REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SECOND DIVISION

MACQUARIE OFFSHORE SERVICES PTY. LTD.- PHILIPPINE BRANCH,
Petitioner,

-versus-

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA Case Nos. 8936,8994 & 9040

Members:

CASTAÑEDA, JR.,
Chairperson
CASANOVA, *and*
MANAHAN, *JJ.*

Promulgated:

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DECISION

MANAHAN, *J.:*

This is a consolidation of three (3) Petitions for Review filed by Macquarie Offshore Services Pty Ltd. – Philippine Branch, praying for the refund of or the issuance of a tax credit certificate (TCC) in the total amount of THIRTY-SIX MILLION SEVEN HUNDRED THIRTY THOUSAND SEVEN HUNDRED EIGHTY PESOS AND SIXTY CENTAVOS (₱36,730,780.60), allegedly representing excess and unutilized input value-added tax (VAT) directly attributable to its zero-rated sales for the four quarters of fiscal year (FY) ended March 31, 2013.

THE FACTS

Petitioner Macquarie Offshore Services Pty Ltd. – Philippine Branch is a foreign corporation organized and existing under and by virtue of the laws of Australia. It is duly licensed to do business in the Philippines thru its Regional Operating Headquarters (ROHQ) in the

Philippines by virtue of a License to Do Business issued by the Securities and Exchange Commission (SEC) on April 10, 2008.

As a licensed ROHQ, it is authorized to engage in general administration and planning; business planning and coordination; sourcing/procurement of raw materials and components; corporate finance advisory services; marketing control and sales promotion; training and personnel management; logistic services, research and development services and product development; technical support and maintenance; data processing and communication; and business development.[1]

The office of the petitioner is located at the 29th Floor, Tower 1, The Enterprise Center, Ayala Avenue, Makati City. Petitioner is also a VAT-registered entity as evidenced by its Bureau of Internal Revenue (BIR) Certificate of Registration No. OCN 9RC0000330527.[2]

On the other hand, respondent is the Commissioner of the Bureau of Internal Revenue duly appointed and empowered to perform the duties of his office, including, among others, the duty to act on and approve claims for refund or tax credit as provided by law. He holds office at the 5th Floor, BIR National Office Building, Agham Road, Diliman, Quezon City.

For fiscal year 2013, petitioner allegedly generated VAT zero-rated sales in the total amount of ₱2,170,342,876.99 from its sole foreign non-resident client, Macquarie Financial Holdings Limited (MFHL), as indicated in its Quarterly VAT Returns for the following periods:

PERIOD (FY 2013)	ZERO-RATED SALES
1st Quarter	₱ 612,279,246.59
2nd Quarter	549,754,294.35
3rd Quarter	550,935,948.89
4th Quarter	457,373,387.16
TOTAL	**₱2,170,342,876.99**

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[1] Exhibit "P-1", Docket, vol. III, p. 899.
[2] Exhibit "P-2", Docket, vol. III, p. 918.

Petitioner claims that its sales of services were rendered exclusively to MFHL during FY 2013 pursuant to a Service Agreement[3] executed on April 1, 2009. MFHL is an Australian company registered under the laws of Australia.[4] Its business address is located at Level 7, 1 Martin Place, Sydney, New South Wales, Australia. It is not registered with the SEC as evidenced by the Certificate of Non-Registration issued by the SEC.[5]

Petitioner filed three administrative claims for refund or issuance of tax credit certificate with the BIR Revenue District Office (RDO) No. 47 on the following dates:

Taxable Quarter of FY 2013	**Close of the Taxable Quarter**	**Last Day to File Administrative Claim**	**Date of Filing of Administrative Claim**
1st Quarter	June 30, 2012	June 30, 2014	June 30, 2014
2nd Quarter	September 30, 2012	September 30, 2014	September 26, 2014
3rd Quarter	December 31, 2012	December 31, 2014	December 12, 2014
4th Quarter	March 31, 2013	March 31, 2015	

Alleging inaction on the part of respondent on its administrative application for refund or tax credit, petitioner filed several Petitions for Review with this Court on the following dates with the corresponding amounts of the input VAT claimed:

CTA CASE NO.	**DATE OF FILING**	**PERIOD COVERED**	**INPUT VAT CLAIM**
8936	November 25, 2014	April 1 to June 30, 2012	₱ 5,425,861.12
8994	February 23, 2015	July 1 to September 30, 2012	6,995,075.09
9040	May 8, 2015	October 1 to December 31, 2012	24,309,844.41
		January 1 to March 31, 2013	
TOTAL			**₱36,730,780.62**

In his Answers[6] to the above petitions, respondent mainly avers that the claim for refund or issuance of TCC is still subject to administrative routinary investigation/examination and taxes paid and collected are presumed to have been made in accordance with law, hence, not refundable. Respondent further argues that petitioner's

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[3] Exhibit "P-36", Docket, vol. III, pp. 1332-1348.
[4] Exhibits "P-37" and "P-38", Docket, vol. III, pp. 1349-1350.
[5] Exhibit "P-35", Docket, vol. III, p. 1331.
[6] CTA Case No. 8936, Docket, vol. I, pp. 47-50; CTA Case No. 8994, Docket, pp. 87-89; CTA Case No. 9040, Docket, pp. 77-80.

sales of goods and services to its alleged client do not qualify as effectively zero-rated VAT transactions. Respondent further asserts that in an action for refund/tax credit, the burden of proof is on the taxpayer to establish its right to claim for refund and petitioner failed to comply with the conditions/requirements under Section 112 of the National Internal Revenue Code (NIRC) of 1997, as amended.

Moreover, respondent contends that it is incumbent upon petitioner to show that it has complied with Section 204(c) in relation to Section 229 of the NIRC of 1997, as amended. Its failure to prove the same is fatal to its claim. Lastly, respondent points out that claims for refund are construed strictly against the taxpayer since the same partake the nature of exemption from taxation and as such, they are looked upon with disfavor.

Petitioner filed Motions for Consolidation in each of the three cases. On June 26, 2015, the Court issued a Resolution granting the Motions for Consolidation. Accordingly, CTA Case Nos. 8936 and 9040 were consolidated by the Court's Second Division.[7]

On July 24, 2015, the Second Division issued a Resolution which acknowledged the Resolution[8] issued by the Court's Third Division, consolidating CTA Case No. 8994 with CTA Case Nos. 8936 and 9040. In the same Resolution dated July 24, 2015, the case was scheduled for pre-trial on September 3, 2015.

The parties filed their Consolidated Joint Stipulation of Facts and Issues[9] on September 22, 2015.

On October 2, 2015, the Pre-Trial Order[10] for the consolidated cases was issued, approving and adopting the Consolidated Joint Stipulation of Facts and Issues and terminating the pre-trial proceedings.

On October 14, 2015, the Court granted the commissioning of Ms. Katherine O. Constantino, partner at Constantino Guadalquiver &

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[7] Docket, vol. I, pp. 185-186.
[8] Docket, vol. I, pp. 191-192.
[9] Docket, vol. I, pp. 236-247.
[10] Docket, vol. I, pp. 250-261.

Co., as the Independent Certified Public Accountant (CPA) for the case.[11] Ms. Constantino submitted her Independent CPA Report on November 13, 2015.[12]

Petitioner presented Mr. Tim Mulvihill, Ms. Ailyn Perocho, and Ms. Katherine O. Constantino as its witnesses.[13]

Subsequently, petitioner filed its Formal Offer of Evidence[14] on February 3, 2016, consisting of Exhibits "P-1" to "P-3973", inclusive of sub-markings.

On March 29, 2016, the Court issued a Resolution[15] admitting all the formally offered exhibits of petitioner, *except* for Exhibits "P-2-a", "P-2-b", "P-17-b", "P-17-c", "P-24-c through P-24-v", "P-25-s", "P-25-t", "P-53", "P-149", "P-1740", "P-1800", "P-2003", "P-2424", "P-2759", "P-2760", "P-3860", and "P-3972".

As a result, petitioner filed a Motion (Re: 1. Reconsideration of Resolution dated 29 March 2016; 2. Recall of witnesses)[16] on April 11, 2016 praying that the Court set aside its Resolution dated March 29, 2016 and allowing it to recall its witness and the Court-commissioned Independent CPA.

Meanwhile, respondent filed a Very Urgent Manifestation through registered mail on March 30, 2016 and received by this Court on April 8, 2016, stating that he will no longer present evidence for the instant case. The same was duly noted by the Court in an Order[17] dated April 12, 2016.

On October 10, 2016, Ms. Ailyn Perocho and Independent CPA Ms. Katherine O. Constantino were recalled as petitioner's witnesses. Thereafter, on November 11, 2016, petitioner filed its Supplemental Formal Offer of Evidence[18].

[11] Docket, vol. I, p. 327.
[12] Docket, vol. I, p. 358
[13] Minutes of the January 20, 2016 hearing, Docket, vol. II, p. 876.
[14] Docket, vol. III, pp. 877-898.
[15] Docket, vol. IV, pp. 1388-1390.
[16] Docket, vol. IV, pp. 1398-1402.
[17] Docket, vol. IV, p. 1403.
[18] Docket, vol. IV, pp. 1482-1489.

In a Resolution[19] dated February 17, 2017, the Court granted petitioner's Motion for Reconsideration, admitting Exhibits "P-2-a", "P-2-b", "P-17-b", "P-17-c", "P-24-c through P-24-v", "P-25-s", "P-25-t", "P-53", "P-55-b", "P-55-c", "P-56-b", "P-56-c", "P-149", "P-1740", "P-1800", "P-2003", "P-2424", "P-2759", "P-2760", "P-3860", and "P-3972", all offered by petitioner in its Supplemental Formal Offer of Evidence.

The Court declared the case submitted for decision via Resolution[20] issued on April 3, 2017 noting that petitioner already filed its Memorandum[21] on March 23, 2017, while respondent failed to file his Memorandum as per Records Verification[22] issued by the Court's Judicial Records Division.

THE ISSUE

The parties submitted the following issue for this Court's resolution:

> Whether petitioner is entitled to the refund/issuance of a tax credit certificate for its input VAT payments for the whole period of FY 2013 in the amount of THIRTY-SIX MILLION SEVEN HUNDRED THIRTY THOUSAND SEVEN HUNDRED EIGHTY PESOS AND SIXTY CENTAVOS (₱36,730,780.60).

Petitioner's Arguments

Petitioner first addressed the timeliness of the filing of its judicial claim for refund via a Petition for Review by a narrative specifying the dates of filing of its administrative claims for refund; submission of supporting documents and the eventual inaction of the respondent.

Petitioner submits that on June 30, 2014, it filed its application for refund/tax credit of excess and unutilized input VAT together with supporting documents pursuant to Revenue Memorandum Circular

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[19] Docket, vol. IV, pp. 1528-1530.
[20] Docket, vol. IV, p. 1554.
[21] Docket, vol. IV, pp. 1531-1552.
[22] Docket, vol. IV, p. 1553.

(RMC) No. 54-2014. It proposes that under Section 112 (C) of the NIRC of 1997, respondent is given a period of one hundred twenty (120) days from date of submission of complete documents, to act on the application. Counting 120 days from the date of its submission of complete documents on June 30, 2014, petitioner avers that respondent had until October 28, 2014 to act on the application. However, due to the inaction of respondent, petitioner submits that it had thirty (30) days from October 28, 2014 or until November 27, 2014 to file a Petition for Review with this Court.

The instant Petition being filed on November 13, 2014, petitioner confidently asserts that this was seasonably filed giving the Court the requisite jurisdiction to take cognizance of the claim for refund.

On the substantive aspect of its claim for refund, petitioner anchors its main argument on the provisions of Section 112 (A) and 108 (B (2) of the NIRC of 1997 which will be discussed in detail in another portion of this decision.

As an ROHQ, petitioner claims that it renders qualifying services to its affiliates in the Asia-Pacific region and other foreign markets but insofar as the period covering the instant claims for refund are concerned, it rendered said services to only one of its affiliates, MFHL, a foreign entity based in Australia.

Petitioner firmly asserts that its sales of services to its single client MFHL are VAT zero-rated and that it did not generate output tax during the period covered by the claims for refund. The excess input tax was allegedly incurred from its domestic purchases of goods and services and are directly attributable to its VAT zero-rated sales.

Respondent's Counter-Arguments

Respondent dismisses the arguments of petitioner by simply stating that the alleged claims for refund are still undergoing routinary investigation/examination by their office and that the claims for refund of alleged excess and unutilized input VAT have not been fully substantiated by petitioner. Respondent refers to the requisite documents pursuant to RR 7-95 in relation to Sections 113 and 237 of the NIRC of 1997. Respondent also contravenes the basis of the claim of petitioner and asserts that its sales of goods and services to its alleged client do not qualify as effectively zero-rated VAT transactions.

Respondent opted not to submit a Memorandum in the instant consolidated case.

RULING OF THE COURT

In claims for refund, the timeliness of the filing of the Petition for Review is vital to determine this Court's jurisdiction hence a discussion on this matter is primordial and necessary before the other issues are delved upon.

Section 112(A) and (C) of the NIRC of 1997, as amended, provides:

> "SEC. 112. *Refunds or Tax Credits of Input Tax.* –
>
> (A) *Zero-Rated or Effectively Zero-Rated Sales.* – Any VAT-registered person, whose sales are zero-rated or effectively zero-rated may, within two (2) years after the close of the taxable quarter when the sales were made, apply for the issuance of a tax credit certificate or refund of creditable input tax due or paid attributable to such sales, except transitional input tax, to the extent that such input tax has not been applied against output tax: *Provided, however*, That in the case of zero-rated sales under Section 106(A)(2)(a)(1), (2) and (b) and Section 108(B)(1) and (2), the acceptable foreign currency exchange proceeds thereof had been duly accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP): *Provided, further*, That where the taxpayer is engaged in zero-rated or effectively zero-rated sale and also in taxable or exempt sale of goods of properties or services, and the amount of creditable input tax due or paid cannot be directly and entirely attributed to any one of the transactions, it shall be allocated proportionately on the basis of the volume of sales: *Provided, finally*, That for a person making sales that are zero-rated under Section 108(B)(6), the input taxes shall be allocated ratably between his zero-rated and non-zero-rated sales.
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> xxx xxx xxx
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> (C) *Period within which Refund or Tax Credit of Input Taxes shall be Made.* – In proper cases, the Commissioner shall grant a refund or issue the tax credit certificate for creditable input taxes within one hundred twenty (120) days from the date of submission of complete documents in support of the application filed in accordance with Subsection (A) hereof.

> In case of full or partial denial of the claim for tax refund or tax credit, or the failure on the part of the Commissioner to act on the application within the period prescribed above, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim or after the expiration of the one hundred twenty day-period, appeal the decision or the unacted claim with the Court of Tax Appeals."

Petitioner's administrative and judicial claims were timely filed

Pursuant to the aforequoted Section 112(A) of NIRC of 1997, as amended, the administrative claim for the issuance of a TCC or refund of input VAT must be filed with the BIR within two (2) years after the close of the taxable quarter when the zero-rated or effectively zero-rated sales were made. Since the present claim covers the four quarters of FY ended March 31, 2013, the two-year prescriptive period started to run on June 30, 2012, on September 30, 2012, on December 31, 2012, and on March 31, 2013, and ended on June 30, 2014, on September 30, 2014, on December 31, 2014, and on March 31, 2015, respectively. Thus, petitioner's administrative claims for the said quarters were seasonably filed on June 30, 2014[23], on September 26, 2014[24], and on December 12, 2014[25], as shown below:

CTA Case No.	Taxable Quarter of FY 2013	Close of the Taxable Quarter	Last Day to File Administrative Claim	Date of Filing of Administrative Claim
8936	1st Quarter	June 30, 2012	June 30, 2014	June 30, 2014
8994	2nd Quarter	September 30, 2012	September 30, 2014	September 26, 2014
9040	3rd Quarter	December 31, 2012	December 31, 2014	December 12, 2014
	4th Quarter	March 31, 2013	March 31, 2015	

Anent the timeliness of petitioner's judicial appeal, Section 112(C) of the NIRC of 1997, as amended, states the prescriptive period for filing a judicial claim for the refund or tax credit of input VAT. The legal provision speaks of two periods: the period of 120 days, which serves as a waiting period to give time for the BIR Commissioner to act on the administrative claim for a refund or credit; and the period

[23] Exhibit "P-17-a", Docket, vol. III, pp. 954-960.
[24] Exhibits "P-18" to "P-18-a", Docket, vol. III, pp. 965-977.
[25] Exhibits "P-19" to "P-19-a", Docket, vol. III, pp. 978-993.

of 30 days, which refers to the period for filing a judicial claim with the Court of Tax Appeals (CTA).[26]

As to the reckoning of the 120-day period for respondent to act on the claim, the pronouncement of the Supreme Court in the case of *Pilipinas Total Gas, Inc. vs. Commissioner of Internal Revenue*[27] is instructive, thus:

> "To summarize, for the just disposition of the subject controversy, the rule is that from the date an administrative claim for excess unutilized VAT is filed, a taxpayer has thirty (30) days within which to submit the documentary requirements sufficient to support his claim, unless given further extension by the CIR. Then, upon filing by the taxpayer of his complete documents to support his application, or expiration of the period given, the CIR has 120 days within which to decide the claim for tax credit or refund. Should the taxpayer, on the date of his filing, manifest that he no longer wishes to submit any other addition documents to complete his administrative claim, the 120 day period allowed to the CIR begins to run from the date of filing.
>
> **In all cases, whatever documents a taxpayer intends to file to support his claim must be completed within the two-year period under Section 112(A) of the NIRC. The 30-day period from denial of the claim or from the expiration of the 120-day period within which to appeal the denial or inaction of the CIR to the CTA must also be respected.** (Emphasis supplied)

Records show that upon the filing of its administrative claims, petitioner submitted its supporting documents, including the Notarized Sworn Certifications[28] attesting to the completeness of the documents submitted. Consequently, respondent had 120 days from June 30, 2014, September 26, 2014 and December 12, 2014 or until October 28, 2014, January 24, 2015 and April 11, 2015 to decide on the subject claims covering the first, second, and third to fourth quarters, respectively, of FY ended March 31, 2013.

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[26] *Rohm Apollo Semiconductor Philippines vs. Commissioner of Internal Revenue*, G.R. No. 168950, January 14, 2015.
[27] G.R. No. 207112, December 8, 2015.
[28] Exhibits "P-17", p. 4; "P-18", p. 4, and "P-19", p. 5, Docket, vol. III, pp. 957, 968, and 982, respectively.

In *Rohm Apollo Semiconductor Philippines vs. Commissioner of Internal Revenue*[29], citing the landmark case of *Commissioner of Internal Revenue vs. San Roque Power Corporation*[30], the Supreme Court held that the taxpayer can file an appeal in one of two ways: (1) file the judicial claim within 30 days after the BIR Commissioner denies the claim within the 120-day waiting period, or (2) file the judicial claim within 30 days from the expiration of the 120-day period if the BIR Commissioner does not act within that period.

Since respondent failed to act on the subject claims, the 30-day period to appeal before this Court shall be counted from the lapse of the 120-day period on October 28, 2014, January 24, 2015, and April 11, 2015. Hence, petitioner had until November 27, 2014, February 23, 2015, and May 11, 2015 within which to file its appeal before this Court covering the first, second, and third to fourth quarters, respectively, of FY ended March 31, 2013. Accordingly, the instant Petitions for Review were timely filed on November 25, 2014, on February 23, 2015, and on May 8, 2015, as shown below:

CTA Case No.	Taxable Quarter of FY 2013	Date of Filing of Administrative Claim	End of 120 days for the Commissioner to decide on the claim	End of 30 days from the expiration of 120 days	Date of Filing of Petition for Review
8936	1st Quarter	June 30, 2014	October 28, 2014	November 27, 2014	November 25, 2014
8994	2nd Quarter	September 26, 2014	January 24, 2015	February 23, 2015	February 23, 2015
9040	3rd Quarter 4th Quarter	December 12, 2014	April 11, 2015	May 11, 2015	May 8, 2015

The Court will now proceed to determine petitioner's compliance with the remaining requisites to be entitled to a refund or issuance of the tax credit certificate.

Petitioner is a VAT-registered entity and had zero-rated sales for the periods covered by the claim

[29] G.R. No. 168950, January 14, 2015.
[30] G.R. Nos. 187485, 196113, and 197156, February 12, 2013.

Based on the foregoing provision of Section 112 of the NIRC of 1997, in order to be entitled to a refund or tax credit of input tax due or paid attributable to zero-rated or effectively zero-rated sales, the following requisites must be satisfied:[31]

1. that the taxpayer is VAT-registered;
2. that there must be zero-rated or effectively zero-rated sales;
3. that input taxes were incurred or paid;
4. that input taxes claimed are attributable to zero-rated or effectively zero-rated sales;
5. that input taxes have not been applied against any output VAT liability; and
6. that the claim was filed within the prescribed periods both in the administrative and judicial levels.

Petitioner complied with the first requisite considering that it is registered with the BIR as a VAT entity under BIR Certificate of Registration No. OCN 9RC0000330527 dated June 2, 2008 with Tax Identification No. 261-474-856-000 and registered office address of 29F Tower I, The Enterprise Center, Ayala Avenue, Makati City.[32]

On the second requisite, petitioner avers that during FY 2013, its sales of services were rendered exclusively to Macquarie Financial Holdings Limited (MFHI), an entity duly organized, registered and doing business in Australia. Petitioner posits that such sales of services which were paid for in Australian Dollars (AUD) inwardly remitted and accounted for in accordance with the rules and regulations of the *Bangko Sentral ng Pilipinas* (BSP) are entitled to the benefit of VAT zero-rating under Section 108(B)(2) of the NIRC of 1997, as amended, which states:

> "SEC. 108. *Value-added Tax on Sale of Services and Use or Lease of Properties.* –
>
> xxx xxx xxx

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[31] *San Roque Power Corporation vs. Commissioner of Internal Revenue*, G.R. No. 180345, November 25, 2009.

[32] Exhibit "P-2", Docket, vol. III, p. 918.

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

(1) Processing, manufacturing or repacking goods for other persons doing business outside the Philippines which goods are subsequently exported, where the services are paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the *Bangko Sentral ng Pilipinas* (BSP);

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

In the case of *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.*[33], the Supreme Court held that in order for the supply of services to be VAT zero-rated under Section 108(B)(2) of the NIRC of 1997, as amended, the following requisites must be met:

1. the services must be other than processing, manufacturing or repacking of goods;
2. the recipient of such services is doing business outside the Philippines; and
3. the payment for such services must be in acceptable foreign currency accounted for in accordance with the BSP rules and regulations.

Records show that petitioner complied with the first requisite.

Petitioner is licensed by the Securities and Exchange Commission per Company Reg. No. FS200805155 dated April 10, 2008[34], to transact business in the Philippines as a regional operating headquarters (ROHQ) authorized to engage in general administration and planning; business planning and coordination; sourcing/procurement of raw materials and components; corporate finance advisory services; marketing control and sales promotion;

[33] G.R. No. 153205, January 22, 2007.
[34] Exhibit "P-1", Docket, vol. III, p. 899.

training and personnel management; logistic services; research and development services and product development; technical support and maintenance; data processing and communication; and business development.

Further, pursuant to the Service Agreement[35] between petitioner and MFHL dated April 1, 2009, the former will provide the services set out in Schedule 1 of the agreement such as: (a) Application testing; (b) Application monitoring; (c) Technology infrastructure support; (d) Application development; (e) Application support; (f) Financial administration; and (g) Such other services as MFHL may require from time to time and which petitioner is willing and able to provide. These services clearly fall within the scope of "services other than processing, manufacturing or repacking of goods" contemplated by the afore-mentioned provision of law.

In compliance with the second requisite, petitioner presented the following documents proving that MFHL is a non-resident foreign corporation doing business outside the Philippines:

1. Certification of Non-Registration of Company issued by the SEC;[36]
2. Services Agreement;[37]
3. Certificate of Registration on Change of Name in the name of MFHL;[38]
4. Certificate of Registration in the name of MFHL;[39]
5. Constitution of MFHL;[40]
6. Australian Securities and Investments Commission (ASIC) Company Extract in the name MFHL;[41] and
7. ASIC's online database for MFHL.[42]

As to the third requisite, Sections 113(A)(2), (B)(1), (2)(c) and (3) of the NIRC of 1997, as amended, and as implemented by Sections 4.113-1(A)(2), (B)(1) and (2)(c) of Revenue Regulations (RR) No. 16-05, provide that a VAT taxpayer, like herein petitioner, shall for every

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[35] Exhibit "P-36", Docket, vol. III, pp. 1332-1345.
[36] Exhibit "P-35", Docket, vol. III, p. 1331.
[37] Exhibit "P-36", Docket, vol. III, pp. 1332-1345.
[38] Exhibit "P-37", Docket, vol. III, p. 1349.
[39] Exhibit "P-38", Docket, vol. III, p. 1350.
[40] Exhibit "P-39", Docket, vol. III, pp. 1351-1366.
[41] Exhibit "P-40", Docket, vol. III, pp. 1367-1371.
[42] Exhibits "P-41" and "P-42", Docket, vol. III, pp. 1373-1374.

lease of goods or properties and for every sale, barter or exchange of services issue a VAT official receipt which must contain the required information detailed as follows:

> "SEC. 113. *Invoicing and Accounting Requirements for VAT-Registered Persons.* –
>
> (A) *Invoicing Requirements.* – A VAT-registered person shall issue:
>
> xxx xxx xxx
>
> (2) A **VAT official receipt** for every lease of goods or properties, and **for every sale, barter or exchange of services**.
>
> (B) *Information Contained in the VAT Invoice or VAT Official Receipt.* – The following information shall be indicated in the VAT invoice or VAT official receipt:
>
> (1) A statement that the seller is a VAT-registered person, followed by his Taxpayer's Identification Number (TIN);
>
> (2) The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the value-added tax: *Provided*, That:
>
> xxx xxx xxx
>
> (c) If the sale is subject to zero percent (0%) value-added tax, the term **"zero-rated sale"** shall be written or printed prominently on the invoice or receipt;
>
> xxx xxx xxx
>
> (3) The date of transaction, quantity, unit cost and description of the goods or properties or nature of the service"(Emphasis supplied)

Section 4.113-1 of RR No. 16-05 provides as follows:

> "SECTION 4.113-1. *Invoicing Requirements.* –

> **(A)** ***A VAT-registered person shall issue:*** –
>
> xxx xxx xxx
>
> (2) A **VAT official receipt** for every lease of goods or properties, and **for every sale, barter or exchange of services**.
>
> Only VAT-registered persons are required to print their **TIN followed by the word "VAT" in their invoice or official receipts**. Said documents shall be considered as a "VAT Invoice" or VAT official receipt. All purchases covered by invoices/receipts other than VAT Invoice/VAT Official Receipt shall not give rise to any input tax.
>
> VAT invoice/official receipt shall be prepared at least in duplicate, the original to be given to the buyer and the duplicate to be retained by the seller as part of his accounting records.
>
> **(B)** ***Information contained in VAT invoice or VAT official receipt.*** – The following information shall be indicated in VAT invoice or VAT official receipt:
>
> (1) A statement that the seller is a VAT-registered person, followed by his TIN;
>
> (2) The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the VAT; Provided, That:
>
> xxx xxx xxx
>
> (c) If the sale is subject to zero percent (0%) VAT, the term **"zero-rated sale"** shall be written or printed prominently on the invoice or receipt" (Emphasis supplied)

Pursuant to the foregoing provisions, the foreign currency remittances referred to under Section 108(B)(2) of the NIRC of 1997, as amended, must likewise be supported by VAT zero-rated official receipts.

In its Quarterly VAT Returns for the four quarters of FY 2013, petitioner declared a total amount of ₱2,170,342,876.99 zero-rated sales, broken down as follows:

FY 2013	Zero-Rated Sales	Exhibit
1st Quarter	₱ 612,279,246.59	"P-3"
2nd Quarter	549,754,294.35	"P-4"
3rd Quarter	550,935,948.89	"P-5"
4th Quarter	457,373,387.16	"P-6"
Total	**₱ 2,170,342,876.99**	

In support thereof, petitioner submitted various documents such as (1) schedule of zero-rated sales,[43] (2) service invoices, (3) official receipts, and (4) certificates of inward remittance issued by Hongkong and Shanghai Banking Corporation (HSBC), which are summarized below:

Service Invoice						
S.I. No.	**Exhibit**	**Amount in AUD**	**Amount in PhP**	**Amount per Official Receipt in AUD**	**Amount Reflected in the Certificate of Inward Remittance**	**Difference (Invoice - O.R.)**
FIRST QUARTER OF FY 2013						
89	"P-24-b"	77,491.37	3,498,668.11	*O.R. No. 28; May 16, 2012; Exhibit "P-24-a"*	*Exhibit "P-51"*	
90	"P-24-c"	2,741,132.95	123,864,288.41			
91	"P-24-d"	265,929.41	12,016,030.80			
92	"P-24-e"	209,056.58	9,438,722.94			
93	"P-24-f"	91,746.12	4,105,114.96			
94	"P-24-g"	15,487.98	692,998.57			
95	"P-24-h"	2,985,122.66	133,567,196.68			
96	"P-24-i"	85,007.45	3,803,598.08			
97	"P-24-j"	441,278.79	19,821,645.61			
98	"P-24-k"	293,602.04	13,137,014.94			
99	"P-24-l"	318,713.94	14,316,198.57			
100	"P-24-m"	2,105,154.38	94,560,683.74			
101	"P-24-n"	92,506.17	4,155,251.83			
102	"P-24-o"	207,055.27	9,300,642.35			
103	"P-24-p"	70,904.25	3,226,089.15			
104	"P-24-q"	116,709.72	5,310,203.42			
105	"P-24-r"	2,086,504.24	94,134,034.35			
106	"P-24-s"	92,037.32	4,187,627.84			
107	"P-24-t"	324,328.19	14,756,685.70			
113	"P-24-u"	972,380.46	43,566,280.29			
114	"P-24-v"	18,182.54	820,270.26			
	subtotal	*13,610,331.83*	*612,279,246.59*	*10,752,118.42*	*10,752,118.42*	*2,858,213.41*
SECOND QUARTER OF FY 2013						

[43] Exhibits "P-24", "P-25", "P-26", and "P-27", Docket, vol. III, pp. 1148, 1171-1172, 1207-1208, and 1238-1239, respectively.

108	"P-25-b"	223,274.15	10,287,908.25			
109	"P-25-c"	230,884.42	10,638,570.32			
110	"P-25-d"	2,395,903.88	110,397,190.40			
111	"P-25-e"	28,029.75	1,296,820.34			
112	"P-25-f"	273,370.57	12,596,224.30			
115	"P-25-g"	7,621.60	352,583.00			
116	"P-25-h"	412,127.98	18,337,141.31			
117	"P-25-i"	86,872.02	3,882,636.77			
118	"P-25-j"	62,445.24	3,473,530.43			
119	"P-25-k"	1,181,766.46	52,588,675.29			
120	"P-25-l"	80,783.41	3,640,507.90			
121	"P-25-m"	298,259.65	13,270,706.53			
122	"P-25-n"	357,524.20	15,907,610.13			
123	"P-25-o"	32,481.08	1,451,663.73			
124	"P-25-p"	114,030.68	5,009,932.73	*O.R. No. 30; Sep. 27, 2012; Exhibit "P-25-a"*	*Exhibit "P-52"*	
125	"P-25-q"	1,123.96	49,378.92			
126	"P-25-r"	2,407,494.45	105,376,428.89			
127	"P-25-s"	47,679.90	2,101,648.65			
128	"P-25-t"	363,060.64	15,903,176.30			
129	"P-25-u"	277,723.13	12,201,753.04			
130	"P-25-v"	5,767.66	254,772.97			
131	"P-25-w"	61,583.08	2,711,466.90			
132	"P-25-x"	109,719.13	4,644,880.17			
133	"P-25-y"	2,478,374.73	104,920,204.57			
134	"P-25-z"	71,041.25	3,027,747.21			
135	"P-25-aa"	358,384.99	15,274,212.80			
136	"P-25-bb"	363,323.11	15,381,016.11			
137	"P-25-cc"	8,593.70	363,534.78			
138	"P-25-dd"	36,925.13	1,574,794.28			
157	"P-25-ee"	63,774.67	2,837,577.34			
	subtotal	*12,439,944.62*	*549,754,294.36*	*12,540,133.10*	*12,540,133.10*	*(100,188.48)*
THIRD QUARTER OF FY 2013						
139	"P-26-b"	369,553.06	15,866,597.93			
140	"P-26-c"	117,219.28	5,032,758.07			
141	"P-26-d"	481,814.89	20,686,510.57			
142	"P-26-e"	2,530,842.18	108,660,596.23			
143	"P-26-f"	95,390.42	4,075,222.18			
144	"P-26-g"	371,943.01	15,969,209.30			
145	"P-26-h"	341,297.49	14,653,457.56			
146	"P-26-i"	12,379.48	528,870.16	*O.R. No. 31; Dec. 27, 2012; Exhibit "P-26-a"*	*Exhibit "P-53"*	
148	"P-26-j"	121,383.71	5,326,036.04			
149	"P-26-k"	1,896,033.60	83,193,558.72			
150	"P-26-l"	104,073.61	4,572,495.98			
151	"P-26-m"	368,744.27	16,167,960.60			
152	"P-26-n"	469,526.87	20,601,750.43			
153	"P-26-o"	8,990.37	395,026.65			
155	"P-26-p"	110,405.32	4,806,127.91			
156	"P-26-q"	45,383.51	1,970,846.78			

158	"P-26-r"	967,295.79	41,967,805.32			
159	"P-26-s"	92,402.00	4,051,060.71			
160	"P-26-t"	363,676.50	15,831,446.40			
161	"P-26-u"	557,802.44	24,282,131.52			
162	"P-26-v"	6,654.49	289,890.24			
164	"P-26-w"	110,506.43	4,780,977.93			
165	"P-26-x"	46,605.57	2,016,355.11			
166	"P-26-y"	1,953,455.71	84,500,005.15			
167	"P-26-z"	51,799.79	2,251,156.39			
168	"P-26-aa"	351,542.02	15,209,202.80			
169	"P-26-bb"	760,299.46	32,905,567.11			
170	"P-26-cc"	7,900.01	343,325.09			
	Subtotal	*12,714,921.28*	*550,935,948.88*	*12,769,491.60*	*12,769,491.60*	*(54,570.32)*
FOURTH QUARTER OF FY 2013						
172	"P-27-b"	104,997.46	4,483,442.04			
173	"P-27-c"	15,944.50	680,034.34			
174	"P-27-d"	1,285,659.10	54,922,122.25			
175	"P-27-e"	73,976.46	3,155,975.39			
176	"P-27-f"	358,788.04	15,302,342.00			
177	"P-27-g"	716,987.74	30,586,217.82			
178	"P-27-h"	7,913.72	337,883.44			
180	"P-27-i"	111,148.35	4,735,361.00			
182	"P-27-j"	2,539,328.30	108,069,653.07			
183	"P-27-k"	71,245.75	3,051,503.71			
184	"P-27-l"	364,121.51	15,496,415.00			
185	"P-27-m"	656,428.58	27,937,052.55			
186	"P-27-n"	9,051.36	387,675.81			
188	"P-27-o"	119,028.69	5,093,027.65	*O.R. No. 32; Mar. 08, 2013; Exhibit "P-27-a"*	*Exhibit "P-53"*	
189	"P-27-p"	27,171.67	1,159,729.13			
190	"P-27-q"	2,284,261.05	97,754,967.80			
191	"P-27-r"	72,368.15	3,087,747.66			
192	"P-27-s"	363,339.74	15,549,120.40			
193	"P-27-t"	770,823.94	32,990,248.84			
194	"P-27-u"	4,463.98	190,465.45			
198	"P-27-v"	164,854.31	7,069,341.32			
199	"P-27-w"	54,381.49	2,371,501.58			
200	"P-27-x"	101,522.53	4,404,429.21			
201	"P-27-y"	96,274.77	4,165,479.41			
202	"P-27-z"	113,032.43	4,818,448.16			
203	"P-27-aa"	105,279.54	4,481,344.04			
204	"P-27-bb"	119,084.59	5,091,858.07			
	subtotal	*10,711,477.75*	*457,373,387.15*	*5,234,027.35*	*5,234,027.35*	*5,477,450.40*
TOTAL		**49,476,675.48**	**2,170,342,876.98**	**41,295,770.47**	**41,295,770.47**	**8,180,905.01**

While there is a difference amounting to AUD8,180,905.01 between the zero-rated sales reflected per petitioner's Quarterly VAT Returns/service invoices and that shown in petitioner's VAT zero-rated ORs, the Court-commissioned Independent CPA was able to account for such discrepancy pertaining to the following: (1) debit notes, which represent billings by MFHL for the recoveries of ISD, human resources, business services, insurance, financial operations and other recoveries to petitioner, including cross border interest relative to advances made by petitioner to MFHL, and reimbursement of expenses paid by MFHL on behalf of petitioner; (2) revaluation of intercompany balances, which pertains to foreign currency differential from the invoice date and estimated settlement date based on the internal rate being used by the group and the petitioner; and (3) bank charges, to wit:[44]

Particulars	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
	Amounts in AUD				
Debit Notes	2,916,607.93	-	-	5,496,623.52	8,413,231.45
Revaluation Intercompany Balances	(58,404.56)	(100,198.16)	(54,579.96)	(19,181.50)	(232,364.18)
Bank Charges	10.04	9.63	9.64	9.75	39.06
Total	**2,858,213.41**	**(100,188.53)**	**(54,570.32)**	**5,477,451.77**	**8,180,906.33**[45]

In fine, petitioner proved that it had zero-rated sales for the four quarters of FY ended March 31, 2013 in the total amount of ₱2,170,342,876.98.

Petitioner incurred or paid input taxes

Having resolved that petitioner's sales to MFHL qualify for VAT zero-rating, the Court will now proceed in the determination of whether petitioner incurred input taxes in connection thereto and if said input taxes have not been applied against any output VAT liability of the petitioner.

In its Quarterly VAT Returns for FY 2013, petitioner reflected a total amount of ₱36,730,780.52 allowable input VAT arising from its amortization of input VAT on purchases of capital goods exceeding ₱1 million, domestic purchases of capital goods not exceeding ₱1 million, domestic purchases of goods other than capital goods, domestic

[44] See Annex 2 of the ICPA Report (Exhibit "P-56"), in relation to Exhibits "P-70-a" to "P-70-c", "P-71-a" to "P-71-e", and "P-58".
[45] The difference of AUD1.32 is due to rounding off.

purchases of services and services rendered by non-residents, detailed as follows:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Input Tax Deferred on Capital Goods exceeding ₱1 Million from Previous Quarter	₱ 12,696,537.21	₱ 10,963,132.91	₱ 9,033,038.15	₱ 9,713,535.37	₱ 12,696,537.21
Add: Input Tax on Capital Goods exceeding ₱1 Million Purchased this Quarter	382,896.71	204,421.82	2,358,892.14	8,571,821.86	11,518,032.53
Total: Unamortized Input Tax on Capital Goods exceeding ₱1 Million	13,079,433.92	11,167,554.73	11,391,930.29	18,285,357.23	24,214,569.74
Less: Input Tax on Purchases of Capital Goods exceeding ₱1 Million deferred for the succeeding period	10,963,132.89	9,033,038.16	9,713,535.37	16,219,315.06	16,219,315.06
Amortization of Input Tax on Capital Goods exceeding ₱1 Million	2,116,301.03	2,134,516.57	1,678,394.92	2,066,042.17	7,995,254.68
Add: Input Tax on:					
Domestic Purchase of Capital Goods not exceeding ₱1M	72,167.72	122,631.27	-	-	194,798.99
Domestic Purchases of Goods Other than Capital Goods	425,895.57	583,547.02	2,708,029.59	968,281.30	4,685,753.48
Domestic Purchase of Services	2,780,440.34	4,078,684.75	8,176,337.56	8,410,864.83	23,446,327.48
Services Rendered by Non-Residents	31,056.48	75,695.46	182,346.73	119,547.22	408,645.89
Total Allowable Input Tax	**₱5,425,861.14**	**₱6,995,075.07**	**₱12,745,108.80**	**₱11,564,735.52**	**₱36,730,780.52**

Save for a minimal difference of ₱.10, the total allowable input tax of ₱36,730,780.52 is the subject of petitioner's claim. In support thereto, petitioner presented various documents such as summary lists[46] and schedules[47] and the corresponding invoices, official receipts, and BIR Forms No. 1600[48], which were all examined by the Independent CPA.

A review of the Independent CPA Report[49] together with the documents supporting the ₱28,735,525.84[50] input VAT claim on

[46] Exhibits "P-20", "P-21", P-22", and "P-23", Docket, vol. III, pp. 994, 1031, 1067, and 1105, respectively.
[47] Exhibits "P-20-a" to "P-20-c", "P-21-a" to "P-21-c", P-22-a" to "P-22-c", and "P-23-a" to "P-23-c", Docket, vol. III, pp. 995-1030, 1032-1066, 1068-1104, and 1106-1147, respectively.
[48] Exhibits "P-72" to "P-3532", "P-3533" to "P-3538", "P-3539" to "P-3545", "P-3547" to "P-3715", and "P-3719" to "P-3817".
[49] Exhibit "P-56".
[50]

Domestic Purchases of Goods Other than Capital Goods	₱ 194,798.99
Importation of Goods other than Capital Goods	4,685,753.48
Domestic Purchase of Services	23,446,327.48
Services Rendered by Non-Residents	408,645.89
Total Allowable Input Tax	**₱28,735,525.84**

domestic purchases of capital goods not exceeding ₱1M, domestic purchases of goods other than capital goods, domestic purchases of services and purchases of services rendered by non-residents show that input taxes amounting to ₱1,910,759.89 should be disallowed for not being properly substantiated by VAT invoices or official receipts as prescribed under Sections 110(A) and 113(A) and (B), 237, and 238 of the NIRC of 1997, as amended, in relation to Sections 4.110-1, 4.110-8, and 4.113-1 of RR No. 16-05, as amended. The amount of ₱1,910,759.89 is detailed as follows:

	Findings	Reference	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	TOTAL
PURCHASES OF GOODS							
1	Domestic purchase of goods other than capital goods supported by TIN VAT Invoices with notation as not a valid source of input VAT	Annex 6-3Q-aa Annex 6-4Q-r	₱ -	₱ -	₱ 783.22	₱ 900.00	₱ 1,683.22
2	Domestic purchase of goods other than capital goods supported by Reg TIN VAT Invoices with Petitioner's TIN written on a computer printed Invoice without countersign and Petitioner's address with countersign	Annex 6-3Q-w	-	-	808.39	-	808.39
3	Domestic purchase of goods other than capital goods supported by Reg TIN VAT Invoices with Petitioner's TIN written on a computer printed Invoice without countersign and Petitioner's address and VAT amount with countersign	Annex 6-3Q-x	-	-	808.39	-	808.39
4	Domestic purchase of goods other than capital goods supported by VAT Reg. Invoice not dated within the period of claim	Annex 6-1Q-u	548.22	-	-	-	548.22
5	Domestic purchase of goods other than	Annex 6-2Q-l		450.00			450.00

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	capital goods supported by VAT Reg. TIN Invoices but the date is unclear						
6	Domestic purchase of services supported by VAT Reg. TIN Invoices not dated within the quarter but within the period of claim with alteration on the Petitioner's name with countersign included as domestic purchase of goods	Annex 6-3Q-y	-	-	1,071.43	-	1,071.43
7	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoices not dated within the quarter but within the period of claim with incomplete Petitioner's name	Annex 6-4Q-s	-	-	-	117.29	117.29
8	Domestic purchase of goods other than capital goods supported by photocopied VAT Reg. TIN Invoices not dated within the quarter but within the period of claim with inserted Petitioner's name without countersign and Petitioner's TIN with countersign	Annex 6-3Q-z	-	-	2,073.22	-	2,073.22
9	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoice not dated within the period of claim	Annex 6-1Q-v	38,146.83	-	-	-	38,146.83
10	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoice not dated within the period of claim with alteration on the Petitioner's name with countersign	Annex 6-1Q-w	7,035.01	-	-	-	7,035.01

11	Domestic purchase of goods other than capital goods supported by photocopied VAT Reg. TIN Invoice not dated within the period of claim with alteration on the Petitioner's name with countersign and Petitioner's TIN is written in a computer printed Invoice with countersign and Petitioner's address without countersign	Annex 6-1Q-x	107.06	-	-	-	107.06
12	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoice not dated within the period of claim with incomplete Petitioner's name (i.e. Macquarie Offshore Services Pty. Ltd. Phil.)	Annex 6-1Q-y	365.68	-	-	-	365.68
13	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoice not dated within the period of claim with written Petitioner's name in a computer printed Invoice with countersign	Annex 6-1Q-z	40,666.82	-	-	-	40,666.82
14	Domestic purchase of capital goods not exceeding 1 million erroneously classified as domestic purchase of goods other that capital goods in the schedule supported by certified true copy VAT Reg. TIN Invoice not dated within period of claim with written Petitioner's TIN on a computer printed Invoice without countersign	Annex 6-1Q-aa	2,352.00	-	-	-	2,352.00

15	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoice with alteration on the date with countersign but with overclaimed input VAT amount as independently computed	Annex 6-2Q-m	-	68.50	-	-	68.50
16	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoice with inserted Petitioner's name and TIN with countersign and Petitioner's address is written on a computer generated Invoice with countersign	Annex 6-2Q-n	-	385.71	-	-	385.71
17	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoice with inserted Petitioner's name with countersign and with alteration on the Petitioner's TIN with countersign but Petitioner's address is written on a computer generated Invoice with countersign	Annex 6-1Q-ab Annex 6-2Q-o	17,217.64	1,791.45	-	-	19,009.09
18	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoice with inserted Petitioner's name and address with countersign and Petitioner's TIN is written on computer printed Invoice with countersign	Annex 6-2Q-p	-	3,021.43	-	-	3,021.43
19	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoice with inserted Petitioner's name with countersign and with incomplete Petitioner's address	Annex 6-4Q-t	-	-	-	912.03	912.03

20	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoice with inserted Petitioner's name with countersign but without BIR permit to print	Annex 6-4Q-u	-	-	-	781.10	781.10
21	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoice with alteration on the Petitioner's name with countersign and with wrong Petitioner's TIN	Annex 6-2Q-q	-	1,605.00	-	-	1,605.00
22	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoices with incomplete Petitioner's name (e.i Macquarie Offshore Services) with Petitioner's address is written on a computer generated invoice with countersign and without BIR permit to print	Annex 6-3Q-ab	-	-	1,682.14	-	1,682.14
23	Domestic purchase of goods other than capital goods supported by photocopied VAT Reg. TIN Invoice with incomplete Petitioner's name and VAT amount is not shown separately	Annex 6-1Q-ac	556.34	-	-	-	556.34
24	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoice with Petitioner's name, TIN and address written on a computer generated invoice with countersign	Annex 6-1Q-ad	534.64	-	-	-	534.64
25	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoice with Petitioner's name written on a computer generated invoice	Annex 6-1Q-ae	3,468.00	-	-	-	3,468.00

	with countersign but with underclaimed input VAT amount as independently computed.						
26	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoice with inserted Petitioner's name without countersign and Petitioner's TIN is written on a computer printed Invoice without countersign	Annex 6-2Q-r	-	535.71	-	-	535.71
27	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoice with inserted Petitioner's TIN with countersign	Annex 6-3Q-ac	-	-	8,672.47	-	8,672.47
28	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoice with written Petitioner's TIN on a computer generated Invoice with countersign	Annex 6-3Q-ad	-	-	3,409.28	-	3,409.28
29	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoice with alteration on the Petitioner's address with countersign but with overclaimed input VAT amount independently computed	Annex 6-4Q-v	-	-	-	18,771.43	18,771.43
30	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoice without BIR permit to print	Annex 6-4Q-w	-	-	-	10,261.61	10,261.61
31	Domestic purchase of goods other than capital goods supported by VAT Reg. TIN Invoice with overclaimed input VAT amount as	Annex 6-3Q-ae	-	-	6,252.47	-	6,252.47

	independently computed						
32	Domestic purchase of goods other than capital goods supported by VAT Reg TIN Invoices wherein a potion pertains to domestic purchase of services supported by VAT Reg TIN OR.	Annex 6-3Q-v	-	-	34,398.23	-	34,398.23
33	Domestic purchase of goods other than capital goods supported by photocopied VAT Reg. TIN Invoices	Annex 6-2Q-k		3,632.14	-	-	3,632.14
34	Domestic purchase of goods other than capital goods supported by TIN V Invoice	Annex 6-1Q-af	107.14		-	-	107.14
35	Domestic purchase of goods other than capital goods supported by TIN Invoice not dated within the quarter but within the period of claim	Annex 6-4Q-x	-	-	-	2,558.58	2,558.58
36	Domestic purchase of goods other than capital goods supported by TIN Invoice	Annex 6-3Q-af			1,864.57		1,864.57
37	Domestic purchase of goods other than capital goods supported by TIN VAT Invoice not dated within the quarter but within the period of claim with alteration on the Petitioner's name and address without countersign and without Petitioner's TIN	Annex 6-2Q-s	-	4,562.38	-	-	4,562.38
38	Domestic purchase of goods other than capital goods supported by TIN VAT Invoice not dated within the quarter but within the period of claim with inserted Petitioner's name	Annex 6-3Q-ag	-	-	160.71	-	160.71

	without countersign and with underclaimed input VAT amount as independently computed wherein a portion pertains to domestic purchase of services supported by TIN VAT OR						
39	Domestic purchase of goods other than capital goods supported by TIN VAT Invoice not dated within the quarter but within the period of claim and with overclaimed input VAT amount as independently computed	Annex 6-2Q-t	-	773.04	-	-	773.04
40	Domestic purchase of goods other than capital goods supported by TIN VAT Invoice not dated within the period of claim	Annex 6-3Q-ah	-	-	117,532.65		117,532.65
41	Domestic purchase of goods other than capital goods supported by TIN VAT Invoice but not dated within the period of claim with inserted Petitioner's name, TIN and VAT amount in different writing with countersign.	Annex 6-1Q-ag	2,102.49	-	-	-	2,102.49
42	Domestic purchase of goods other than capital goods supported by TIN VAT Invoice but not dated within the period of claim with inserted Petitioner's name with countersign and with alteration on Petitioner's address with countersign.	Annex 6-1Q-ah	107.14	-	-	-	107.14
43	Domestic purchase of goods other than capital goods supported by TIN VAT Invoice but	Annex 6-1Q-ai	272.81	-	-	-	272.81

	not dated within the period of claim with inserted Petitioner's TIN with countersign and VAT amount in different writing with countersign					
44	Domestic purchase of goods other than capital goods supported by TIN VAT Invoice not dated within the period of claim and no indicated BIR permit to print and printing date	Annex 6-3Q-ai	-	-	20,255.14	-	20,255.14
45	Domestic purchase of goods other than capital goods supported by TIN VAT Invoice but not dated within the period of claim and VAT amount in different writing with countersign	Annex 6-1Q-aj	5,881.07	-	-	-	5,881.07
46	Domestic purchase of goods other than capital goods supported by TIN VAT Invoice with alteration on the date without countersign and underclaimed input VAT amount independently computed wherein a portion pertains to domestic purchase of services supported by TIN VAT OR	Annex 6-3Q-aj	-	-	160.71	-	160.71
47	Domestic purchase of goods other than capital goods supported by TIN VAT Invoice with incomplete Petitioner's name	Annex 6-1Q-ak	992.96	-	-	-	992.96
48	Domestic purchase of goods other than capital goods supported by TIN VAT Invoice but with underclaimed input VAT amount independently computed	Annex 6-3Q-ak	-	-	482.13	-	482.13

49	Domestic purchase of services supported by TIN VAT Invoices included as purchase of goods other than capital goods	Annex 6-3Q-u	-	-	642.86	-	642.86
50	Domestic purchase of goods other than capital goods without supporting documents at the time of verification.	Annex 6-1Q-am Annex 6-2Q-v Annex 6-3Q-am Annex 6-4Q-ab	2,214.64	9,750.49	551.54	19.29	12,535.96
51	Domestic purchase of goods other than capital goods supported by VAT OR	Annex 6-1Q-al Annex 6-4Q-y	3,456.16	-	-	2,055.58	5,511.74
52	Domestic purchase of goods other than capital goods with supports other than VAT invoice.	Annex 6-2Q-uv Annex 6-3Q-al Annex 6-4Q-z	-	5,847.31	7,012.98	19,009.96	31,870.25
	Subtotal		**126,132.67**	**32,423.16**	**208,622.52**	**55,386.87**	**422,565.21**
PURCHASES OF SERVICES							
1	Domestic purchase of goods supported by TIN VAT Invoice not dated within the quarter but within the period of claim erroneously classified as domestic purchase of services	Annex 6-3Q-bp	-	-	333.99	-	333.99
2	Domestic purchase of services supported by VAT Reg. TIN OR not dated within the quarter but within the period of claim with incomplete Petitioner's name	Annex 6-2Q-ax	-	97.50	-	-	97.50
3	Domestic purchase of services supported by VAT Reg. TIN OR not dated within the quarter but within the period of claim with incomplete Petitioner's name and writing is different on the Petitioner's TIN	Annex 6-2Q-ay	-	1,338.64	-	-	1,338.64

4	Domestic purchase of services supported by VAT Reg. TIN OR not dated within the quarter but within the period of claim without Petitioner's TIN	Annex 6-4Q-bi	-	-	-	14,399.98	14,399.98
5	Domestic purchase of goods supported by VAT Reg. TIN OR erroneously classified as domestic purchase of services not dated within the quarter with alteration on the Petitioner's TIN and address without countersign	Annex 6-4Q-bj	-	-	-	83.57	83.57
6	Domestic purchase of services supported by VAT Reg. TIN OR not dated within the quarter but within the period of claim but with overclaimed input VAT as amount independently computed	Annex 6-4Q-bk	-	-	-	1,863.74	1,863.74
7	Domestic purchase of services supported by VAT Reg. TIN OR not dated within the period of claim	Annex 6-1Q-bh Annex 6-2Q-az Annex 6-3Q-bq	7,278.25	693.20	2,400.00	-	10,371.45
8	Domestic purchase of services supported by VAT Reg. TIN OR not dated within the period of claim with stamped Petitioner's name, TIN and address and with different writing on the VAT amount	Annex 6-3Q-br	-	-	374.79	-	374.79
9	Domestic purchase of services supported by VAT Reg. TIN OR not dated within the period of claim but with alteration on the Petitioner's address without countersign	Annex 6-1Q-bi	321.43	-	-	-	321.43
10	Domestic purchase of services supported by VAT	Annex 6-1Q-bj	88.93	-	-	-	88.93

	Reg. TIN OR not dated within the period of claim but different writing on the VAT amount						
11	Domestic purchase of services supported by VAT Reg. TIN OR not dated	Annex 6-4Q-bl	-			417.64	417.64
12	Domestic purchase of services supported by VAT Reg. TIN OR but no date indicated, with stamped Petitioner's name, TIN and address and VAT amount is not shown separately	Annex 6-2Q-ba	-	5,039.97	-	-	5,039.97
13	Domestic purchase of services supported by VAT Reg. TIN OR but no date indicated, with stamped Petitioner's name, TIN and address	Annex 6-1Q-bk Annex 6-2Q-bb	486.09	21,947.65	-	-	22,433.74
14	Domestic purchase of services supported by VAT Reg. TIN OR with alteration on the date without countersign with stamped Petitioner's name, TIN and address and with different writing on the VAT amount	Annex 6-3Q-bs	-	-	9,027.75	-	9,027.75
15	Domestic purchase of services supported by VAT Reg. TIN OR no year indicated on the date with stamped Petitioner's name, TIN and address and with different writing on the VAT amount	Annex 6-3Q-bt	-	-	245.89	-	245.89
16	Domestic purchase of services supported by VAT Reg. TIN OR but no year indicated on the date with stamped Petitioner's name, TIN and address	Annex 6-2Q-bc	-	5,536.54	-	-	5,536.54
17	Domestic purchase of services supported by VAT Reg. TIN OR with	Annex 6-2Q-bd Annex 6-3Q-bu Annex 6-4Q-bm	-	535.50	9,103.16	5,040.01	14,678.67

	stamped Petitioner's name, TIN and address and VAT amount was not shown separately						
18	Domestic purchase of services supported by VAT Reg. TIN OR with stamped Petitioner's name, TIN and address and overclaimed input VAT as amount independently computed on different writing	Annex 6-4Q-bn	-	-	-	838.84	838.84
19	Domestic purchase of services supported by VAT Reg. TIN OR with stamped Petitioner's name, TIN and address but with overclaimed input VAT amount independently computed	Annex 6-1Q-bl Annex 6-4Q-bc	1,441.61	-	-		1,441.61
20	Domestic purchase of services supported by VAT Reg. TIN OR with stamped Petitioner's name, TIN and address but with overclaimed input VAT as amount independently computed	Annex 6-4Q-bo	-	-	-	267.75	267.75
21	Domestic purchase of services supported by VAT Reg. TIN OR with stamped Petitioner's name, TIN and address but with underclaimed input VAT amount independently computed	Annex 6-1Q-bg Annex 6-2Q-be	-	417.93	-	-	417.93
22	Domestic purchase of services supported by VAT Reg. TIN OR with wrong Petitioner's name and without Petitioner's TIN, address and VAT amount	Annex 6-3Q-bv	-	-	267.75	-	267.75

23	Domestic purchase of services supported by VAT Reg. TIN OR not in the Petitioner's name with wrong Petitioner's TIN and overclaimed input VAT amount as independently computed	Annex 6-4Q-bp	-	-	-	1,296.43	1,296.43
24	Domestic purchase of services supported by VAT Reg. TIN OR with alteration on the Petitioner's name and TIN with countersign and with stamped Petitioner's address and VAT amount	Annex 6-4Q-bq	-	-	-	31,253.15	31,253.15
25	Domestic purchase of services supported by VAT Reg. TIN OR with alteration on the Petitioner's name with countersign and underclaimed input VAT amount as independently computed	Annex 6-3Q-bw	-	-	76,872.00	-	76,872.00
26	Domestic purchase of services supported by VAT Reg. TIN OR with incomplete Petitioner's name (i.e. Macquarie Offshore Services Pty. Ltd. Branch, Macquarie Offshore Svcs Pty)	Annex 6-3Q-bx	-	-	13,203.92	-	13,203.92
27	Domestic purchase of services supported by VAT Reg. TIN OR with incomplete Petitioner's name (i.e. Macquarie Offshore) and without Petitioner's TIN, address and VAT amount not shown separately	Annex 6-3Q-by	-	-	57,805.97	-	57,805.97
28	Domestic purchase of services supported by VAT Reg. TIN OR with incomplete Petitioner's name and address	Annex 6-4Q-br	-	-	-	74.36	74.36

	without Petitioner's TIN						
29	Domestic purchase of services supported by VAT Reg. TIN OR with incomplete Petitioner's name and VAT amount was not shown separately	Annex 6-4Q-bs	-	-	-	2,904.41	2,904.41
30	Domestic purchase of services supported by VAT Reg TIN OR with incomplete Petitioner's name with overclaimed input VAT as amount independently computed	Annex 6-2Q-bf	-	851.68	-	-	851.68
31	Domestic purchase of services supported by VAT Reg. TIN OR with incomplete Petitioner's name and with alteration on the VAT amount without countersign	Annex 6-1Q-bm	1,255.99	-	-	-	1,255.99
32	Domestic purchase of services supported by VAT Reg TIN OR without Petitioner's TIN	Annex 6-2Q-bg Annex 6-3Q-bz Annex 6-4Q-bt	-	1,952.68	1,320.00	1,025.36	4,298.04
33	Domestic purchase of services supported by VAT Reg. TIN OR without Petitioner's TIN but with underclaimed input VAT as amount independently computed	Annex 6-4Q-bu	-	-	-	773.18	773.18
34	Domestic purchase of services supported by VAT Reg. TIN OR without Petitioner's TIN but with overclaimed input VAT amount as independently computed	Annex 6-4Q-bv	-	-	-	375.38	375.38
35	Domestic purchase of services supported by VAT Reg. TIN OR and VAT amount was	Annex 6-4Q-bw	-	-	-	7,200.00	7,200.00

an

	not shown separately						
36	Domestic purchase of services supported by VAT Reg. TIN OR with overclaimed input VAT amount independently computed	Annex 6-2Q-bh Annex 6-4Q-bx	-	288.22		8,736.00	9,024.22
37	Domestic purchase of services supported by VAT Reg. TIN OR with overclaimed input VAT amount independently computed	Annex 6-3Q-ca	-	-	1,030.39	-	1,030.39
38	Domestic purchase of services supported by TIN VAT Registered OR but no date indicated on BIR permit to print	Annex 6-1Q-bn	2,014.28	-	-	-	2,014.28
39	Domestic purchase of services supported by TIN OR	Annex 6-1Q-bo Annex 6-2Q-bi Annex 6-3Q-cb Annex 6-4Q-bz	6,311.93	7,826.76	7,826.77	7,826.83	29,792.29
40	Domestic purchase of services supported by TIN OR with inserted Petitioner's name with countersign and Petitioner's address in different writing	Annex 6-1Q-bp	7,826.76	-	-	-	7,826.76
41	Domestic purchase of services supported by VAT TIN OR not dated within the quarter but within the period of claim with inserted Petitioner's name, TIN and address without countersign	Annex 6-4Q-ca	-	-	-	147.86	147.86
42	Domestic purchase of services supported by TIN Non-VAT/Non-VAT Reg. TIN OR	Annex 6-4Q-cb	-	-	-	180,914.98	180,914.98
43	Domestic purchase of services supported by Non-VAT Reg. TIN OR	Annex 6-3Q-cc	-	-	8,769.60	-	8,769.60
44	Domestic purchase of services supported by TIN VAT OR not dated	Annex 6-3Q-cd	-	-	322.81	-	322.81

	within the period of claim						
45	Domestic purchase of services supported by TIN VAT OR not dated within the period of claim with underclaimed input VAT amount independently computed	Annex 6-3Q-ce	-	-	262.50	-	262.50
46	Domestic purchase of services supported by TIN VAT OR not dated within the period of claim with incomplete Petitioner's name	Annex 6-3Q-cf Annex 6-4Q-cc	-	-	10,120.10	33,304.46	43,424.56
47	Domestic purchase of services supported by TIN VAT OR not dated within the period of claim and without Petitioner's TIN	Annex 6-3Q-cg	-	-	20,190.66	-	20,190.66
48	Domestic purchase of services supported by TIN VAT OR with wrong Petitioner's TIN	Annex 6-2Q-bj Annex 6-4Q-cd	-	7,333.20	-	642.86	7,976.06
49	Domestic purchase of services supported by TIN VAT OR with underclaimed input VAT amount independently computed	Annex 6-4Q-ce	-	-	-	1,596.45	1,596.45
50	Domestic purchase of services without supporting documents at the time of verification.	Annex 6-1Q-bs Annex 6-2Q-bl Annex 6-3Q-cj Annex 6-4Q-ci	6,710.42	45,957.71	275,636.34	26,620.60	354,925.07
51	Domestic purchase of services with scanned VAT OR support only	Annex 6-1Q-bq Annex 6-3Q-ch Annex 6-4Q-cf	17,928.00	-	112,515.59	30,088.75	160,532.34
52	Domestic purchase of goods supported by scanned VAT OR erroneously classified as domestic purchase of services	Annex 6-4Q-cg	-	-	-	1,457.14	1,457.14
53	Domestic purchase of services with supports other than VAT OR.	Annex 6-1Q-br Annex 6-2Q-bk Annex 6-3Q-ci Annex 6-4Q-ch	15,048.21	80,280.74	117,562.06	44,396.72	257,287.74

	Subtotal		**66,711.90**	**180,097.92**	**725,192.04**	**403,546.45**	**1,375,548.31**
PURCHASES OF CAPITAL GOODS NOT EXCEEDING ₱1 MILLION							
1	Domestic purchase of capital goods not exceeding P1 million supported by TIN VAT OR but not dated within the period of claim	Annex 6-2Q-bo	-	946.33	-	-	946.33
2	Domestic purchase of capital goods not exceeding P1 million supported by VAT REG TIN OR with underclaimed input vat independently computed	Annex 6-2Q-bp	-	9,933.35	-	-	9,933.35
3	Domestic purchase of capital goods not exceeding P1 million without supporting documents at the time of verification	Annex 6-1Q-bu Annex 6-2Q-bq	12,456.16	89,310.53	-	-	101,766.69
	Subtotal		**12,456.16**	**100,190.21**	-	-	**112,646.37**
TOTAL			**₱205,300.71**	**₱312,711.30**	**₱933,814.57**	**₱458,933.32**	**₱1,910,759.89**

In addition, the Court finds that the following input VAT in the total amount of ₱25,580.55 should likewise be disallowed for failure to meet the substantiation requirements under the afore-mentioned VAT law and regulations:

Exhibit	Registered Name	Invoice No.	Date of Invoice	O.R. No.	Date of O.R.	Amount of Purchase	Input Tax
Supported with VAT Official Receipt but without Petitioner's TIN							
P-2102	ASIA SELECT, INC.	16723	10/31/2012	7893	12/10/2012	₱ 30,860.83	₱ 3,703.30
P-2887	BERNARDO MAINTENANCE SERVICES	178	1/22/2013	8955	2/8/2013	20,251.08	2,430.13
P-3253	ASIA PEOPLEWORKS INC.	1101	2/28/2013	458	3/27/2013	20,377.33	2,445.28
P-3258	ASIA PEOPLEWORKS INC.	1106	2/28/2013	459	3/27/2013	20,387.50	2,446.50
Supported with VAT Official Receipt but with incorrect Petitioner's TIN							
P-1718	NEW BEST	None	None	23588	9/28/2012	1,294.64	155.36
Not Supported with Proper VAT Official Receipt							
P-3181	PLDT	55190287	1/17/2013	PBMOR00 1115306	2/15/2013	119,999.83	14,399.98
Total						**₱213,171.21**	**₱25,580.55**

Hence, out of the ₱28,735,525.84 input VAT claim on domestic purchases of capital goods not exceeding ₱1M, domestic purchases of goods other than capital goods, domestic purchases of services and services rendered by non-residents, only the amount of ₱26,799,185.40 represents petitioner's valid input VAT, computed as follows:

Domestic Purchase of Capital Goods not exceeding ₱1M	₱ 194,798.99
Domestic Purchases of Goods Other than Capital Goods	4,685,753.48
Domestic Purchase of Services	23,446,327.48
Services Rendered by Non-Residents	408,645.89
Total	₱ *28,735,525.84*
Less: Disallowances	
Per ICPA Report	1,910,759.89
Per this Court's further verification	25,580.55
Total	₱ *1,936,340.44*
Properly Substantiated Input VAT on Domestic Purchases of Capital Goods not exceeding ₱1M, Domestic Purchases of Goods other than Capital Goods, Domestic Purchases of Services and Services Rendered by Non-residents	**₱ 26,799,185.40**

The Court shall now proceed to review the substantiation made by petitioner of the ₱7,995,254.68 amortization of input VAT on capital goods purchases exceeding ₱1Million which originated from the ₱12,696,537.21 input tax deferred on capital goods exceeding ₱1Million from previous quarter and ₱11,518,032.53 input VAT from purchases during the four quarters of FY 2013, as shown below:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Input Tax Deferred on Capital Goods exceeding ₱1 Million from Previous Quarter	₱ 12,696,537.21	₱ 10,963,132.91	₱ 9,033,038.15	₱ 9,713,535.37	₱ 12,696,537.21
Add: Input Tax on Capital Goods exceeding ₱1 Million Purchased this Quarter	382,896.71	204,421.82	2,358,892.14	8,571,821.86	11,518,032.53
Total: Unamortized Input Tax on Capital Goods exceeding ₱1 Million	13,079,433.92	11,167,554.73	11,391,930.29	18,285,357.23	24,214,569.74
Less: Input Tax on Purchases of Capital Goods exceeding ₱1 Million deferred for the succeeding period	10,963,132.89	9,033,038.16	9,713,535.37	16,219,315.06	16,219,315.06
Amortization of Input Tax on Capital Goods exceeding ₱1 Million	**₱2,116,301.03**	**₱2,134,516.57**	**₱1,678,394.92**	**₱2,066,042.17**	**₱7,995,254.68**

Upon perusal of the supporting documents and the Independent CPA Report, the Court finds that the total amount of ₱1,972,976.92

should likewise be disallowed for not being properly substantiated by VAT invoices, to wit:

	Findings	Reference to ICPA Report	Input VAT	Allowable Input VAT
INPUT TAX DEFERRED ON CAPITAL GOODS EXCEEDING ₱1M FROM PREVIOUS QUARTER				
1	Domestic purchase of capital goods exceeding ₱1 million supported by VAT REG TIN Invoices but not dated within the period of claim	Annex 8-w	₱ 193,947.01	₱ 56,406.82
2	Domestic purchase of capital goods exceeding ₱1 million supported by VAT REG TIN Invoices with alteration on the date without countersign	Annex 8-x	7,872.00	2,698.97
3	Domestic purchase of capital goods exceeding ₱1 million supported by computer printed VAT REG TIN invoice with altered date without countersign, incomplete Petitioner's name, inserted TIN without countersign and with altered address of the Petitioner with countersign	Annex 8-y	87,535.71	18,757.64
4	Domestic purchase of capital goods exceeding ₱1 million supported by VAT REG TIN Invoice with inserted Petitioner's name without countersign	Annex 8-z	4,937.14	987.43
5	Domestic purchase of capital goods exceeding ₱1 million supported by photocopied VAT REG TIN Invoices	Annex 8-aa	462,494.77	204,907.02
6	Domestic purchase of capital goods exceeding ₱1 million supported by TIN VAT photocopied invoice not dated within the quarter but within the year of claim	Annex 8-ab	1,489.29	496.43
7	Domestic purchase of capital goods exceeding ₱1 million supported by TIN VAT invoice not dated within the period of claim	Annex 8-ac	72,914.00	22,181.23
8	Domestic purchase of capital goods exceeding ₱1 million supported by VAT REG TIN Invoices but not dated within the period of claim with alteration on the Petitioner's name and with inserted Petitioner's TIN without countersign	Annex 8-ad	20,666.07	7,085.51
9	Domestic purchase of capital goods exceeding ₱1 million supported by VAT REG TIN Invoices but not dated within the period of claim with inserted Petitioner's name without countersign	Annex 8-ae	9,961.33	1,992.26
10	Domestic purchase of capital goods exceeding ₱1 million supported by TIN VAT invoice with incomplete Petitioner's name (Macquarie Offshore Services Pty Ltd)	Annex 8-af	387,225.79	129,075.26
11	Domestic purchase of capital goods exceeding ₱1 million supported by TIN VAT invoice with inserted Petitioner's name without countersign	Annex 8-ag	7,201.06	1,440.21
12	Domestic purchase of capital goods exceeding ₱1 million supported by computer printed TIN VAT invoice with inserted name and TIN of the Petitioner without countersign and alteration on the Petitioner's address without countersign	Annex 8-ah	5,400.00	1,080.00
13	Domestic purchase of capital goods exceeding ₱1 million supported by photocopied TIN VAT invoice without Petitioner's TIN	Annex 8-ai	2,556.53	511.31
14	Domestic purchase of capital goods exceeding ₱1 million supported by photocopied TIN VAT invoice with inserted Petitioner's TIN with countersign	Annex 8-aj	4,731.63	946.32
15	Domestic purchase of capital goods exceeding ₱1 million supported by photocopied TIN VAT invoice	Annex 8-ak	671,762.10	230,047.43
16	Domestic purchase of capital goods exceeding ₱1 million supported by Invoices not registered with the BIR	Annex 8-al	115,082.14	23,016.44
17	Domestic purchase of capital goods (services) exceeding ₱1 million supported by photocopied VAT REG TIN Invoices	Annex 8-am	134,400.00	26,880.00
18	Domestic purchase of capital goods exceeding ₱1 million supported by VAT REG TIN Invoices with inserted Petitioner's name without countersign	Annex 8-an	94,602.91	18,920.59
19	The supporting documents not available at the time of verifications	Annex 8-ao	3,698,342.92	901,066.07
	subtotal		**₱5,983,122.40**	**₱1,648,496.94**
INPUT TAX ON PURCHASES OF CAPITAL GOODS EXCEEDING ₱1M DURING THE FOUR QUARTERS OF FY 2013				
1	Domestic purchase of capital goods exceeding ₱1 million supported by TIN VAT Invoices but not dated within the period of claim	Annex 7-1Q-b Annex 7-4Q-m	₱ 560,154.87	₱ 95,356.06

2	Domestic purchase of capital goods exceeding ₱1 million supported by TIN VAT Invoice with alteration on the Petitioner's name and TIN without countersign	Annex 7-3Q-f	289,640.68	33,101.79
3	Domestic purchase of capital goods exceeding ₱1 million supported by TIN VAT Invoice with alteration on the VAT amount with countersign	Annex 7-4Q-k	685.71	41.56
4	Domestic purchase of capital goods exceeding ₱1 million supported by TIN VAT Invoices but not dated within the period of claim	Annex 7-2Q-c	1,103.71	165.56
5	Domestic purchase of capital goods exceeding ₱1 million supported by VAT REG TIN Invoice dated not within the period of claim with alteration on the VAT amount with countersign	Annex 7-4Q-n	4,500.00	397.06
6	Domestic purchase of capital goods exceeding ₱1 million supported by photocopied VAT REG TIN Invoices but not dated within the period of claim	Annex 7-1Q-c	2,766.80	1,268.12
7	Domestic purchase of capital goods exceeding ₱1 million supported by photocopied VAT REG TIN Invoices but not dated within the period of claim	Annex 7-2Q-d	18,296.64	7,484.99
8	Domestic purchase of capital goods (services) exceeding ₱1 million supported by photocopied VAT REG TIN Invoice not dated within the quarter but within the period of claim	Annex 7-4Q-l	707,142.86	62,394.96
9	Domestic purchase of capital goods exceeding ₱1 million without supporting documents at the time of verification.	Annex 7-1Q-d Annex 7-2Q-e Annex 7-3Q-g Annex 7-4Q-o	886,458.58	124,269.89
	subtotal		**₱2,470,749.85**	**₱ 324,479.99**
	TOTAL		**₱8,453,872.25**	**₱1,972,976.93**

Hence, out of the ₱7,995,254.68 reported amortization of input VAT on purchase of capital goods exceeding ₱1Million, only the amount of ₱6,022,277.75 (₱7,995,254.68 – ₱1,972,976.93) represents petitioner's valid claim.

In sum, petitioner's total allowable input VAT amounted only to ₱32,821,463.15, as computed below:

Input VAT on Domestic Purchases of Capital Goods not exceeding ₱1M, Domestic Purchases of Goods other than Capital Goods, Domestic Purchases of Services and Services Rendered by Non-residents	₱ 26,799,185.40
Amortization of Input VAT on Purchases of Capital Goods exceeding ₱1Million	6,022,277.75
Total Allowable Input VAT	**₱ 32,821,463.15**

Petitioner's input taxes were entirely attributable to zero-rated sales and were not applied against any output VAT liability

Since petitioner's reported sales for FY 2013 were all zero-rated, the substantiated input VAT in the amount of ₱32,821,463.15 is entirely attributable thereto and was not applied against any output tax. Even though the claimed input VAT was carried over by petitioner in its succeeding Quarterly VAT Returns[51], the same remained unutilized until it was deducted as "VAT Refund/TCC Claimed" in the amounts of ₱5,425,861.12 and ₱31,304,919.48 in its Quarterly VAT Returns[52] for the first and second quarters of FY 2015, respectively, thus, preventing the carry over or application of the claimed input VAT in the next taxable periods.

In view of the foregoing, petitioner has sufficiently proven its entitlement to a refund or issuance of a tax credit certificate in the reduced amount of ₱32,821,463.15, representing unutilized input VAT attributable to its zero-rated sales to MFHL for the four quarters of FY ended March 31, 2013.

WHEREFORE, premises considered, the instant consolidated Petitions for Review are hereby **PARTIALLY GRANTED**. Accordingly, respondent is **ORDERED TO REFUND** or **TO ISSUE A TAX CREDIT CERTIFICATE** in the amount of **THIRTY-TWO MILLION EIGHT HUNDRED TWENTY-ONE THOUSAND FOUR HUNDRED SIXTY-THREE AND 15/100 PESOS (₱32,821,463.15)**, representing petitioner's unutilized input VAT attributable to its zero-rated sales for FY ended March 31, 2013.

SO ORDERED.

CATHERINE T. MANAHAN
Associate Justice

WE CONCUR:

JUANITO C. CASTAÑEDA, JR.
Associate Justice

CAESAR A.CASANOVA
Associate Justice

[51] Exhibits "P-67-a" to "P-67-d", "P-68-a", and "P-68-b".
[52] Exhibits "P-68-a" and "P-68-b", line 23D.

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's Division.

Juanito C. Castañeda, Jr.
JUANITO C. CASTAÑEDA, JR.
Acting Presiding Justice