



**REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY**

FIRST DIVISION

CTA CASE NO. 10545

**AIR DRILLING ASSOCIATES
PTE LTD.,**

Petitioner,

- versus -

NOTICE OF RESOLUTION

**COMMISSIONER OF INTERNAL
REVENUE,**

Respondent.

To:

OFFICE OF THE SOLICITOR GENERAL

134 Amoroso St., Legazpi Village
Makati City

ATTY. ALBERT C. ARPON

ATTY. CARL FITRI A. HUSSIN

ATTY. JOCELYN P. LUMBRES

Bureau of Internal Revenue

Legal Division, Revenue Region No. 8-A, Makati City

36th Floor, Export Bank Plaza Building

Sen. Gil Puyat Ave. corner Chino Roces Ave.

Makati City 1230

AGAN MONTENEGRO MALASAGA & CO.

7th Floor, Electra House Building

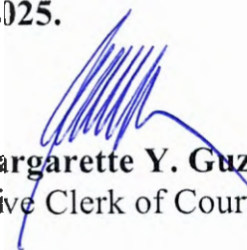
115-117 Esteban St., Legaspi Village

Makati City 1229

GREETINGS:

You are hereby notified by these presents that on **March 25, 2025**, a Resolution was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **March 27, 2025.**


Atty. Margarette Y. Guzman
Executive Clerk of Court III

**REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY**

FIRST DIVISION

**AIR DRILLING ASSOCIATES
PTE LTD.,**

CTA CASE NO. 10545

Petitioner, Members:

- versus -

**DEL ROSARIO, P.J., Chairperson,
BACORRO-VILLENA, and
CUI-DAVID, JJ.**

**COMMISSIONER OF INTERNAL Promulgated:
REVENUE,**

Respondent.

MAR 25 2025, 10:35 AM

X- - - - -X

RESOLUTION

CUI-DAVID, J.:

On September 20, 2024, the Court promulgated a *Decision* (assailed *Decision*), ¹ the dispositive portion of which reads:

WHEREFORE, in light of the foregoing considerations, the *Petition for Review* is **DENIED** for lack of merit.

SO ORDERED.

The assailed *Decision* denied petitioner's claim for a value-added tax (VAT) refund due to its failure to prove that it was engaged in zero-rated or effectively zero-rated sales during the 4th quarter of taxable year (TY) 2018.

Dissatisfied with the ruling, petitioner filed the instant *Motion for Reconsideration*² via personal service on October 8, 2024, and electronic mail (e-mail) on October 9, 2024, praying for the Court to reconsider and set aside the assailed *Decision*, citing the following grounds:

¹ Docket – Vol. III, pp. 910–923.

² *Id.* at 924–934.



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1. Tax refunds are civil in nature and require only proof by a preponderance of evidence;
2. The testimony of Rosebelle Liu established petitioner's zero-rated sales to Energy Development Corporation (EDC) for the 4th quarter of TY 2018;
3. The service agreement between petitioner and EDC for the 4th quarter of TY 2018 is a contract that may be established by oral evidence; and
4. The existence of the contract between petitioner and EDC for the 4th quarter of TY 2018 can also be established from the conduct of the parties.

In his *Comment/Opposition (on Motion for Reconsideration)*³ filed via registered mail and e-mail on November 15, 2024, respondent submits that petitioner's *Motion for Reconsideration* should be denied for lack of merit.

Citing the assailed *Decision*, respondent asserts that the Court correctly ruled that petitioner failed to prove that it was engaged in zero-rated or effectively zero-rated sales during the 4th quarter of TY 2018. According to respondent, the pieces of evidence presented by petitioner, including the testimony of Rosebelle Liu, who is neither a party to the alleged contract between petitioner and EDC nor present upon its execution, were not sufficient to establish petitioner's claim of zero-rated sales to EDC for the 4th quarter of TY 2018 by a preponderance of evidence.

Moreover, respondent emphasizes that tax refunds are in the nature of tax exemptions. As such, they are regarded as in derogation of sovereign authority and must be construed *strictissimi juris* against the person or entity claiming the exemption. For respondent, petitioner bears the burden of proving strictly compliance with the conditions set by law for the grant of a tax refund or credit and the required quantum of evidence to support its entitlement to the refund claimed.

After a careful and thorough evaluation of the arguments proffered by petitioner, the Court finds no compelling legal basis to warrant reconsideration or modification of the assailed

³ *Id.* at 948-951.



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Decision, as the issues raised in the Motion for Reconsideration have been fully addressed and resolved therein.

WHEREFORE, premises considered, petitioner Air Drilling Associates Pte. Ltd.'s *Motion for Reconsideration* is **DENIED** for lack of merit.

SO ORDERED.


LANEE S. CUI-DAVID
Associate Justice

WE CONCUR:


ROMAN G. DEL ROSARIO
Associate Justice

ON OFFICIAL BUSINESS
JEAN MARIE A. BACORRO-VILLENA
Associate Justice