

REPUBLIC OF THE PHILIPPINES  
COURT OF TAX APPEALS  
QUEZON CITY

**EN BANC**

\*\*\*\*\*

COMMISSIONER OF INTERNAL  
REVENUE,

Petitioner,

CTA EB NO. 2453

(CTA Case Nos. 9440, 9501,  
9534 & 9588)

**Present:**

- versus -

DEL ROSARIO, P.J.,  
UY,  
RINGPIS-LIBAN,  
MANAHAN,  
BACORRO-VILLENA,  
MODESTO-SAN PEDRO,  
REYES-FAJARDO, and  
CUI-DAVID, JJ.

PHILIPPINE GEOTHERMAL  
PRODUCTION COMPANY, INC.  
Respondent.

**Promulgated:**

AUG 17 2022

x-----x

**DECISION**

**UY, J.:**

This is a *Petition for Review*<sup>1</sup> filed on March 18, 2021 by petitioner, Commissioner of Internal Revenue, against respondent, Philippine Geothermal Production Company, Inc., praying that the Decision dated November 18, 2020<sup>2</sup> and the Resolution dated March 1, 2021<sup>3</sup>, both rendered by the Second Division of this Court (Court in Division) in CTA Case Nos. 9440, 9501, 9534 & 9588, entitled

<sup>1</sup> EB Docket, pp. 1 to 14.

<sup>2</sup> Penned by Associate Justice Jean Marie Bacorro-Villena and concurred by Associate Justice Juanito C. Castañeda, Jr., EB Docket, pp. 23 to 57.

<sup>3</sup> EB Docket, pp. 58 to 61.

**DECISION**

CTA EB No. 2453

(CTA Case Nos. 9440, 9501, 9534 & 9588)

Page 2 of 16

-----

*"Philippine Geothermal Production Company, Inc., Petitioner, versus Commissioner of Internal Revenue, Respondent"*, be set aside. The dispositive portions thereof respectively read as follows:

**Decision dated November 18, 2020:**

**"WHEREFORE**, the foregoing considered, petitioner Philippine Geothermal Production Company, Inc.'s consolidated Petitions for Review in CTA Case No. 9440, CTA Case No. 9501, CTA Case No. 9534 and CTA Case No. 9588, all entitled *Philippine Geothermal Production Company, Inc. v. CIR*, are **PARTIALLY GRANTED**. Accordingly, respondent is **ORDERED TO REFUND or ISSUE A TAX CREDIT CERTIFICATE** in favor of petitioner in the amount of **₱4,243,727.50**, representing its excess and unutilized input VAT attributable to zero-rated sales for the four quarters of CY 2014.

**SO ORDERED."**

**Resolution dated March 1, 2021:**

**"WHEREFORE**, the foregoing considered, respondent's Motion for Partial Reconsideration (Re: Decision promulgated on 18 November 2020) is hereby **DENIED** for lack of merit. Accordingly, the assailed Decision dated 18 November 2020 is **AFFIRMED**.

**SO ORDERED."**

**THE PARTIES**

Petitioner is the duly appointed Commissioner of Internal Revenue (CIR) vested with the authority to carry out the functions and duties of said office, among which, is to decide and grant claims of tax refund, execute and implement tax laws, rules and regulations.

On the other hand, respondent Philippine Geothermal Production Company, Inc. (PGPCI) is a domestic corporation, duly organized and existing under and by virtue of the laws of the Republic of the Philippines.



## DECISION

CTA EB No. 2453

(CTA Case Nos. 9440, 9501, 9534 & 9588)

Page 3 of 16

-----

## THE FACTS

On March 30, 2016, PGPCI filed with the Bureau of Internal Revenue (BIR) its *Application for Tax Credits or Refunds* (BIR Form No. 1914) for its unutilized input taxes for the 1<sup>st</sup> quarter of taxable year (TY) 2014 in the aggregate amount of ₱5,258,975.31.

The CIR failed to act on PGPCI's administrative claim within the 120 days which ended on July 28, 2016. Taking the former's inaction as a denial of its claim, PGPCI elevated its case before the Court in Division on August 25, 2016 by way of a *Petition for Review*. The case was docketed as **CTA Case No. 9440**.

A perusal of the BIR Records shows that the CIR endorsed a partial approval of PGPCI's claim to the Bureau of Customs (BOC). It appears however that at the time of the filing of its petition, PGPCI have not yet received any notice of approval.

Thereafter on June 30, 2016, PGPCI filed with the BIR another *Application for Tax Credits or Refunds* for its unutilized input taxes for the 2<sup>nd</sup> quarter of TY 2014 in the aggregate amount of ₱5,072,782.04.

On October 26, 2016, the CIR issued a tax credit certificate (TCC) in favor of PGPCI in the amount of ₱85,441.47. Attached thereto is an *Authority to Issue VAT Credit/Refund* authorizing the issuance of a TCC to PGPCI amounting to ₱474,109.00. The aggregate amount of the credit/refund granted to PGPCI totaled to ₱559,550.49.

Unsatisfied with only a partial approval of its claim, PGPCI elevated its claim before the Court in Division on November 25, 2016 via a *Petition for Review* docketed as **CTA Case No. 9501** and said case was raffled to the Court's First Division.

On September 30, 2016, PGPCI filed with the BIR its *Application for Tax Credits or Refunds* for its unutilized input taxes for the 3<sup>rd</sup> quarter of TY 2014 in the aggregate amount of ₱16,913,072.67.

Acting on its claim, the CIR issued a TCC in favor of PGPCI in the amount of ₱40,419.28 on January 10, 2016 with a letter



## DECISION

CTA EB No. 2453

(CTA Case Nos. 9440, 9501, 9534 & 9588)

Page 4 of 16

-----

recommending the issuance further of another TCC amounting to ₱16,544,046.99. The total tax credits granted to PGPCI amounted to a ₱16,584,466.27.

Contesting the disallowance of the amount of ₱328,606.40, PGPCI appealed the CIR's decision before the Court on February 9, 2017 *via a Petition for Review*, docketed as **CTA Case No. 9534**. This case was raffled to the Court's Second Division.

On December 27, 2016, PGPCI filed with the BIR its *Application for Tax Credits or Refund* for its unutilized input taxes for the 4<sup>th</sup> quarter of TY 2014 in the aggregate amount of ₱4,434,375.58.

The CIR issued a TCC on April 25, 2017 and partially approved PGPCI's claim in the amount of ₱39,886.70. An *Authority to Issue VAT Credit/Refund* was attached thereto authorizing the issuance of another TCC amounting to ₱3,813,695.00 for an aggregate allowed claim of ₱3,853,581.79.

Similarly unsatisfied with the CIR's action, PGPCI filed another *Petition for Review* against the CIR's partial grant of its refund on May 9, 2017, docketed as **CTA Case No. 9588**. The case was likewise raffled to this Court's Second Division.

On November 16, 2016, the CIR filed his *Answer* in **CTA Case No. 9440**. Thereafter, PGPCI filed a *Motion to Consolidate* with the Court's First and Second Division, seeking the consolidation of **CTA Case No. 9501** with **CTA Case No. 9440**. The same was granted on January 24, 2017.

Subsequently, PGPCI filed another *Motion to Consolidate* **CTA Case No. 9534** with **CTA Case No. 9440**. The same was granted in the Resolution dated March 14, 2017.

PGPCI's *Motion to Consolidate* **CTA Case No. 9588** with **CTA Case No. 9440** on June 9, 2017 was likewise granted on July 13, 2017.

After all the four (4) cases were consolidated, both parties filed their respective *Pre-Trial Briefs*. The Court in Division thereafter terminated the pre-trial and ordered both parties to submit their Joint



**DECISION**

CTA EB No. 2453

(CTA Case Nos. 9440, 9501, 9534 & 9588)

Page 5 of 16

-----

Stipulation of Facts and Issues (JSFI) within fifteen (15) days from such order. The parties' filed their *JSFI* on August 4, 2017. Subsequently, trial ensued.

PGPCI presented the following witnesses: (1) Rosaluz R. Feliciano (Feliciano), its Accounting Supervisor; (2) Katherine O. Constantino (Constantino), the Court-appointed Certified Public Accountant (ICPA); and (3) Ma. Fe Concepcion L. Guirnalda-Lucero (Lucero), its Legal Counsel and Corporate Secretary.

For his part, the CIR sought to present the testimony of Revenue Officer (RO) Alexander Atienza (Atienza) but failed to do so due to his medical condition. Instead, he presented as witness, RO Leonila DC Manuel (RO Manuel) who testified on her audit of PGPCI, particularly, the results contained in her *Memorandum Report* and a letter sent to PGPCI regarding the results of the BIR's investigation.

After the filing of the CIR's *Memorandum* on September 24, 2019, and PGPCI's *Memorandum* on October 28, 2019, the consolidated CTA Case Nos. 9440, 9501, 9534 and 9588 were submitted for decision.

On November 18, 2020, the Court in Division rendered the assailed Decision<sup>4</sup> partially granting the consolidated *Petitions for Review* in CTA Case Nos. 9440, 9501, 9534 and 9588. The Court *a quo* ordered the CIR to refund or issue a TCC in favor of PGPCI in the amount of ₱4,243,727.50, representing its excess and unutilized input VAT attributable to zero-rated sales for the four quarters of CY 2014.

On November 26, 2020, the CIR filed his *Motion for Partial Reconsideration (Re: Decision promulgated 18 November 2020)*<sup>5</sup>; while PGPCI filed its *Comment and Opposition*<sup>6</sup> on December 22, 2020.

In the assailed Resolution<sup>7</sup> promulgated on March 1, 2021, the Court in Division denied CIR's *Motion for Partial Reconsideration* for lack of merit.

<sup>4</sup> EB Docket, pp. 23 to 57; Division Docket (CTA Case No. 9440) – Vol. VII, pp. 2858 to 2893.

<sup>5</sup> Division Docket (CTA Case No. 9440) – Vol. VII, pp. 2896 to 2908.

<sup>6</sup> Division Docket (CTA Case No. 9440) – Vol. VII, pp. 2912 to 2916.

<sup>7</sup> EB Docket, pp. 58 to 61; Division Docket (CTA Case No. 9440) – Vol. VII, pp. 2920 to 2923.

## DECISION

CTA EB No. 2453

(CTA Case Nos. 9440, 9501, 9534 & 9588)

Page 6 of 16

-----

The CIR then filed the instant *Petition for Review*<sup>8</sup> before the Court *En Banc* on March 18, 2021.

In the Resolution<sup>9</sup> dated June 16, 2021, the Court *En Banc* directed PGPCI to file its comment on the instant *Petition for Review* within ten (10) days from notice. On July 9, 2021, PGPCI filed its *Comment (To Petitioner's Petition for Review dated March 9, 2021)*.<sup>10</sup>

On September 16, 2021, the instant case was submitted for decision.<sup>11</sup>

Hence, this Decision.

## THE ISSUES

The CIR presents the following assignment of errors in the instant *Petition for Review*, to wit:<sup>12</sup>

### "ASSIGNMENT OF ERRORS

I.

THE SECOND DIVISION OF THE HONORABLE COURT ERRED WHEN IT RULED THAT RESPONDENT IS ALLOWED TO PRESENT NEW AND ADDITIONAL EVIDENCE BEFORE IT.

II.

THE SECOND DIVISION OF THE HONORABLE COURT ERRED IN PARTIALLY GRANTING RESPONDENT'S CLAIM FOR REFUND IN THE AMOUNT OF ₱4,243,727.50 REPRESENTING ALLEGED EXCESS AND UNUTILIZED INPUT VAT FOR THE 4<sup>TH</sup> QUARTER OF CY 2014"

### ***Petitioner CIR's arguments:***

The CIR argues that the Court in Division erred in taking cognizance of the documentary evidence not presented to the BIR.

---

<sup>8</sup> EB Docket, pp. 1 to 14.

<sup>9</sup> EB Docket, pp. 63 to 64.

<sup>10</sup> EB Docket, pp. 65 to 71.

<sup>11</sup> EB Docket, pp. 73 to 74.

<sup>12</sup> *Petition for Review*, EB Docket, p. 3.

## DECISION

CTA EB No. 2453

(CTA Case Nos. 9440, 9501, 9534 & 9588)

Page 7 of 16

-----

Allegedly, PGPCI cannot submit documents which were not submitted at the administrative level; and that the Court *a quo* is confined to a more limited issue of whether the findings of the CIR are consistent with law.

The CIR likewise contends that PGPCI failed to establish that its input VAT is directly attributable to its zero-rated sales. It is the CIR's position that to be creditable, the input tax must come from purchases of goods that form part of the finished product of the taxpayer or it must be directly used in the chain of production. Further, the connection between the purchases and the finished product is concrete and not imaginary or remote.

Finally, the CIR posits that tax refund is in the nature of a tax exemption which must be construed *strictissimi juris* against the taxpayer and that the taxpayer must present convincing evidence to substantiate a claim for refund. In this case, PGPCI allegedly fell short if proving the veracity of its claim for refund.

### ***Respondent PGPCI's counter-arguments:***

PGPCI submits that the Court in Division did not err in allowing it to present new and additional evidence. It further points out that the CIR did not make any objection to any of its documentary evidence, including the new and additional pieces of evidence.

Moreover, PGPCI disagrees with the CIR's argument that it failed to establish attributability. According to PGPCI, attribution of the input taxes to the sales is applicable only when the taxpayer is engaged in both taxable or exempt sales and zero-rated or effectively zero-rated sales; and that the Court in Division already applied the direct attributability of input taxes to sales when it provided the computation of the input VAT attributable to PGPCI's zero-rated sales and to taxable sales.

Thus, PGPCI maintains that it is entitled to the refund of its unutilized input VAT for taxable year 2014.



**DECISION**

CTA EB No. 2453

(CTA Case Nos. 9440, 9501, 9534 & 9588)

Page 8 of 16

-----

**THE COURT *EN BANC*'S RULING**

After careful and thorough evaluation of the factual antecedents of the present case, the arguments of the parties, as well as the relevant laws and jurisprudence on the matter, this Court finds no legal basis to reverse the assailed Decision and Resolution of the Court in Division.

***Timeliness of the instant Petition.***

Under Section 3(b), Rule 8, of the Revised Rules of the Court of Tax Appeals (RRCTA), as amended,<sup>13</sup> a party adversely affected by a decision or a resolution of the Court in Division on a motion for reconsideration or new trial, may file a petition for review with the Court *En Banc* within fifteen (15) days from receipt of the questioned decision or resolution.

In the instant case, records show that the CIR received the assailed Resolution dated March 1, 2021 on March 4, 2021<sup>14</sup>. Accordingly, the CIR had fifteen (15) days therefrom or until March 19, 2021, within which to file its appeal with the Court *En Banc*. Thus, the filing of the instant *Petition for Review* on March 18, 2021, vested this Court with jurisdiction over the present petition.

The Court shall now proceed to determine the merits of the instant *Petition for Review*.

***The Court is not precluded from accepting evidence that was not presented at the administrative level.***

The CIR argues that the Court in Division erred in considering new and additional documents that were not submitted at the administrative level. According to the CIR, the Court *a quo* is

<sup>13</sup> Section 3(b), Rule 8, of the RRCTA provides as follows:

“Section 3. *Who may appeal; period to file petition.*—

xxx

xxx

xxx

(b) A party adversely affected by a decision or resolution of a Division of the Court on a motion for reconsideration or new trial may appeal to the Court by filing before it a petition for review **within fifteen days from receipt of a copy of the questioned decision or resolution.**”

<sup>14</sup> Division Docket (CTA Case No. 9440) – Vol. VII, p. 2919.

**DECISION**

CTA EB No. 2453

(CTA Case Nos. 9440, 9501, 9534 & 9588)

Page 9 of 16

-----

confined to a more limited issue of whether the findings of the CIR are consistent with law.

We disagree.

It must be emphasized that the CTA, being a court of record, the cases filed before it are litigated *de novo* and party litigants should prove every minute aspect of its case.<sup>15</sup> Thus, the Court is not precluded from accepting PGPCI's evidence assuming these were not presented at the administrative level.<sup>16</sup>

The case of *Philippine Airlines, Inc. vs Commissioner of Internal Revenue*<sup>17</sup> is instructive, to wit:

**"The power of the Court of Tax Appeals to exercise its appellate jurisdiction does not preclude it from considering evidence that was not presented in the administrative claim in the Bureau of Internal Revenue. Republic Act No. 1125 states that the Court of Tax Appeals is a court of record:**

Section 8. Court of record; seal; proceedings.- The Court of Tax Appeals shall be a court of record and shall have a seal which shall be judicially noticed. It shall prescribe the form of its writs and other processes. It shall have the power to promulgate rules and regulations for the conduct of the business of the Court, and as may be needful for the uniformity of decisions within its jurisdiction as conferred by law, but such proceedings shall not be governed strictly by technical rules of evidence.

**As such, parties are expected to litigate and prove every aspect of their case anew and formally offer all their evidence.** No value is given to documentary evidence submitted in the Bureau of Internal Revenue unless it is formally offered in the Court of Tax Appeals. Thus, the review of the Court of Tax Appeals is not limited

---

<sup>15</sup> *Commissioner of Internal Revenue vs. Manila Mining Corporation*, G.R. No. 153204, August 31, 2005.

<sup>16</sup> *Commissioner of Internal Revenue vs. Philippine National Bank*, G.R. No. 180290, September 29, 2014.

<sup>17</sup> G.R. Nos. 206079-80 and 206309, January 17, 2018.

## DECISION

CTA EB No. 2453

(CTA Case Nos. 9440, 9501, 9534 & 9588)

Page 10 of 16

-----

to whether or not the Commissioner committed gross abuse of discretion, fraud, or error of law, as contended by the Commissioner. As evidence is considered and evaluated again, the scope of the Court of Tax Appeals' review covers factual findings." (Boldfacing supplied.)

Further, in *Commissioner of Internal Revenue vs. Univation Motor Philippines*<sup>18</sup>, Supreme Court pronounced that the taxpayer claimant may **present new and additional evidence** to the CTA to support its case for tax refund, *to wit*:

"The law creating the CTA specifically provides that proceedings before it shall not be governed strictly by the technical rules of evidence. The paramount consideration remains the ascertainment of truth. **Thus, the CTA is not limited by the evidence presented in the administrative claim in the Bureau of Internal Revenue. The claimant may present new and additional evidence to the CTA to support its case for tax refund.**

Cases filed in the CTA are litigated *de novo* as such, respondent should prove every minute aspect of its case by presenting, formally offering and submitting x x x to the Court of Tax Appeals all evidence x x x required for the successful prosecution of its administrative claim.' **Consequently, the CTA may give credence to all evidence presented by respondent, including those that may not have been submitted to the CIR** as the case is being essentially decided in the first instance." (Emphases and underscoring added)

Based from the foregoing judicial pronouncements, the power of the CTA to exercise its appellate jurisdiction does not preclude it from considering evidence that was not presented in the administrative claim in the BIR. Accordingly, the Court may give credence to all evidence presented by the taxpayer claimant, irrespective of whether or not they were submitted at the administrative level.



---

<sup>18</sup> G.R. No. 231581, April 10, 2019.

## DECISION

CTA EB No. 2453

(CTA Case Nos. 9440, 9501, 9534 & 9588)

Page 11 of 16

-----

Thus, contrary to the CIR's position, We maintain that the Court in Division is not barred from receiving, evaluating and admitting evidence submitted by PGPCI including those that may not have been submitted to the BIR. It must be remembered that the question of whether the evidence submitted by a party is sufficient to warrant the granting of its prayer lies within the sound discretion and judgment of the Court.<sup>19</sup>

***PGPCI has established that the creditable input taxes are attributable to its zero-rated sales.***

The CIR argues that PGPCI failed to establish that its input VAT is directly attributable to its zero-rated sales. Allegedly, to be creditable, the input tax must come from purchases of goods that form part of the finished product of the taxpayer or it must be directly used in the chain of production. The CIR further asserts that "*the connection between the purchases and the finished product must be concrete and not imaginary or remote*". According to the CIR, there is nothing in the assailed Decision of the Court in Division showing the "direct attributability" of the purchases or input tax to the finished product whose sale is zero-rated.

We are not swayed.

Section 110 of the NIRC of 1997, as amended, provides, in part, as follows:

"SEC. 110. *Tax Credits.* —

(A) *Creditable Input Tax.* —

(1) Any input tax evidenced by a VAT invoice or official receipt issued in accordance with Section 113 hereof on the following transactions **shall be creditable against the output tax:**

(a) **Purchase or importation of goods:**

(i) **For sale; or** 

---

<sup>19</sup> *Pilipinas Total Gas, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 207112, December 8, 2015.

**DECISION**

CTA EB No. 2453

(CTA Case Nos. 9440, 9501, 9534 & 9588)

Page 12 of 16

-----

- (ii) For conversion into or intended to form part of a finished product for sale including packaging materials; or
- (iii) For use as supplies in the course of business; or
- (iv) For use in trade or business for which deduction for depreciation or amortization is allowed under this Code.

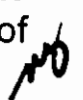
(b) Purchase of services on which a value-added tax has actually been paid.

XXX    XXX    XXX

The term 'input tax' means the value-added tax due from or paid by a VAT-registered person in the course of his trade or business on importation of goods or local purchase of goods or services, including lease or use of property, from a VAT-registered person. It shall also include the transitional input tax determined in accordance with Section 111 of this Code." (*Emphases and underscoring supplied.*)

Based on the foregoing, an input VAT evidenced by a VAT invoice or official receipt is creditable against the output VAT not only on the purchase or importation of goods *"for conversion into or intended to form part of a finished product for sale including packaging materials,"* but also those purchase/importation of goods for sale, for use as supplies in the course of business, and for use in trade or business for which deduction for depreciation or amortization is allowed under the NIRC.

It is a rule in statutory construction that every part of the statute must be interpreted with reference to the context, i.e., *that every part of the statute must be considered together with the other parts, and kept subservient to the general intent of the whole enactment.* Because the law must not be read in truncated parts, its provisions must be read in relation to the whole law. The statute's clauses and phrases must not, consequently, be taken as detached and isolated expressions, but the whole and every part thereof must be considered in fixing the meaning of any of its parts in order to produce a harmonious whole. Consistent with the fundamentals of



## DECISION

CTA EB No. 2453

(CTA Case Nos. 9440, 9501, 9534 & 9588)

Page 13 of 16

---

statutory construction, all the words in the statute must be taken into consideration in order to ascertain its meaning.<sup>20</sup>

The CIR's insistence that *"to be creditable, the input tax must come from purchases of goods that form part of the finished product of the taxpayer or it must be directly used in the chain of production"* is not entirely consistent with the above-quoted Section 110. This is so because the said provision, as clearly stated, did not limit itself to purchases or importation of goods which are to be converted into or intended to form part of a finished product for sale, or to be used in the chain of production; but also includes, *inter alia*, purchases or importation of goods for use as supplies in the course of business, or for use in trade or business for which deduction for depreciation or amortization is allowed; as well as purchase of services for which VAT has been actually paid. Accordingly, provided that the subject input tax is evidenced by a VAT invoice or official receipt issued in accordance with Section 113 of the NIRC of 1997, as amended, the same may be creditable against the output VAT.

We likewise do not find merit in the CIR's allegation that for an input tax to be attributable to zero-rated sales, it must be shown that *"the connection between the purchases and finished product is 'concrete' and not 'imaginary' or 'remote'".*

Section 112 of the NIRC of 1997, as amended, allows the allocation of creditable input taxes which cannot be directly or entirely attributable to zero-rated sales, to wit:

"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



---

<sup>20</sup> *Philippine International Trading Corporation vs. Commission on Audit*, G.R. No. 183517, June 22, 2010.

## DECISION

CTA EB No. 2453

(CTA Case Nos. 9440, 9501, 9534 & 9588)

Page 14 of 16

-----

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." (Emphasis and underscoring supplied).

Based from the foregoing, creditable input taxes which cannot be directly or entirely attributable to any sale transaction (i.e., zero-rated or effectively zero-rated sale and taxable or exempt sale of goods of properties or services), shall be **allocated proportionately** on the basis of the volume of sales. Evidently, contrary to the CIR's allegation, the attribution of the input VAT to the zero-rated sales need not always be direct.

Accordingly, We sustain the Court in Division's ruling that it is not required that the claimed input tax be directly attributable to zero-rated sales in order to be creditable.

Further, it is fundamental that the findings of fact by the Court 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.<sup>21</sup>

In this case, apart from the general averment that PGPCI failed to prove that its claimed input VAT were directly attributable to zero-rated sales, the CIR failed to make any specific discussion to support his stance, or to particularly pinpoint which of the findings of the Court in Division, as regards the attributability of the refundable input VAT, is erroneous. The mere general averment of the CIR failed to

---

<sup>21</sup> *Republic of the Philippines, represented by the Commissioner of Internal Revenue v. Team (Phils.) Energy Corporation (formerly Mirant (Phils.) Energy Corporation)*, G.R. No. 188016, January 14, 2015 citing *Sea-Land Service, Inc. v. Court of Appeals*, G.R. No. 122605, April 30, 2001, 357 SCRA 441, 445-446. Refer also to *Rhombus Energy, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 206362, August 10, 2018.

**DECISION**

CTA EB No. 2453

(CTA Case Nos. 9440, 9501, 9534 & 9588)

Page 15 of 16

-----

convince this Court *En Banc* that a reversible error was committed by the Court in Division that would warrant the modification or reversal of the assailed Decision and Resolution

In sum, We affirm the conclusion of the Court in Division that PGPCI is entitled to the refund or issuance of TCC in the amount of ₱4,243,727.50, representing its excess and unutilized input VAT attributable to zero-rated sales for the four quarters of CY 2014.

**WHEREFORE**, in light of the foregoing considerations, the *Petition for Review* is **DENIED** for lack of merit. Accordingly, the assailed Decision dated November 18, 2020 and Resolution dated March 1, 2021, both rendered by the Court in Division in CTA Case Nos. 9440, 9501, 9534 & 9588 are **AFFIRMED**.

**SO ORDERED.**

  
**ERLINDA P. UY**  
Associate Justice

WE CONCUR:

  
**ROMAN G. DEL ROSARIO**  
Presiding Justice

  
**MA. BELEN M. RINGPIS-LIBAN**  
Associate Justice

  
**CATHERINE T. MANAHAN**  
Associate Justice

  
**JEAN MARIE A. BACORRO-VILLENA**  
Associate Justice

**DECISION**

CTA EB No. 2453

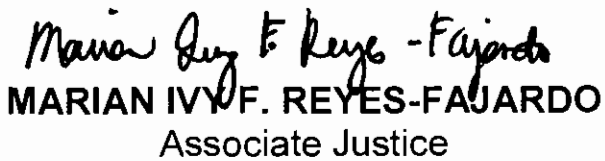
(CTA Case Nos. 9440, 9501, 9534 & 9588)

Page 16 of 16

-----



**MARIA ROWENA MODESTO-SAN PEDRO**  
Associate Justice



**MARIAN IVY F. REYES-FAJARDO**  
Associate Justice



**LANEE S. CUI-DAVID**  
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.



**ROMAN G. DEL ROSARIO**  
*Presiding Justice*