposing party an opportunity to be heard with respect to the proposed relief. **The fundamental purpose of the requirement that allegations of a complaint must provide the measure of recovery is to prevent surprise to the defendant.**[16] *(Emphasis supplied)*

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[15] *Chinatrust (Phils.) Commercial Bank v. Philip Turner,* G.R. No. 191458, July 3, 2017.
[16] Id., citing *Diana v. Balangue,* 701 Phil. 19, 31 (2013) [Per J. Del Castillo, Second Division] and 569 Phil. 137 (2008) [Per J. Carpio-Morales, Second Division].

The doctrine in the above-cited case was later reiterated by the Supreme Court in the case of *Donald Francis Gaffney v. Gina V. Butler*,[17] as follows:

> It is settled that courts cannot grant a relief not prayed for in the pleadings or in excess of what is being sought by the party. Due process considerations justify this requirement. It is improper to enter an order which exceeds the scope of relief sought by the pleadings, absent notice which affords the opposing party an opportunity to be heard with respect to the proposed relief.

In *Chinatrust* and *Gaffney*, the Supreme Court highlighted the due process requirement that the opposing party must be afforded the opportunity to be heard with respect to the relief prayed, in order to prevent surprise to the defendant. On this score, the Court *En Banc* shall refer to the Answer filed by the CIR before the proceedings below, to determine whether the grant of the subject relief will violate his due process rights.

In his Answer, the CIR raised the following as one of his Special and Affirmative Defenses:

> The amount of P9,553,568.40 being claimed by petitioner as alleged excise taxes paid **during the period 1 August to 31 December 2019** for its imported lubricating oils and its additives, which were allegedly sold and delivered to tax-exempt entities, was not properly documented.[18] *(Emphasis supplied)*

Based therefrom, it is clear that the CIR prepared his defenses particularly on Petron's excise tax refund claims for the period August 1, 2019 to December 31, 2019. Thus, to allow Petron to prosecute its out-of-period claims beyond August 1, 2019 to December 31, 2019, will certainly violate the CIR's right to due process. Hence, in addition to the findings of the Court in Division and pursuant to *Chinatrust* and *Gaffney*, the Court rules that the grant of the relief prayed for by Petron in CTA EB No. 3148 must be denied.

To end, both Petitions failed to warrant the reversal of the assailed Decision. The CIR failed to convince the Court that the subject excise taxes were not erroneously or illegally paid and as such, may not be properly claimed for refund. On the other hand, Petron also failed to justify that its out-of-period claims are refundable because: (1) prudence dictates that the Court should confine its findings to the particular period as these out-of-period claims may be the subject of other refund claims; and (2) the grant of the subject relief will violate the CIR's right to due process. Considering the foregoing, the denial of both Petitions is in order.

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[17] G.R. No. 219408, November 8, 2017.

[18] Answer, Docket, Vol. I, p. 127.

FOR THESE REASONS, both Petitions for Review in CTA EB No. 3148 and CTA EB No. 3154 are **DENIED**, for lack of merit. Accordingly, the assailed Decision and Resolution dated October 28, 2024 and April 30, 2025, respectively, are **AFFIRMED**.

SO ORDERED.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

WE CONCUR:

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

Marian Ivy F. Reyes-Fajardo
MARIAN IVY F. REYES-FAJARDO
Associate Justice

LANEE S. CUI-DAVID
Associate Justice

CORAZON G. FERRER-FLORES
Associate Justice

HENRY S. ANGELES
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 consolidated cases were assigned to the writer of the opinion of the Court.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice