Republic of the Philippines
COURT OF TAX APPEALS
Quezon City

EN BANC

WELLFORM TRADING CORPORATION, Petitioner,	**CTA EB NO. 1827** (CTA Case No. 9086)
-versus-	Present: DEL ROSARIO, *P.J.*, CASTAÑEDA, JR., UY, FABON-VICTORINO, MINDARO-GRULLA, RINGPIS-LIBAN, MANAHAN, BACORRO-VILLENA, and MODESTO-SAN PEDRO, *JJ*
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated: FEB 20 2020 11:31 a.m.

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RESOLUTION

MINDARO-GRULLA, J.:

This resolves petitioner's "Motion for Reconsideration (of the Decision promulgated on September 24, 2019)" assailing the Court *En Banc's* September 24, 2019 Decision, the dispositive portion of which states:

> "***WHEREFORE****, premises considered, the Petition for Review docketed as CTA EB No. 1827 is* ***DENIED*** *for lack of merit. Accordingly, the Decision dated November 27, 2017 and Resolution dated March 13, 2018 by the Second Division of this Court in CTA Case No. 9086 are* ***AFFIRMED with MODIFICATION*** *in the computation of deficiency interest and delinquency interest in view of the effectivity of Republic Act No. 10963 (TRAIN Law) on January 1, 2018 and the issuance of Revenue Regulation No. 21-2018[1]. No pronouncement as to costs.*

[1] Regulations Implementing Section 249 (Interest) of the National Internal Revenue Code (NIRC) of 1997, as amended under Section 75 of the Republic Act (RA) No. 10963 or the "Tax Reform for Acceleration and Inclusion (TRAIN Law)".

Accordingly, the Decision dated November 27, 2017 and Resolution dated March 13, 2018 by the Second Division of this Court, is modified and shall read as follows:

*'**WHEREFORE**, premises considered, the instant Petition for Review is **DENIED**. Accordingly, the Court finds petitioner liable to pay the basic deficiency VAT but in the reduced amount of ₱54,387,926.56, inclusive of the 25% surcharge and deficiency and delinquency interests imposed under Sections 248(A)(1)(3) and 249(B) and (C) of the NIRC of 1997, as amended, respectively computed until December 31, 2017 as follows:*[2]

Basic deficiency VAT	***₱16,028,352.12***
Add: 25% Surcharge	*4,007,088.03*
20% Deficiency Interest[3] *July 26, 2012 to December 11, 2014* *(₱16,028,352,.12 x 20% x 869/365 days)*	*7,632,130.41*
Total VAT due as of December 11, 2014	***₱27,667,570.56***
20% Deficiency Interest [4] *December 12, 2014 to December 31, 2017* *(₱16,028,352,.12 x 20% x 1116/365 days)*	*9,801,447.10*
20% Delinquency Interest [5] *December 12, 2014 to December 31, 2017* *(₱27,667,570.56 x 20% x 1116/365 days)*	*16,918,908.90*
Total Amount Due as of December 31, 2017	***₱54,387,926.56***

*In addition, petitioner is liable to pay delinquency interest at the rate of 12% on the total unpaid basic deficiency tax, surcharge and deficiency interest as of December 11, 2014 amounting to **₱27,667,570.56** computed from January 1, 2018 until full payment thereof pursuant to Section 249(C) of the NIRC of 1997, as amended by Republic Act No. 10963, also known as Tax Reform for Acceleration and Inclusion (TRAIN).'*

SO ORDERED."

[2] Section 6 of Revenue Regulations No. 21-2018 dated September 14,2018.
[3] Basic tax multiplied by 20% Deficiency Interest and years.
[4] Ibid.
[5] Total Amount Due as of December 11, 2014 multiplied by 20% Deficiency Interest and years.

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In assailing this Court *En Banc's* Decision, petitioner maintains that the Final Assessment Notice should contain all the factual and legal bases of the deficiency VAT assessed against petitioner and that any deficiency VAT assessment must be computed on a quarterly basis.

We resolve to deny the "Motion for Reconsideration".

After a careful examination of petitioner's motion for reconsideration, the Court *En Banc* finds that the argument raised in said motion had already been sufficiently passed upon by the Second Division's Decision dated November 27, 2017 and Resolution dated March 13, 2018, and by this Court *En Banc's* Decision dated September 24, 2019.

To reiterate, sales invoices or receipts issued by the supplier are necessary to substantiate the actual amount or quantity of goods sold and their selling price, and taken collectively are the best means to prove the input VAT payments. Thus, this Court *En Banc* finds that the Court in Division correctly ruled as follows:

> *"Section 110 of the NIRC of 1997, as amended, as implemented by Section 4.110-1 of RR No. 16-05, provides that in order for an input tax to be credited against output tax, the same* ***must*** ***be evidenced by a VAT invoice or official receipt issued in accordance with Section 113 of the same Code.***
>
> *Relative thereto, Sections 113(A) and (B) of the same Code provide for the invoicing requirements and contents of the VAT invoice or official receipt, to wit:*
>
>> ***SEC. 113. Invoicing and Accounting Requirements for VAT-Registered Persons.-***
>>
>> *(A) Invoicing Requirements. - A VAT-registered person shall issue:*
>>
>> *(1) A VAT invoice for every sale, barter or exchange of goods or properties; and*
>>
>> *(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*

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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:

(a) The amount of the tax shall be shown as a separate item in the invoice or receipt;

*(b) If the sale is exempt from value-added tax, the term **"VAT-exempt sale"** shall be written or printed prominently on the invoice or receipt;*

*(c) If the sale is subject to zero percent (0°/o) value-added tax, the term **"zero-rated sale"** shall be written or printed prominently on the invoice or receipt;*

(d) If the sale involves goods, properties or services some of which are subject to and some of which are VAT zero-rated or VAT-exempt, the invoice or receipt shall clearly indicate the breakdown of the sale price between its taxable, exempt and zero-rated components, and the calculation of the value-added tax on each portion of the sale shall be shown on the invoice or receipt: Provided, That the seller may issue separate invoices or receipts for the taxable, exempt, and zero-rated components of the sale.

(3) The date of transaction, quantity, unit cost and description of the goods or properties or nature of the service; and

(4) In the case of sales in the amount of one thousand pesos (₱1,000) or more where the sale or transfer is made to a VAT-registered person, the name, business style, if any, address and taxpayer identification number (TIN) of the purchaser, customer or client.[6]

The law is clear. The Tax Code expressly provides for the invoicing requirements and contents of the VAT invoice

[6] Underlining Supplied.

> *or official receipt. Thus, petitioner cannot claim deprivation of its right to due process on matters which are clearly provided by law in the guise of contesting limited wordings used in the FAN.*
>
> *Further, mere submission of supporting documents or substantial compliance with the invoicing requirements cannot be considered as 'proper substantiation' if these do not comply with the provisions of the law. The requirements set by the law would be rendered useless and nugatory if the Court will allow petitioner to claim credits for input taxes which are not compliant with the invoicing requirements.*
>
> *By petitioner's admission, there were indeed irregularities in the information contained in the submitted VAT invoices and official receipts. Without proper substantiation in accordance with Section 113(A) and (B) of the Tax Code, the corresponding input taxes then cannot be claimed as tax credits by petitioner pursuant to Section 110 of the same Code. Hence, the Court correctly disallowed input taxes that failed to comply with the invoicing requirements."*

As to the claim that any VAT assessment not computed on a quarterly basis must be declared null and void, We find no basis to declare such VAT assessment void. In this case, petitioner was assessed for deficiency VAT for the period January 1, 2012 to June 30, 2012. While it is true that there is no semiannual VAT return, the assessment for the period January 1, 2012 to June 30, 2012 is in compliance with Section 114[7] of the National Internal Revenue Code, as amended, which requires VAT registered persons to pay VAT on monthly basis and file a quarterly return. Thus, the assessment covers the months from January to June, the 1st and 2nd quarters when petitioner is required to file its returns.

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[7] **SEC. 114. Return and Payment of Value-Added Tax. –**

(A) In General. - Every person liable to pay the value-added tax imposed under this Title shall file a quarterly return of the amount of his gross sales or receipts within twenty-five (25) days following the close of each taxable quarter prescribed for each taxpayer: Provided, however, That VAT-registered persons shall pay the value-added tax on a monthly basis.

Any person, whose registration has been cancelled in accordance with Section 236, shall file a return and pay the tax due thereon within twenty-five (25) days from the date of cancellation of registration: Provided, That only one consolidated return shall be filed by the taxpayer for his principal place of business or head office and all branches.

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In sum, We find that no substantial argument was raised to merit reconsideration of our Decision promulgated on September 24, 2019.

WHEREFORE, the ""Motion for Reconsideration (of the Decision promulgated on September 24, 2019)" is **DENIED** for lack of merit.

SO ORDERED.

Cielito N. Mindaro-Grulla
CIELITO N. MINDARO-GRULLA
Associate Justice

WE CONCUR:

ROMAN G. DEL ROSARIO
Presiding Justice

Juanito C. Castañeda, Jr.
JUANITO C. CASTAÑEDA, JR.
Associate Justice

ERLINDA P. UY
Associate Justice

ESPERANZA R. FABON-VICTORINO
Associate Justice

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

CATHERINE T. MANAHAN
Associate Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice