REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

THIRD DIVISION

SONOMA SERVICES, INC.,
Petitioner,

-versus-

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

C.T.A. CASE NO. 8639

Members:

BAUTISTA, *Chairperson*;
FABON-VICTORINO, and
RINGPIS LIBAN, JJ.

Promulgated:

AUG 2 8 2015

1:36 p.m.

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RESOLUTION

FABON-VICTORINO, J.:

In its Motion for Reconsideration posted on May 6, 2015, respondent assails the Decision dated April 15, 2015 granting petitioner's claim for refund in the amount of ₱3,911,850.00, representing its excess and unutilized creditable withholding taxes for the calendar year (CY) ended December 31, 2010.

Respondent claims that petitioner failed to present the necessary documents, such as, but not limited to, official receipts, sales invoices, detailed general ledger, sales register, reconciliation schedules or any other document where the income payments related to the claimed creditable withholding taxes (CWT) may be traced and confirmed as part of the taxable gross income reflected in the Annual Income Tax Return. For this reason, respondent prays for the denial of instant Petition for Review.

Respondent also banks on the provision that cases filed before the Court are litigated de novo. That being the case, party-litigants should prove every minute aspect of their cases. The claimants have the burden to prove the factual basis of their claims given that tax refunds are in the nature of tax exemptions. In fine, petitioner had to discharge this burden to be entitled to the refund claimed, but failed.

In rejecting respondent's arguments, petitioner contends that perusal of the ICPA Report dated October 14, 2013 and Formal Offer of Evidence dated December 2, 2013, show that it submitted copies of its accounting records and pertinent agreements as proof that the income from which the CWT being claimed for refund were withheld and were reported as part of the revenues declared in its income tax return. In fact, the Court has ruled in the assailed Decision that the income payments from which the creditable withholding taxes being claimed for refund were traced to the gross income reported in its Annual Income Tax Return for CY 2010.

Respondent's Motion for Reconsideration is denied.

Indeed, petitioner submitted evidence justifying the grant of the claim for refund. Among the documents it presented are the summary of official receipts of administrative fees for CY 2010, official receipts for administrative fees for CY 2010, management services agreements and cost recovery agreements between petitioner and its clients/withholding agents for CY 2010 and general ledgers for CY 2010 for administration fees, recovery on costs, rental expense, insurance expense, supplies, advertising and promotions, representation expense, transportation, bank charges and miscellaneous expense. In other words, petitioner submitted sufficient evidence to prove its entitlement to the relief sought.

The Court also have thoroughly discussed in the assailed Decision that petitioner was able to sufficiently prove its claim for refund by complying with the requisites set forth under the law. To repeat, petitioner filed its claim within the prescriptive period of two years; it was able to substantiate its claim by presenting the creditable withholding tax certificates issued by its various withholding agents; and, it was able to prove that the income upon which the taxes were withheld were included in its income tax return for the CY 2010.

Finally, the Court agrees with respondent that cases filed before the Court are litigated de novo. Hence, it is imperative for the taxpayer to satisfy the quantum of proof to establish the factual basis of its claim for tax refund, lest it should be denied.

In the instant case, preponderance of evidence is all that is required for the grant of refund/tax credit. Tax cases are civil in nature, which merely require preponderance of evidence to sustain the proponent[1]. The phrase "preponderance of evidence" denotes the weight, credit and value of the aggregate on either side[2], which means that the testimony adduced by one side is more credible and conclusive than that of the other.

WHEREFORE, the Motion for Reconsideration (of the Decision dated 15 April 2015) posted by respondent on May 6, 2015 is hereby **DENIED,** for lack of merit.

SO ORDERED.

ESPERANZA R. FABON-VICTORINO
Associate Justice

We Concur:

LOVELL R. BAUTISTA
Associate Justice

(On Official Business)
MA. BELEN M. RINGPIS-LIBAN
Associate Justice

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[1] Section 1, Rule 133, Rules of Court
[2] *Municipality of Moncada vs. Cajuigan*, 21 Phil. 184.