REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

COMMISSIONER OF INTERNAL REVENUE, *Petitioner,*	**CTA EB No. 3199** (CTA Case No. 10764)
	Present:
-versus-	**RINGPIS-LIBAN,** PJ **BACORRO-VILLENA, MODESTO-SAN PEDRO, REYES-FAJARDO, CUI-DAVID, FERRER-FLORES,** and, **ANGELES,** *JJ.*
DIGITAL SERVICES CAMBRIDGE LIMITED ROHQ, *Respondent.*	Promulgated: JUL 14 2026 3:26 pm

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DECISION

REYES-FAJARDO, *J.*:

Under consideration is the Petition for Review[1] dated September 2, 2025, questioning the Decision[2] dated February 26, 2025 and Resolution[3] dated August 1, 2025, handed down by the Court of Tax Appeals - First Division (CTA in Division) in CTA Case No. 10764. The questioned Decision and Resolution granted in part,

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[1] *Rollo*, pp. 9-33.

[2] *Id.* at pp. 41-84. Penned by Associate Justice Lanee S. Cui-David. Associate Justice Jean Marie A. Bacorro-Villena, concurring. Presiding Justice Roman G. Del Rosario (Ret.) wrote a Dissenting Opinion.

[3] *Id.* at pp. 95-97. Penned by Associate Justice Lanee S. Cui-David. Associate Justice Jean Marie A. Bacorro-Villena, concurring. Presiding Justice Roman G. Del Rosario (Ret.) reiterated his Dissenting Opinion.

Digital Services Cambridge Limited ROHQ's claim for refund or credit of unused input Value-Added Tax (VAT), attributable to its zero-rated sales for the period May 1, 2019 to April 30, 2020, to the extent of ₱10,233,828.27.

The facts follow.

Petitioner Commissioner of Internal Revenue (CIR) is the head of the BIR, vested with the power and authority to grant a refund or issue a tax credit certificate for unutilized input VAT attributable to zero-rated sales. Respondent may be served with summons and other court processes at the BIR, Room 703 Litigation Division, BIR Bldg., Diliman, Quezon City.

Respondent Digital Services Cambridge Limited ROHQ is a duly licensed Regional Operating Headquarters **(ROHQ)** of Digital Services Cambridge Limited, a private limited company incorporated under the laws of England and Wales. It is registered with the Bureau of Internal Revenue **(BIR)** as a VAT taxpayer under Tax Identification Number **(TIN)** 008-329-848-000, and with address at the 2nd Floor, New Solid Building, 357 Sen. Gil Puyat Avenue, Brgy. Bel-Air, Makati City.

Respondent filed its Quarterly VAT Returns (BIR Form No. 2550-Q) for the 1st to 4th quarters of fiscal year ending April 30, 2020 **(FY 2020)** through the BIR's Electronic Filing and Payment System **(eFPS)** on the following dates:

FY April 30, 2020	Date of Filing	Return Type
1st Quarter (May 1, 2019, to July 31, 2019)	August 20, 2019	Original
	April 16, 2020	Amended
	July 8, 2021	Amended
	July 27, 2021	Amended
	July 29, 2021	Amended
2nd Quarter (August 1, 2019, to October 31, 2019)	November 22, 2019	Original
	April 16, 2020	Amended
	July 9, 2021	Amended
	July 27, 2021	Amended
	July 29, 2021	Amended
3rd Quarter (November 1, 2019 to	February 21, 2020	Original
	April 16, 2020	Amended

January 31, 2020)	July 9, 2021	Amended
	July 27, 2021	Amended
	July 29, 2021	Amended
4th Quarter (February 1, 2020, to April 30, 2020)	May 18, 2020	Original
	July 29, 2020	Amended
	July 9, 2021	Amended
	July 27, 2021	Amended
	July 29, 2021	Amended

On July 30, 2021, respondent filed with the BIR an Application for Tax Credits/Refunds (BIR Form No. 1914) for its unutilized input VAT in the total amount of ₱13,547,293.21, covering the period May 1, 2019 to April 30, 2020.

On July 30, 2021, Tax Verification Notice No. TVN201800143208 was issued, authorizing Revenue Officers **(ROs)** Michele J. Alonzo-Bucayu and Marjorie C. Dioso to verify the supporting documents and/or pertinent records relative to respondent's claim for VAT refund for the taxable period May 1, 2019 to April 30, 2020.

On November 24, 2021, respondent received a Letter dated October 28, 2021, signed by Assistant Commissioner Maria Luisa I. Belen (ACIR Belen) of the BIR's Assessment Service, denying its application for a VAT refund for lack of factual and legal bases. The denial cited, among others, the following grounds:

> Evaluation and verification of the documents submitted pursuant to Annex A.1 of aforecited RMO disclosed that sale transactions generated for the period of claim were made solely to the ultimate parent company which is the University of Cambridge. Due to this fact, the application of input VAT refund attributable thereto cannot be granted pursuant to the promulgation of the Court of Tax Appeals (CTA) in the case of '*Institutional Shareholders Services, Inc.-Philippine ROHQ vs. The Commissioner of Internal Revenue, CTA Case No. 7662, June 30, 2010.*' The CTA ruled that a parent company of an ROHQ is not considered 'other persons doing business outside the Philippines' because the ROHQ and its parent company are considered one and the same, thus, not considered as zero-rated sales.

On February 2, 2022, respondent filed a Petition for Review, docketed as CTA Case No. 10764.

By Decision dated February 2, 2025, it was found: (1) respondent timely filed its administrative and judicial claims for refund; thus, jurisdiction was obtained over CTA Case No. 10764; (2) respondent is a VAT-Registered person engaged in zero-rated sales of services falling under Section 108(B)(2) of the 1997 National Internal Revenue Code (NIRC), as amended; (3) out of ₱707,479,395.59 reported by respondent as zero-rated sales in its VAT Returns, ₱705,994,937.36 was properly substantiated; (4) out of ₱13,547,293.08 reported by respondent as input taxes in its VAT Returns, ₱10,255,346.40 was properly substantiated; and (5) out of ₱10,255,346.40 worth of substantiated input taxes, ₱10,233,828.27 remained unutilized and is attributable to respondent's substantiated zero-rated sales. These collective findings led the CTA in Division to dispose CTA Case No. 10764, as follows:

> **WHEREFORE**, in light of the foregoing considerations, the instant Petition for Review is **PARTIALLY GRANTED**.
>
> Accordingly, [petitioner] is **ORDERED TO REFUND** or **TO ISSUE A TAX CREDIT CERTIFICATE** in favor of [respondent] in the reduced amount of **₱10,233,828.27**, representing the latter's unutilized input VAT attributable to its zero-rated sales for the period from May 1, 2019 to April 30, 2020.
>
> **SO ORDERED.**

Petitioner moved,[4] but failed[5] to secure a favorable verdict from the CTA in Division; thus, the present[6] recourse.

Petitioner ascribes fault on the CTA in Division's consideration of evidence presented by respondent for the first time in its judicial claim for refund. Specifically, *Pilipinas Total Gas, Inc. v. Commissioner of Internal Revenue (PTGI)*[7] prohibits the introduction, much more, consideration of evidence presented for the first time at judicial level, when the claimant's judicial recourse was occasioned by denial of its administrative claim for input VAT refund.

Petitioner, too, asserts that official receipts (ORs) provided by respondent to UC failed to adhere with the invoicing requirements

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4 Respondent (now petitioner)'s Motion for Partial Reconsideration (Re: Decision dated 26 February 2025). Docket (CTA Case No. 10764), pp. 879-901.

5 *Supra* note 3.

6 *Supra* note 1.

7 G.R. No. 207112, December 8, 2015.

under Section 113 of the NIRC, as amended, as implemented by Revenue Regulations (RR) No. 16-2005. Thus, no valid zero-rated sales would arise therefrom.

Petitioner further insists that respondent's sales to its sole client University of Cambridge (UC) is *not* subject to 0% VAT under Section 108(B)(2) of the NIRC, as amended. Citing *Institutional Shareholder Services Inc. – Philippine ROHQ v. The Commissioner of Internal Revenue (ISSI),*[8] it explains that UC is the ultimate parent company of respondent; thus, the services performed by respondent to UC in the Philippines equates to UC, doing business in the Philippines.

Petitioner also contends that its tax agents found that respondent's input taxes are not properly substantiated.

All in all, petitioner declares that respondent's claim of input VAT refund or credit, for the period May 1, 2019 to April 30, 2020 should be wholly denied.

On the other hand,[9] respondent counters that cases before the CTA are litigated *de novo;* hence, the evidence presented before may still be weighed and considered by the CTA in Division.

Respondent, too, retorts that its sales of services to UC are subject to 0% VAT under Section 108(B)(2) of the NIRC, as amended. It explains that UC and its parent company DSCL-UK are entities separate and distinct from one another. Besides, it rendered service to UC, and *not* to DSCL-UK; hence, *ISSI* finds no application.

Respondent further ripostes that no reversible error was committed by the CTA in Division in partly allowing its claim of input VAT refund or credit for the period May 1, 2019 to April 30, 2020, to the extent of ₱10,233,828.27 because said conclusion was supported by evidence. Further, petitioner did *not* even bother to point out which of the invoices or ORs are defective. In addition, Revenue Memorandum Circular (RMC) No. 41-2020[10] permits the use

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8 CTA Case No. 7662, June 3, 2010.

9 Respondent's Comment (on the Petition for Review dated September 3, 2025). *Rollo,* pp. 100-118.

10 SUBJECT: Extending the Time of Application for New Authority to Print Receipts/Invoices of Taxpayers with Expiring Principal and Supplementary

of expired principal and supplementary invoices/ORs until May 13, 2020, or thirty (30) calendar days after the lifting of the Enhanced Community Quarantine (ECQ).

In fine, respondent concludes that the CTA in Division committed no reversible error in handing down the questioned Decision and Resolution.

RULING

The Petition fails to impress.

First. Petitioner is mistaken in claiming that evidence presented for the first time at judicial level may not be considered by the CTA in Division.

For one, Commissioner of Internal Revenue v. Philippine Bank of Communications, Inc. (PBCOM)[11] is upfront in that "[u]nder Section 8 of Republic Act No. 1125 (RA 1125), the CTA is described as a court of record. As cases filed before it are litigated *de novo*, party litigants should prove every minute aspect of their cases. No evidentiary value can be given the purchase invoices or receipts submitted to the BIR as the rules on documentary evidence require that these documents must be formally offered before the CTA." Consistent with *PBCOM* and *MMC*, respondent's claim for refund or credit of input VAT is pursued anew before the CTA in Division. Being so, the CTA in Division's verdict should be based on the evidence presented before it, irrespective of whether said evidence was presented at administrative level.

For another, petitioner misinterpreted *PTGI*. For reference, the latter quoted the following passage in said case:

> It, thus, becomes imperative for the taxpayer to show the CTA that not only is he entitled under substantive law to his claim for refund or tax credit, but also that he satisfied all the documentary and evidentiary requirements for an administrative

Receipts/Invoices and Extending the Use of Expired Principal and Supplementary Receipts/Invoices.

11 G.R. No. 211348, February 23, 2022, citing *Commissioner of Internal Revenue v. Manila Mining Corporation*, G.R. No. 153204, August 31, 2005 (MMC for brevity). Underscoring in the original

> claim. It is, thus, crucial for a taxpayer in a judicial claim for refund or tax credit to show that its administrative claim should have been granted in the first place. **Consequently, a taxpayer cannot cure its failure to submit a document requested by the BIR at the administrative level by filing the said document before the CTA.**[12]

Commissioner of Internal Revenue v. Oceanagold (Philippines), Inc. (OPI)[13] made the following remark regarding the interpretation of the foregoing passage in *PTGI*:

> In an administrative claim for input VAT refund, *[PTGI]* envisioned two (2) scenarios, namely: (1) dismissal thereof by the BIR due to the taxpayer's failure to submit complete documents, despite the former's notice or request; or (2) inaction tantamount to a denial, or denial *other than* due to taxpayer's failure to submit complete documents[,] despite notice or request.
>
> In the *first* situation, the refund claimant must show the Court its entitlement to a VAT refund under substantive law, and submission of complete supporting documents at the administrative level, as requested by the BIR. In the *second* situation, the refund claimant may present all evidence to prove its entitlement to a VAT refund and the Court will consider all evidence offered even those not presented before [petitioner] at the administrative level.

Indeed, for the CTA to be solely tied down to the documents presented by the claimant at administrative level, the denial or dismissal by petitioner of a claimant's administrative claim for input VAT refund due to incomplete documents, *must be preceded by a previous request for submission of complete documents from the BIR*. In reverse, if said denial or dismissal was *not preceded by a previous request for submission of complete documents from the BIR,* then the CTA may consider evidence presented both at administrative and judicial levels.

Here, though respondent's appeal before the CTA in Division was because of its unsuccessful administrative claim for input VAT refund, the BIR neither requested documents, nor notified respondent of the inadequacy of its supporting documents at administrative level. Consistent with *OPI* and *PTGI,* the CTA in Division aptly considered the supporting documents provided by

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12 Quoted by petitioner in page 6, Petition in CTA EB No. 3199. *Rollo,* p. 6. Emphases ours.
13 CTA EB No. 2780, August 30, 2024.

respondent, irrespective of whether the same were submitted at BIR level.

Second. Petitioner erred in insisting that respondent failed to establish the validity of its zero-rated sales under Section 108(B)(2) of the NIRC, as amended.

Petitioner faults respondent's ORs evidencing the amount of its zero-rated sales. According to petitioner, these ORs "did not contain or identify if the sales transactions refer to [z]ero-rated sales...,"[14] citing the dissent in CTA Case No. 10764.[15]

We disagree.

True, the ORs[16] invoked by petitioner failed to prominently print or write the *exact* and *same* words "zero-rated sale." Likewise true is that it is an invoicing requirement found under Section 113(B)(2)(c)[17] of the NIRC, as amended. Yet, refund claimants should *not* be put in a straitjacket by failing to mention the *exact* and *same* words "zero-rated sale." The functional equivalent thereof would suffice.

In *Commissioner of Internal Revenue v. Philex Mining Corporation (PMC),*[18] the Supreme Court expounded its earlier ruling in *Western Mindanao Power Corp. v. Commissioner of Internal Revenue (WMPC).*[19] *PMC* ruled that "[i]n *[WMPC]*, the CTA denied the taxpayer's claim for a refund because the taxpayer's official receipts do not contain the word 'zero-rated.' In sustaining the CTA, [the Supreme Court] ruled that the failure to print the phrase 'zero-rated' on the VAT official

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14 Page 18, Petition (CTA EB No. 3199). *Rollo,* p. 26.

15 Pages 18-21, Petition (CTA EB No. 3199), *Id.* at pp. 26-29.

16 Pages 4-5, Dissenting Opinion of (Ret.) Presiding Justice Roman G. Del Rosario in CTA Case No. 10764. *Id.* at pp. 88-89.

17 SEC. 113. *Invoicing and Accounting Requirements for VAT-Registered Persons.* -

...

(B) Information Contained in the VAT Invoice. - The following information shall be indicated in the VAT invoice or VAT official receipt:

...

(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:

...

(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.

18 G.R. No. 230016, November 23, 2020.

19 G.R. No. 181136, June 13, 2012.

receipts was fatal to the claim for refund of input VAT on zero-rated sales."

PMC and *WMPC* are one in holding that the absence of word "zero-rated" in the ORs is detrimental to the claimant's input VAT refund claim imputable to its zero-rated sales. Conversely, if the word "zero-rated" is specified in the ORs, and the amount thereof could be identifiable as sales, then it may be considered compliant under Section 113(B)(2)(c) of the NIRC, as amended. Case-law articulated the *rationale* for said rule.

In *Panasonic Communications Imaging Corporation of the Philippines v. Commissioner of Internal Revenue (Panasonic)*[20] the Supreme Court explained that the appearance of the word "zero-rated" on the face of invoices covering zero-rated sales prevents buyers from falsely claiming input VAT from their purchases when no VAT was actually paid. If, absent such word, a successful claim for input VAT is made, the government would be refunding money it did not collect. Additionally, the printing of the word "zero-rated" on the invoice helps segregate sales that are subject to 10% (now 12%) VAT from those sales that are zero-rated.

Though the foregoing explanation in *Panasonic* involves invoices, it finds equal application on ORs. The reason—both invoices and ORs are the documents to substantiate the refund claimant's zero-rated sales of goods and services, respectively.

Here, the ORs[21] provided by respondent contained the words or phrase "VAT ZERO RATED," followed by the amount thereof, along with statement of the same sum in "TOTAL SALES." Consistent with *PMC* and *WMPC,* though not containing the exact and same words "zero-rated sale," the purposeful equivalent thereof was inscribed therein. Moreover, the foregoing information collectively segmented said sales from those transactions subject to 12% VAT, thereby meeting the *rationale* for such requirement discoursed in *Panasonic*. Therefore, these ORs are deemed adherent with Section 113(B)(2)(c) of the NIRC, as amended, for the purpose of establishing respondent's zero-rated sales.

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20 G.R. No. 178090, February 8, 2010.

21 Exhibits "P-63" to "P-204." Universal Serial Bus (USB) Drive.

Petitioner nevertheless asserts that UC is the ultimate parent company of respondent. Following the single entity concept, respondent's performance of services in the Philippines would mean that UC is a foreign corporation doing business in the Philippines; hence, the transaction is *not* subject to 0% VAT under Section 108(B)(2) of the NIRC, as amended.

Petitioner is confused.

Indeed, one of the conditions enjoined by jurisprudence[22] to accord 0% VAT on sales of services falling under Section 108(B)(2)[23] of the NIRC, as amended, is that the entity to whom the refund claimant rendered its services is a foreign corporation doing business *outside* the Philippines.

Respondent is an ROHQ and branch of Digital Services Cambridge Limited UK (DSCL UK).[24] DSCL UK is a wholly owned ***subsidiary*** of UC.[25] *Amoroso, et al. v. Vantage Drilling International and Group of Companies (formerly Vantage Drilling Company and Group of Companies), et al. (Vantage)*[26] elaborated on the relationship between a subsidiary and parent company as follows:

> It is settled that **a corporation has a separate and distinct personality from** that of its stockholders, officers, or **any other legal entity to which it is related**. It is presumed to be a *bona fide* legal entity with its own powers and attributes and is liable for its own acts and obligations. In this regard, **a subsidiary is independent and separate from its parent company**; therefore, any claim or suit against one does not and should not bind the other.[27]

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22 See *Commissioner of Internal Revenue v. Deutsche Knowledge Service Pte. Ltd.*, G.R. No. 234445, July 15, 2020; *Sitel Philippines Corporation (formerly Clientlogic Phils., Inc.) v. Commissioner of Internal Revenue*, G.R. No. 201326, February 8, 2017; and *Accenture, Inc. v. Commissioner of Internal Revenue*, G.R. No. 190102, July 11, 2012.

23 ***(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:

...

(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);

24 Exhibits "P-1," "P-1-a," and "P-1-b." Docket (CTA Case No. 10764), pp. 618-672.

25 Answer to Question Nos. 6 and 7, Exhibit "P-827." *Id.* at pp. 533-534.

26 G.R. No. 238477, August 8, 2022.

27 Boldfacing ours.

Taking Our cue from *Vantage*, DSCL UK has a separate and distinct personality from UC. DSCL UK, too, is independent from UC. Since DSCL UK is ***not*** UC, there is *no* single entity concept between them. *A fortiori*, there is likewise *no* single entity concept between DSCL UK's branch like respondent and UC. Therefore, the services performed in the Philippines by respondent to UC does ***not*** equate to doing business by the latter in the Philippines.

In passing, petitioner's dependence on *ISSI*[28] is misguided. There, Institutional Shareholder Services, Inc. - Philippine ROHQ (ISSI-PH) rendered services to Institutional Shareholder Services, Inc. (ISSI-USA). ISSI-PH is the ROHQ and *branch* of its parent company ISSI-USA. Following the single entity concept obtaining between a principal and *branch*, ISSI-PH's rendition of services in the Philippines would mean that ISSI-USA is likewise doing business in the Philippines. For this reason, the sale of services failed to attain 0% VAT under Section 108(B)(2) of the NIRC, as amended.

Distinguished from *ISSI*, there is no single entity concept obtaining between UC and its *subsidiary* DSCL UK. To stress, DSCL UK is an entity, separate and distinct from UC; thus, the services performed by DSCL UK's branch, *i.e.*, respondent, in the Philippines does ***not*** lead to doing business by UC in the Philippines. Given the stark contrast in factual milieu between this case, and that of *ISSI*, they cannot be concluded, much less, be treated alike.

Third. Petitioner blundered in insisting that respondent is not entitled to input VAT refund covering the periods May 1, 2019 to April 30, 2020.

To recall, the CTA in Division weighed the evidence, and found that respondent adhered with all the conditions for entitlement to an input VAT refund under Section 112 of the NIRC, as amended, to the extent of ₱10,233,828.27.[29]

Meanwhile, petitioner arrayed in its Petition, the results of the BIR's investigation, *viz.*: (1) there are sales invoices *sans* valid ATP;[30] and (2) disallowance of input VAT is proper to the extent of

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[28] *Supra* note 8.
[29] See pages 10-43 of the questioned Decision. *Rollo*, pp. 50-83.
[30] Page 14, Petition (CTA EB No. 3199). *Id.* at p. 22.

₱12,355,914.44;[31] and (3) respondent failed[32] to comply with invoicing requirements under Section 113 of the NIRC, as amended. Yet, save for the pertinent ORs mentioned by petitioner, and found in the dissent in CTA Case No. 10764, the BIR did not even bother to point out which of the particular invoices and/or ORs previously allowed or used by the CTA in Division in deciding said case were tainted by the foregoing defects. Neither was there any averment, let alone, proof that the CTA in Division gravely abused its discretion in the rendition of the questioned Decision and Resolution. These observations warrant the sustention of the CTA in Division's findings and conclusion. As jurisprudence puts it: "the findings of fact by the CTA in Division are not to be disturbed without any showing of grave abuse of discretion considering that the members of the Division are in the best position to analyze the documents presented by the parties."[33]

ACCORDINGLY, the Petition for Review dated September 2, 2025 in CTA EB No. 3199 is **DENIED**, for lack of merit. The Decision dated February 26, 2025 and Resolution dated August 1, 2025 in CTA Case No. 10764 are **AFFIRMED**.

SO ORDERED.

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

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

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31 Pages 14-15, Petition (CTA EB No. 3199). *Id.* at pp. 22-23.
32 Pages 15-21, Petition (CTA EB No. 3199). *Id.* at 23-29.
33 *Republic of the Philippines v. Team (Phils.) Energy Corporation*, G.R. No. 188016, January 14, 2015.

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

LANEE S. CUI-DAVID
Associate Justice

CORAZON G. FERRER-FLORES
Associate Justice

HENRY S. ANGELES
Associate Justice

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice