

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL SECOND DIVISION

SPI GLOBAL SHARED CTA CASE NO. 11132
SERVICES PTE. LTD. -
ROHQ,

Petitioner,

Members:

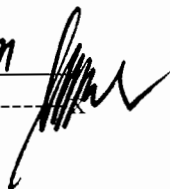
-versus-

RINGPIS-LIBAN, PJ & Chairperson,
MODESTO-SAN PEDRO, and
FERRER-FLORES, JJ.

COMMISSIONER OF
INTERNAL REVENUE,
Respondent.

Promulgated:

SEP 01 2026

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DECISION

RINGPIS-LIBAN, PJ.:

THE CASE

The *Petition for Review* filed on April 17, 2023, prays for the refund or issuance of tax credit certificate in the amount of ₱23,782,380.75, allegedly representing petitioner's excess and unutilized creditable withholding taxes (CWTs) for taxable year 2020.¹

THE PARTIES

Petitioner SPI Global Shared Services Pte. Ltd. – ROHQ is a duly licensed regional operating headquarters (ROHQ) of SPI Global Shared Services Pte. Ltd., a multinational company organized and existing under the

¹ Summary of the Case, Pre-Trial Order dated January 25, 2024, Docket, p. 214.



laws of Singapore.² It is registered with the Securities and Exchange Corporation (SEC) to engage in general administration and planning, business planning and coordination, sourcing or procurement corporate finance and advisory services, marketing control and sales promotion, training and personnel management, logistics services, research and development services, technical support and maintenance, data processing and business development.³ It is registered with the Bureau of Internal Revenue (BIR), under Taxpayer Identification Number (TIN) 008-319-257-00000, and with address at the 2F SPI Building Pacific Information Technology Center, Pascor Drive Santo Niño, City of Parañaque.⁴

Respondent is the duly appointed Commissioner of Internal Revenue empowered to perform the duties of office, including, among others, deciding claims for the tax refund of overpaid or erroneously paid internal revenue taxes.⁵

ANTECEDENTS (ADMINISTRATIVE LEVEL)

On April 15, 2021, petitioner filed its *Annual Income Tax Return* (BIR Form No. 1702-MX) (Annual ITR) for taxable year 2020,⁶ indicating therein the choice: "To be refunded", for overpayment of the income tax.

Subsequently, on March 9, 2023, petitioner filed an *Application for Tax Credits/Refunds* (BIR Form No. 1914),⁷ and the letter dated February 22, 2023,⁸ requesting for the refund of its excess and unutilized CWTs for the year 2020, in the amount of ₱23,782,380.75.

PROCEEDINGS BEFORE THIS COURT

As earlier stated, on April 17, 2023, the present *Petition for Review (of Petitioner SPI Global Shared Services Pte. Ltd. – ROHQ)* was filed.⁹

Within the extended period granted by the Court,¹⁰ on July 6, 2023, respondent filed his *Answer (Re: Petition for Review dated 17 April 2022)*,¹¹ interposing the following special and affirmative defenses, to wit: (1)

² Exhibit "P-2", Docket, p. 286.

³ Exhibit "P-18", *Judicial Affidavit of John Paul R. Lonzame*, Senior Manager, Docket, p. 89; admitted in a *Resolution* dated April 15, 2025, Docket, pp. 404 to 407.

⁴ Exhibit "P-3", Docket, p. 287.

⁵ Par. I.1.a, *Joint Stipulation of Facts and Issues* (JSFI), Docket, p. 185.

⁶ Exhibit "P-20", USB (Exhibit "P-19-2").

⁷ Exhibit "P-12", Docket, p. 300.

⁸ Exhibit "P-13", Docket, pp. 301 to 306.

⁹ Docket, pp. 7 to 28.

¹⁰ Respondent's *Motion for Extension of Time to File Answer* dated June 8, 2023, Docket, pp. 138 to 141; Minute Resolution dated June 14, 2023, Docket, p. 143.

¹¹ Docket, pp. 144 to 155.

respondent's administrative power was disregarded by petitioner as it failed to exhaust administrative remedies when it elevated the case to the Court without giving respondent the opportunity to resolve the issues; (2) petitioner is not entitled to the claim for refund of CWTs for failure to provide supporting documents showing that the income from which the creditable withholding tax being claimed was declared in the Annual ITR, and to prove actual remittance of the same withheld taxes to the BIR; *and*, (3) tax refund must be construed strictly against the claimant since the general rule is that claimants of tax refunds bear the burden of proving the factual basis of their claims.

On July 17, 2023, respondent transmitted the entire *BIR Records* for this case, consisting of 136 pages in one (1) folder.¹²

The Pre-Trial Conference was set and held on October 17, 2023.¹³ Prior thereto, respondent's *Pre-Trial Brief* was filed on October 10, 2023,¹⁴ while the *Pre-Trial Brief (of Petitioner SPI Global Shared Services Pte. Ltd- ROHQ)* was filed on October 13, 2023.¹⁵

On November 16, 2023, the parties submitted their *Joint Stipulation of Facts and Issues*,¹⁶ which was admitted and approved by this Court in its Resolution dated January 4, 2024,¹⁷ thereby deeming the termination of the Pre-Trial. The Pre-Trial Order dated January 25, 2024 was then issued.¹⁸

As trial ensued, petitioner presented its testimonial and documentary evidence. It offered the testimonies of the following individuals, namely: (1) Mr. John Paul R. Lonzame,¹⁹ petitioner's Senior Manager; (2) Ms. Krista V. Bambao,²⁰ the Court-commissioned Independent Certified Public Accountant (ICPA);²¹ (3) Mr. Justin Philip R. Cruz,²² petitioner's Assistant Vice-President for Controllershship; *and*, (4) Ms. Leah C. Etcuban,²³ petitioner's Financial Reporting – Tax and Compliance Senior Manager.

¹² Respondent's *Compliance* dated July 14, 2023, Docket, pp. 159 to 161.

¹³ Notice of Pre-Trial Conference dated July 10, 2023, Docket, pp. 157 to 158; Minutes of the hearing held on, and Order dated, October 17, 2023, Docket, pp. 181 and 209 to 210, respectively

¹⁴ Docket, pp. 166 to 169.

¹⁵ Docket, pp. 172 to 180.

¹⁶ Docket, pp. 184 to 192, attached to petitioner's *Compliance* dated November 16, 2023, Docket, pp. 182 to 183.

¹⁷ Docket, p. 212.

¹⁸ Docket, pp. 214 to 218.

¹⁹ Exhibit "P-18", Docket, pp. 86 to 99; Minutes of the hearing held on, and Order dated, February 13, 2024, Docket, pp. 225 to 227.

²⁰ Docket, pp. 239 to 258; Minutes of the hearing held on, and Order dated, April 30, 2024, Docket, pp. 266 to 268.

²¹ *Oath of Commission* dated February 13, 2024, Docket, p. 224; Minutes of the hearing held on, and Order dated, February 13, 2024, Docket, pp. 225 to 227.

²² Exhibit "P-57", Docket, pp. 341 to 347; Minutes of the hearing held on, and Order dated, October 10, 2024, Docket, pp. 368 to 369-A.

²³ Exhibit "P-58", Docket, pp. 358 to 362; Minutes of the hearing held on, and Order dated, October 10, 2024, Docket, pp. 368 to 369-A.

The ICPA *Report* was submitted on March 14, 2024.²⁴

On October 28, 2024, the *Amended Formal Offer of Evidence (By SPI Global Shared Services Pte. Ltd. – ROHQ)* was filed.²⁵ Respondent filed a *Comment (on Petitioner's Amended Formal Offer of Evidence)* on December 4, 2024.²⁶ In a *Resolution* dated April 15, 2025,²⁷ the Court admitted all of petitioner's offered exhibits, *except* Exhibit "P-19-3", for not being found in the records of the case.

In view of respondent's manifestation that he will no longer present evidence,²⁸ the *Memorandum (Of Petitioner SPI Global Shared Services Pte. Ltd. – ROHQ)* was filed on May 26, 2025,²⁹ while respondent's *Memorandum* was filed on May 28, 2025.³⁰

This case was considered submitted for decision on June 10, 2025.³¹

On February 27, 2026, petitioner filed a *Very Respectful Motion to Defer Promulgation of Judgement*, which asked the Court to defer the promulgation of the decision because respondent allegedly *granted in full* its administrative claim through a letter dated November 21, 2025 by OIC-Assistant Commissioner of the Large Taxpayers Service, Mr. Edgar B. Tolentino. A copy of the letter was also attached as Annex A to the motion. On April 27, 2026, respondent filed a *Comment / Manifestation*, which confirmed the issuance of the letter granting the administrative refund in full. In a *Resolution* dated May 22, 2026, the Court granted petitioner's motion and ordered the parties to file a status report of the administrative claim.

Finally, on July 20, 2026, petitioner filed a *Compliance with Motion to Submit Monthly Status Report*, which stated that it coordinated with respondent's Accounting Division for the status of the administrative claim and had yet to receive an update. Respondent also filed a *Manifestation* on July 22, 2026, which stated that an *Income Tax Refund / Credit Notice* dated November 21, 2025 in the amount of ₱23,782,380.75 was received by the Accounting Division from the Large Taxpayers Service and that funds have been allotted for the refund but further processing is still subject to the submission of additional documents by the Large Taxpayers Service.



²⁴ Exhibit "P-19-4" (on a separate binder).

²⁵ Docket, pp. 375 to 385, attached to petitioner's *Compliance (Submission of Amended Formal Offer of Evidence)* dated October 28, 2024, Docket, pp. 371 to 373.

²⁶ Docket, pp. 399 to 401, attached to respondent's *Motion to Admit Comment (on Petitioner's Amended Formal Offer of Evidence)* dated December 4, 2024, Docket, pp. 393 to 396.

²⁷ Docket, pp. 404 to 407.

²⁸ Par. 3, respondent's *Comment (on Petitioner's Amended Formal Offer of Evidence)* dated December 4, 2024, Docket, p. 399.

²⁹ Docket, pp. 416 to 441.

³⁰ Docket, pp. 443 to 455.

³¹ Minute Resolution dated June 10, 2025, Docket, p. 458.

The Court *notes* petitioner's *Compliance* and respondent's *Manifestation*. In *Commissioner of Internal Revenue v. Philippine Bank of Communications*,³² the Supreme Court held that a judicial claim for refund is an *independent* and a *separate action* from the administrative claim. Therefore, considering that trial had long concluded more than a year ago, that no new matter was offered for the Court's consideration since, and that the issuance of the *Income Tax Refund / Credit Notice* dated November 21, 2025 in the administrative claim does *not* have a bearing upon the judicial claim, the Court considers the case submitted anew for decision.

THE STIPULATED ISSUE

The parties agreed that the issue for this Court's resolution is:

"Whether or not Petitioner is entitled to a tax refund and/or issuance of a [tax credit certificate] in the amount of Twenty-Three Million Seven Hundred Eighty-Two Thousand Three Hundred Eighty Pesos and 75/100 (P23,782,380.75) representing its alleged excess and unutilized CWT for taxable year 2020."³³

Petitioner's Argument:

Petitioner argues that its administrative and judicial claims for refund of its excess and unutilized CWTs for taxable year 2020 were timely filed; that it has clearly established the fact of withholding through the CWT certificates issued by SPI Technologies Inc.; that it declared as part of its gross income the income upon which the CWTs were withheld; that it complied with Section 76 of the Tax Code, as amended, and has not carried over the excess CWTs being claimed for refund; and that it was able to prove through documentary and testimonial evidence all of the elements that will entitle it to the grant of its judicial claim for refund in the amount of P23,782,380.75.

Respondent's Counter-Arguments:

Respondent contends that petitioner failed to exhaust administrative remedies when it elevated the case to the Court without giving respondent the opportunity to resolve the issues; that petitioner is not entitled to the claim for refund of CWTs for failure to provide supporting documents showing that the income from which the creditable withholding tax being claimed was declared in the Annual ITR and to prove actual remittance of the same withheld taxes to the BIR; and that tax refund must be construed strictly against the claimant since the general rule is that claimants of tax refunds bear the burden of proving the factual basis of their claims.

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³² G.R. No. 211348, February 23, 2022.

³³ Par. II, JSFI, Docket, p. 185.

THE COURT'S RULING

The present *Petition for Review* is partly meritorious.

Failure to submit the documents required under Revenue Memorandum Order (RMO) No. 53-98 is not fatal to petitioner's refund claim.

Before delving into the merits of this case, this Court shall first address the following arguments of respondent, to wit:

“In the case at bar, petitioner miserably failed to substantiate its administrative claim for refund filed with respondent, it failed to submit the complete requirements under RMO No. 53-98. There is no record of petitioner ever submitting complete documents to substantiate its administrative claim for refund. This is a requirement established by law and jurisprudence.”³⁴

Respondent's position lacks merit.

A cursory reading of RMO No. 53-98³⁵ shows that nowhere is it stated that the non-submission of the documents enumerated therein would *ipso facto* result in the denial of the claim for tax refund or credit.

Moreover, in *Pilipinas Total Gas, Inc. vs. Commissioner of Internal Revenue* (“*Pilipinas Total Gas case*”),³⁶ the Supreme Court, citing *Commissioner of Internal Revenue vs. Team Sual Corporation (formerly Mirant Sual Corporation)*,³⁷ pointed out that there is nothing under RMO No. 53-98 that requires the submission of complete documents for a grant of a refund or credit, to wit:

“As can be gleaned from the above, RMO No. 53-98 is addressed to internal revenue officers and employees, for purposes of equity and uniformity, to guide them as to what documents they may require taxpayers to present upon audit of their tax liabilities. Nothing stated in the issuance would show that it was intended to be a benchmark in determining whether the documents submitted by a taxpayer are actually complete to support a claim for tax credit or refund of excess unutilized excess VAT. As expounded in *Commissioner of Internal Revenue v. Team Sual Corporation (formerly Mirant Sual Corporation)*:

³⁴ Respondent's *Memorandum*, Docket, at p. 450.

³⁵ Subject: Checklist of Documents to be Submitted by a Taxpayer upon Audit of his Tax Liabilities as well as of the Mandatory Reporting Requirements to be Prepared by a Revenue Officer, all of which Comprise a Complete Tax Docket.

³⁶ G.R. No. 207112, December 8, 2015.

³⁷ G.R. No. 205055, July 18, 2014.

The CIR's reliance on RMO 53-98 is misplaced. There is nothing in Section 112 of the NIRC, RR 3-88 or RMO 53-98 itself that requires submission of the complete documents enumerated in RMO 53-98 for a grant of a refund or credit of input VAT. The subject of RMO 53-98 states that it is a 'Checklist of Documents to be Submitted by a Taxpayer upon **Audit** of his Tax Liabilities x x x.' In this case, TSC was applying for a grant of refund or credit of its input tax. There was no allegation of an audit being conducted by the CIR. Even assuming that RMO 53-98 applies, it specifically states that some documents are required to be submitted by the taxpayer 'if applicable.'

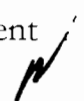
Moreover, if TSC indeed failed to submit the complete documents in support of its application, the CIR could have informed TSC of its failure, consistent with Revenue Memorandum Circular No. (RMC) 42-03. However, the CIR did not inform TSC of the document it failed to submit, even up to the present petition. The CIR likewise raised the issue of TSC's alleged failure to submit the complete documents only in its motion for reconsideration of the CTA Special First Division's 4 March 2010 Decision. Accordingly, we affirm the CTA EB's finding that TSC filed its administrative claim on 21 December 2005, and submitted the complete documents in support of its application for refund or credit of its input tax at the same time. (*Emphasis included; underscoring ours*)

As explained earlier and underlined in *Team Sual* above, taxpayers cannot simply be faulted for failing to submit the complete documents enumerated in RMO No. 53-98, absent notice from a revenue officer or employee that other documents are required. Granting that the BIR found that the documents submitted by Total Gas were inadequate, it should have notified the latter of the inadequacy by sending it a request to produce the necessary documents in order to make a just and expeditious resolution of the claim.

Indeed, a taxpayer's failure with the requirements listed under RMO No. 53-98 is not fatal to its claim for tax credit or refund of excess unutilized excess VAT. This holds especially true when the application for tax credit or refund of excess unutilized excess VAT has arrived at the judicial level. After all, in the judicial level or when the case is elevated to the Court, the Rules of Court governs. Simply put, 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." (*Emphases added*)

It must be noted that while the above case involves a claim for tax refund or credit of unutilized value-added tax, the Court deems that the principle enunciated therein is also applicable in a claim for tax refund or issuance of tax credit certificate of unutilized CWTs.

As held in the *Pilipinas Total Gas* case, RMO No. 53-98 is merely a guide to revenue officers as to what documents they may require taxpayers to present



upon audit of their tax liabilities and is never intended to be a benchmark in determining whether the documents submitted by a taxpayer are actually complete to support a claim for tax credit or refund. Moreover, the Supreme Court categorically ruled that the failure of the taxpayer to submit the requirements listed under RMO No. 53-98 is not fatal to its claim for tax credit or refund.

In any case, even when this Court ought to disregard the said ruling in the *Pilipinas Total Gas* case, and petitioner was indeed *not* able to submit the required documents at the administrative level, the same is of no moment. In *Commissioner of Internal Revenue vs. Univation Motor Philippines, Inc. (formerly Nissan Motor Philippines, Inc.)*,³⁸ the Supreme Court ruled as follows:

“Petitioner CIR argued that failure of the respondent to submit the required complete documents as required by Revenue Memorandum Order No. 53-98 and Revenue Regulations No. 2-2006 rendered the petition with the CTA dismissible on the ground of lack of jurisdiction. It reasoned out that when a taxpayer prematurely filed a judicial claim with the CTA, the latter has no jurisdiction over the appeal.

In the instant case, respondent’s failure to submit the complete documents at the administrative level did not render its petition for review with the CTA dismissible for lack of jurisdiction. At this point, it is necessary to determine the grounds relied upon by a taxpayer in filing its judicial claim with the CTA. xxx

xxx xxx xxx

In this case, it was the inaction of petitioner CIR which prompted respondent to seek judicial recourse with the CTA. Petitioner CIR did not send any written notice to respondent informing it that the documents it submitted were incomplete or at least require respondent to submit additional documents. As a matter of fact, petitioner CIR did not even render a Decision denying respondent’s administrative claim on the ground that it had failed to submit all the required documents.

Considering that the administrative claim was never acted upon, there was no decision for the CTA to review on appeal *per se*. However, this does not preclude the CTA from considering evidence that was not presented in the administrative claim with the BIR. Thus, RA No. 1125 states:

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.

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³⁸ G.R. No. 231581, April 10, 2019.

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 xxx to the Court of Tax Appeals all evidence xxx 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.**" (*Emphasis and underscoring added*)

Since this case is being essentially decided in the first instance, as respondent's inaction on petitioner's claim for refund prompted the latter to seek judicial recourse, this Court may give credence to all evidence presented by petitioner, including those that may not have been submitted at the administrative level. As a corollary, this Court cannot give credence to the said argument of respondent regarding petitioner's failure to submit the supposed required documents at the administrative level.

Petitioner complied with Section 76 of the National Internal Revenue Code (NIRC) of 1997 and did not carry-over the excess CWTs being claimed for refund.

Pertinent to the resolution of the present case is Section 76 of the NIRC of 1997, which is quoted hereunder for ready reference:

"SEC. 76. *Final Adjustment Return.* — Every corporation liable to tax under Section 27 shall file a final adjustment return covering the total taxable income for the preceding calendar or fiscal year. If the sum of the quarterly tax payments made during the said taxable year is not equal to the total tax due on the entire taxable income of that year, the corporation shall either:

- (A) Pay the balance of the tax still due; or
- (B) Carry-over the excess credit; or
- (C) Be credited or refunded with the excess amount paid, as the case may be.

In case the corporation is entitled to a tax credit or refund of the excess estimated quarterly income taxes paid, the excess amount shown on its final adjustment return may be carried over and credited against the estimated quarterly income tax liabilities for the taxable quarters of the succeeding taxable years. Once the option to carry-over and apply the excess quarterly income tax against income tax due for the taxable quarters of the succeeding taxable years has been made, such option shall be considered

irrevocable for that taxable period and no application for cash refund or issuance of a tax credit certificate shall be allowed therefor.”

The above provision discusses the two (2) options of a taxable corporation whose total quarterly income tax payments in a given taxable year exceed its total income tax due. The taxpayer may either: (1) carry-over the excess amount to the succeeding taxable quarters/years until it is fully utilized, or (2) file a claim for refund in the form of cash or tax credit certificate. However, once the carry-over option is taken actually or constructively it becomes irrevocable for that taxable period.³⁹ The phrase *‘for that taxable period’* refers to the taxable year when the excess income tax, subject of the option, was acquired by the taxpayer.⁴⁰

In exercising its option, the corporation must signify in its annual corporate adjustment return (*by marking the option box provided in the BIR form*) its intention, either to carry over the excess credit or to claim a refund. To facilitate tax collection, these remedies are in the alternative and the choice of one precludes the other.⁴¹

A perusal of petitioner’s Annual ITR for taxable year 2020 shows that petitioner had income tax credits in the total amount of ₱125,650,260.00,⁴² broken down as follows:

Prior Year's Excess Credits other than Minimum Corporate Income Tax (MCIT)		₱ 90,500,257.00
Add: Creditable Taxes Withheld – Taxable Year 2020		
For the First Three Quarters	₱ 23,782,142.00	23,782,381.00
For the 4 th Quarter	239.00	
Foreign Tax Credits		
Total Tax Credits		₱ 125,650,260.00

Petitioner’s income tax liability for taxable year 2020 in the amount of ₱10,770,528.00 was paid using a portion of its prior year’s excess credits of ₱90,500,257.00. This leaves the prior year’s excess tax credits in the amount of ₱79,729,729.00, CWTs during taxable year 2020 in the amount of ₱23,782,381.00, and Foreign Tax Credits amounting to ₱11,367,622.00 or a

³⁹ *Rhombus Energy, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 206362, August 1, 2018, citing the case of *Republic of the Philippines, represented by the Commissioner of Internal Revenue vs. Team (Phils.) Energy Corporation (formerly Mirant (Phils.) Energy Corporation)*, G.R. No. 188016, January 14, 2015; *Philam Asset Management, Inc. vs. Commissioner of Internal Revenue*, G.R. Nos. 156637 & 162004, December 14, 2005; *Systra Philippines, Inc vs. Commissioner of Internal Revenue*, G.R. No. 176290, September 21, 2007.

⁴⁰ *Republic of the Philippines, represented by the Commissioner of Internal Revenue vs. Team (Phils.) Energy Corporation (formerly Mirant (Phils.) Energy Corporation)*, supra.; *Commissioner of Internal Revenue vs. Bank of the Philippine Islands*, G.R. No. 178490, July 7, 2009.

⁴¹ Refer to *Philippine Bank of Communications vs. Commissioner of Internal Revenue, et al.*, G.R. No. 112024, January 28, 1999.

⁴² Lines 20 to 32, Schedule 3 – Tax Credits/Payments, Part IV- Schedules, Exhibit “P-20”, USB (Exhibit “P-19-2”).

total of ₱114,879,732.00, unutilized as of December 31, 2020, as computed below:

Prior Year's Excess Credits other than MCIT	₱ 90,500,257.00
Less: Income Tax Due other than MCIT	10,770,528.00
Balance of Prior Year's Excess Credits	₱ 79,729,729.00
Add: Creditable Taxes Withheld – taxable year 2020	23,782,381.00
Foreign Tax Credits	11,367,622.00
Excess Tax Credits as of December 31, 2020	₱ 114,879,732.00

Pursuant to Section 2.58.3 of Revenue Regulations (RR) No. 2-98, quoted below, the submission of petitioner's Annual ITR for taxable year 2019 is sufficient to prove its prior year's excess credits other than MCIT in the amount of ₱90,500,257.00, *viz.*:

“Sec. 2.58.3. *Claim for Tax Credit or Refund.* —

xxx xxx xxx

(C) Excess Credits. – An individual or corporate taxpayer's excess expanded withholding tax credits for the taxable quarter/year shall **automatically be allowed as a credit** against his income tax due for the taxable quarters/years immediately succeeding the taxable quarters/years in which the excess credit arose, **provided he submits with his income tax return, a copy of the first page of his income tax return for the previous taxable period showing the amount of his excess withholding tax credits**, and on which return he has not opted for a cash refund or tax credit certificate.” *(Emphases added)*

Based on the above provision, the excess CWTs of a taxable year, which were opted to be carried-over to the succeeding taxable year, are automatic credits against the income tax due of such succeeding taxable year, so long as the amount of excess CWTs are evidenced by the ITR for the taxable year when such excess credits arose.

In this case, petitioner presented its Annual ITR for taxable year 2019 showing the excess tax credits amounting to ₱118,496,326.00,⁴³ thus:

Prior Year's Excess Credits other than MCIT	₱ 82,366,949.00
Less: Income Tax Due other than MCIT	5,035,002.00
Balance of Prior Year's Excess Credits	₱ 77,331,947.00
Add: Creditable Taxes Withheld – taxable year 2019	
For the First Three Quarters	₱20,839,600.00
For the 4 th Quarter	7,156,469.00
Foreign Tax Credits	13,168,310.00

⁴³ Line 20, Part II – Total Tax Payable, and Schedule 8 – Tax Credits/Payments, Exhibit "P-26", USB (Exhibit "P-19-2").

Excess Tax Credits as of December 31, 2019	₱ 118,496,326.00
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From the total excess tax credits of ₱118,496,326.00 appearing in petitioner's 2019 Annual ITR, only ₱90,500,257.00 was carried over as reflected in its 2020 Annual ITR, which is the sum of the balance of the prior year's excess credits of ₱77,331,947.00 and Foreign Tax Credits of ₱13,168,310.00. Considering that the amount of ₱90,500,257.00 is more than enough to cover petitioner's income tax due for taxable year 2020 amounting to ₱10,770,528.00, the reported CWTs being claimed for refund in this case in the amount of ₱23,782,380.75 remained unutilized at the end of the taxable year 2020.

Since petitioner marked the box corresponding to the option "*To be refunded*" in its Annual ITR for taxable year 2020,⁴⁴ the CWTs in the amount of ₱23,782,380.75 *may* be a proper subject of claim for refund pursuant to Section 76 of the NIRC of 1997.

This refund option was further affirmed by petitioner when it carried over only the amount of ₱91,097,351.00 as prior year's excess tax credits in its Amended Annual ITR for taxable year 2021.⁴⁵ Said amount exclude the CWTs being claimed for refund in this case amounting to ₱23,782,380.75.⁴⁶

With the above-stated findings, the Court shall now proceed to determine petitioner's compliance with the requisites for claiming a tax credit or refund of excess and unutilized CWTs.

Requisites to claim a tax credit or refund of excess and unutilized CWT.

In addition to the requisites provided under Section 76 of the NIRC of 1997, jurisprudence and pertinent RR provide that in order for a taxpayer to be entitled to a refund or an issuance of tax credit certificate for unutilized excess CWTs, the following three (3) requisites must be further complied with:

- 1. The claim for refund must be filed within the two (2)-year prescriptive period as provided under Sections 204(C) and 229 of the NIRC of 1997;

⁴⁴ Line 21, Part II – Total Tax Payable, Exhibit "P-20", USB (Exhibit "P-19-2").
⁴⁵ Line 20, Schedule 3 – Tax Credits/Payments, Part IV – Schedules, Exhibit "P-9", Docket, p. 295.
⁴⁶ Difference of ₱0.25 (₱23,782,380.75 vis-à-vis ₱23,782,381.00) due to rounding off.

Excess credits per Annual ITR for taxable 2020	₱114,879,732.00
Less: Tax credits carried over per Amended Annual ITR for taxable year 2021	(91,097,351.00)
CWT subject of the present claim for refund	₱ 23,782,381.00

2. The fact of withholding must be established by a copy of a statement duly issued by the payor (withholding agent) to the payee, showing the amount paid and the amount of tax withheld therefrom; and,
3. The income upon which the taxes were withheld must be included in the return of the recipient.⁴⁷

Thus, it is incumbent upon petitioner to establish the foregoing requisites.

Petitioner's administrative and judicial claims for refund were timely filed.

For the *first* requisite, the pertinent provisions are Sections 204(C) and 229 of the NIRC of 1997, which provide as follows:

“SEC. 204. Authority of the Commissioner to Compromise, Abate and Refund or Credit Taxes. – The Commissioner may –

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(C) Credit or refund taxes erroneously or illegally received or penalties imposed without authority, refund the value of internal revenue stamps when they are returned in good condition by the purchaser, and, in his discretion, redeem or change unused stamps that have been rendered unfit for use and refund their value upon proof of destruction. **No credit or refund of taxes or penalties shall be allowed unless the taxpayer files in writing with the Commissioner a claim for credit or refund within two (2) years after the payment of the tax or penalty:** *Provided, however,* That a return filed showing an overpayment shall be considered as a written claim for credit or refund.” *(Emphasis added)*

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SEC. 229. *Recovery of Tax Erroneously or Illegally Collected.* – No suit or proceeding shall be maintained in any court for the recovery of any national internal revenue tax hereafter alleged to have been erroneously or illegally assessed or collected, or of any penalty claimed to have been collected without authority, or of any sum alleged to have been excessively or in any manner wrongfully collected, until a claim for refund or credit has been duly filed with the Commissioner; but such suit or proceeding may be maintained,

⁴⁷ *Republic of the Philippines, represented by the Commissioner of Internal Revenue vs. Team (Phils.) Energy Corporation (formerly Mirant (Phils.) Energy Corporation)*, supra; *United International Pictures AB vs. Commissioner of Internal Revenue*, G.R. No. 168331, October 11, 2012; *Citibank N.A. vs. Court of Appeals, et al.*, G.R. No. 107434, October 10, 1997; *ACCRA Investments Corporation vs. The Honorable Court of Appeals, et al.*, G.R. No. 96322, December 20, 1991; Section 2.58, Revenue Regulations No. 2-98, as amended.

whether or not such tax, penalty, or sum has been paid under protest or duress.

In any case, no such suit or proceeding shall be filed after the expiration of two (2) years from the date of payment of the tax or penalty regardless of any supervening cause that may arise after payment: *Provided, however,* That the Commissioner may, even without a written claim therefor, refund or credit any tax, where on the face of the return upon which payment was made, such payment appears clearly to have been erroneously paid.” (*Emphasis added*)

The above-stated provisions mandate that the administrative and judicial remedy of filing a claim for refund of erroneously or excessively paid tax must be done within two (2) years from the date of payment of the tax.

It is well settled that the two (2)-year prescriptive period for claiming a refund of overpaid income tax/CWTs commences to run on the date of filing of the Final Adjustment Return (FAR)⁴⁸ (also known as the Annual ITR). This is so because it is only when the FAR covering the whole year is filed that the taxpayer would know whether a tax is still due or a refund can be claimed based on the adjusted and audited figures.⁴⁹ In other words, it is only logical to reckon the two (2)-year prescriptive period from the time the FAR or the Annual ITR was filed, since it is only at that time that it would be possible to determine whether the corporate taxpayer paid an amount exceeding its annual income tax liability.⁵⁰

Here, petitioner filed its Annual ITR for 2020 thru eBIR Forms Facility on April 15, 2021.⁵¹ Counting two (2) years from said date, petitioner had until April 15, 2023, within which to file both its administrative and judicial claims.

Considering that petitioner filed its administrative claim for refund with the BIR on March 9, 2023,⁵² while the present judicial claim was filed on April 17, 2023,⁵³ which is the next working day given that April 15, 2023 fell on a Saturday, both claims for refund of unutilized/excess CWTs were seasonably filed within the two (2)-year prescriptive period.

Respondent, however, insists that the *Petition* should be dismissed because petitioner failed to exhaust administrative remedies when it elevated the case to this Court without giving respondent the opportunity to resolve the

⁴⁸ *ACCRA Investments Corporation vs. The Honorable Court of Appeals, et al.*, supra; *Commissioner of Internal Revenue vs. TMX Sales, Inc., et al.*, G.R. No. 83736, January 15, 1992; *Commissioner of Internal Revenue vs. The Philippine American Life Insurance Co., et al.*, G.R. No. 105208, May 29, 1995.

⁴⁹ *Commissioner of Internal Revenue vs. TMX Sales Inc., et al.*, supra.

⁵⁰ *Metropolitan Bank & Trust Company vs. The Commissioner of Internal Revenue*, G.R. No. 182582, April 17, 2017.

⁵¹ Exhibit “P-20”, USB (Exhibit “P-19-2”).

⁵² Exhibits “P-12” and “P-13”, Docket, pp. 300 to 306.

⁵³ Docket, pp. 7 to 28.

issues. In this case, respondent stresses that petitioner filed its tax refund with Revenue District Office No. 126 of the BIR on March 9, 2023 and thereafter, on April 17, 2023, one (1) month after, it filed the subject *Petition for Review*. By doing so, petitioner effectively prevented respondent from accurately identifying the latter's claim for refund consequently shifting inappropriately to this Court the burden of resolving the issues of its claim

The Court disagrees with respondent.

In *Commissioner of Internal Revenue vs. Estate of Mr. Charles Marvin Romig, Represented by its Sole Heir Mrs. Maricel Narciso Romig (Romig)*,⁵⁴ the Supreme Court ruled as follows:

“Sections 204 and 229 of the 1997 NIRC provide for the refund of erroneously or illegally collected taxes. **Section 204 applies to administrative claims for refund, while Section 229 to judicial claims for refund.** Said provision state:

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Based on the above-quoted provisions, it is manifestly clear that an administrative claim for refund must precede the filing of a judicial claim and that both claims must be filed within the two years from the payment of the tax. **In the instant case, the two-year period to file a claim for refund is reckoned from June 30, 2015, the date respondent paid the estate tax amounting to PHP 4,565,439.07. Since the Estate first filed its administrative claim at 8:00 a.m. on June 28, 2017, and thereafter its judicial claim at 4:47 p.m. on even date, both claims were filed on time or within the two-year prescriptive period provided by law.**

It is of no moment that there is only a short interval between the filing of the two claims. The law merely requires that both claims are filed within the two-year period. In *Commissioner of Internal Revenue v. Carrier Air Conditioning Philippines, Inc.*,⁵⁵ where therein petitioner similarly argued that the judicial claim for refund, which was filed barely 10 days from the filing of the administrative claim, was premature and violative of the doctrine of exhaustion of administrative remedies, this Court held that, ‘from the plain language of the law, it does not matter how far apart the administrative and judicial claims were filed, or whether the [CIR] was actually able to rule on the administrative claim, so long as both claims were filed within the two-year prescriptive period.’

Moreover, the Court agrees with the finding of the CTA Second Division and CTA *En Banc* that the Estate's immediate resort to court action was justified, considering that the prescriptive period was about to expire. Under the circumstances, if the Estate had waited for the CIR to act on its administrative claim knowing fully well that the two-year period was about to lapse, it would have resultantly forfeited its right to seek judicial recourse, thereby suffering irreparable damage. Hence, respondent cannot be faulted

⁵⁴ G.R. No. 262092, October 9, 2024.

⁵⁵ G.R. No. 226592, July 27, 2021.

for acting in such a manner to protect its interest and right to recover the taxes it erroneously paid to the government.

While the Court recognizes that the CIR may not have had the proper chance to act on the matter within their jurisdiction because of the short period of time between the filing of the two claims, the silence or insufficiency in the law on what is to be considered a reasonable period for the CIR to resolve a claim for refund of taxes is one that can be addressed not by judicial pronouncement, but by appropriate legislation. (*Emphases and underscoring added*)

The foregoing jurisprudential pronouncements confirm that the law merely requires that both claims are filed within the two (2)-year reglementary period. Thus, so long as the said claims are lodged within such period, the judicial claim may be taken cognizance of by this Court. And this holds true even when the filing of the administrative claim and subsequently, the judicial claim, are merely hours apart, such as in the *Romig* case.

Hence, petitioner correctly and timely sought judicial redress within the two- (2)-year prescriptive period, since the same is about to expire, notwithstanding that its administrative and judicial claims were filed only one (1) month apart. Thus, petitioner cannot be considered to have failed to exhaust administrative remedies before elevating the present case to this Court.

Petitioner established the fact of withholding through the presentation of the certificates of tax withheld at source.

Regarding the *second* and *third* requisites, Section 2.58.3(B) of RR No. 2-98, as amended, states:

“Sec. 2.58.3. Claim for tax credit or refund. —

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(B) Claims for tax credit or refund of any creditable income tax which was deducted and withheld on income payments shall be given due course **only when it is shown that the income payment has been declared as part of the gross income and the fact of withholding is established by a copy of the withholding tax statement duly issued by the payor to the payee showing the amount paid and the amount of tax withheld therefrom.**

Proof of remittance is the responsibility of the withholding agent.” (*Emphases added*)

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The *second requisite* mandates petitioner to prove the fact of withholding of the claimed CWTs by a copy of the statement duly issued by the payor, acting as the withholding agent, to the payee, showing the names of the payor and payee, the income payment, the amount of tax withheld, and the nature of the tax paid.

Relative thereto, the certificate of creditable tax withheld at source is the competent proof to establish the fact that taxes are withheld.⁵⁶ It is a withholding statement duly issued by the payor to the payee showing the amount paid and the amount of tax withheld therefrom, as described in Section 2.58.3(B) of RR No. 2-98.

It is represented that all of the claimed CWTs of ₱23,782,380.75 comes from petitioner’s sales of services to and taxes withheld from income payments by SPI Technologies, Inc. for the taxable year 2020.⁵⁷ Petitioner submitted the *Certificates of Creditable Tax Withheld at Source* (BIR Forms No. 2307) supporting its claim, summarized as follows:

Exhibit No.	Period	Income Payments	Tax Rate	CWT
“P-48-a”	1 st Quarter	₱ 56,990,329.17	15%	₱ 8,548,549.38
“P-48-b”	2 nd Quarter	44,918,234.31	15%	6,737,735.15
“P-48-c”	3 rd Quarter	55,436,725.69	15%	8,315,508.85
“P-48-c”	3 rd Quarter	18,034,841.20	1%	180,348.41
“P-48-d”	4 th Quarter	11,947.79	2%	238.96
TOTAL		₱ 175,392,078.16		₱ 23,782,380.75

The Court finds the foregoing in order. Thus, petitioner has satisfactorily complied with the *second* requisite.

The income upon which the taxes were withheld must be included in the return of the recipient.

Anent the *third* requisite, based on the *Certificates of Creditable Tax Withheld at Source* (BIR Forms No. 2307) for the taxable year 2020, the corresponding income payments of the claimed CWT amount to ₱175,392,078.16. In its 2020

⁵⁶ *Commissioner of Internal Revenue vs. Philippine National Bank*, G.R. No. 180290, September 29, 2014.

⁵⁷ Pars. 6 to 9, *Memorandum (of Petitioner SPI Global Shared Services Pte. Ltd. - ROHQ)*, Docket, pp. 417 to 418.

Audited Financial Statements (AFS) and Annual ITR, petitioner declared sales/revenues in the aggregate amount of ₱316,730,048.00.⁵⁸

The ICPA compared petitioner’s total income/revenues reported in its Annual ITR for 2020⁵⁹ as against the total income/revenues reported in its AFS⁶⁰ and its general ledger (GL) Account No. 33011251 – Revenue – Management Fees,⁶¹ which disclosed the following:⁶²

Income/Revenues reported per Annual ITR for 2020		316,730,048.00
Income/Revenues reported per AFS for 2020		
Management Fees per AFS (USD)	\$6,338,787.00	
Foreign Exchange Rate	49.97	316,730,048.36
Difference		-0.36

Income/Revenues reported per Annual ITR for 2020	316,730,048.00
Income/Revenues reported per GL No. 33011251	316,730,048.36
Difference	-0.36

The difference of ₱0.36 pertains to the rounding-off of the income/revenue reported in the Annual ITR for taxable year 2020 to the nearest peso.

However, a comparison of the total income/revenues reported per annual ITR for taxable year 2020 with the total income payments reported in the Summary Alphalist of Withholding Taxes (SAWT)⁶³ shows the discrepancy of ₱37,238,869.70.⁶⁴

Income/Revenues reported per Annual ITR for 2020	316,730,048.00
Income payments reported per SAWT for 2020	279,491,178.30
Difference	37,238,869.70

The ICPA accounted for the difference as follows:⁶⁵

Difference noted per Table 6		37,238,869.70
Add/(Less): Reconciling items per GL provided by Petitioner (Exhibit “P-23”) and SAWT (Exhibit “P-24”)		

⁵⁸ Equivalent to US\$6,338,787.00, *Statement of Comprehensive Income*, Exhibit “P-25”, USB (Exhibit “P-19-2”); Line 1, Schedule 2 – Computation of Income Tax per Tax Regime, Part IV – Schedules, Exhibit “P-20”, USB (Exhibit “P-19-2”).
⁵⁹ Exhibit “P-20”, USB (Exhibit “P-19-2”).
⁶⁰ Exhibit “P-25”, USB (Exhibit “P-19-2”).
⁶¹ Exhibit “P-23”, USB (Exhibit “P-19-2”).
⁶² Tables 4 and 5, Exhibit “P-19-4”.
⁶³ Exhibit “P-24”, USB (Exhibit “P-19-2”).
⁶⁴ Table 6, Exhibit “P-19-4”.
⁶⁵ Table 7, Exhibit “P-19-4”.

1. Income payments per SAWT not reported as revenue in ITR for 2020		
a. SPI Technologies Inc (Line 25 of SAWT)	18,034,841.20	
b. SPI Technologies Inc (Line 28 of SAWT)	11,947.79	
2. Income from Lambda Content India Private Limited Foreign Credits reported in ITR for 2019 (Line 1 of SAWT)	17,442,137.23	
3. Management Fees from SPI Nicaragua & SPI US reported as revenue for income tax purposes:		

<u>Doc No.</u>	<u>Client Name</u>	<u>SOA No.</u> (Exhibits "P-28" to "P-43")	<u>SOA Amount</u> <u>in USD</u>			
102000024	SPI Nicaragua	01-004	8,246.61	-419,381.57		
102000025	SPI US	01-002	4,287.13	-218,022.22		
102000025	SPI Nicaragua	01-004	1,204.05	-61,232.03		
102000056	SPI US	02-002	147,010.19	-		
				7,482,377.81		
102000056	SPI Nicaragua	02-004	-3,078.47	156,684.98		
102000057	SPI US	02-002	29,949.84	-		
				1,524,357.18		
102000057	SPI Nicaragua	02-004	-233.98	11,909.02		
102000085	SPI US	03-002	103,108.15	-		
				5,235,831.93		
102000085	SPI Nicaragua	03-004	20,482.76	-		
				1,040,114.30		
102000086	SPI US	03-002	37,195.33	-		
				1,888,779.10		
102000086	SPI Nicaragua	03-004	5,447.6	-276,628.97		
102000102	SPI US	04-002	185,481.15	-		
				9,356,411.16		
102000102	SPI Nicaragua	04-004	14,699.77	-741,515.12		
102000103	SPI US	04-002	50,247.13	-		
				2,534,666.36		
102000103	SPI Nicaragua	04-004	4,006.85	-202,121.52		
102000148	SPI US	05-002	193,473.91	-		
				9,786,877.94		
102000148	SPI Nicaragua	05-004	2,303.67	-116,531.13		
102000149	SPI US	05-002	43,622.73	-		
				2,206,655.63		
102000149	SPI Nicaragua	05-004	186.82	-9,450.34		
102000162	SPI US	06-002	147,457.98	-		
				7,341,932.59		
102000162	SPI Nicaragua	06-004	22,062.11	-		
				1,098,472.69		
102000163	SPI US	06-002	27,050.81	-		
				1,346,859.80		
102000163	SPI Nicaragua	06-004	4,720.68	-235,042.43		
102000214	SPI Nicaragua	07-004	6,783.69	-333,174.09		
102000214	SPI US	07-002	182,729.12	-		
				8,974,558.12		
102000215	SPI US	07-002	31,296.43	-		
				1,537,092.73		
102000215	SPI Nicaragua	07-004	744.94	-36,587.03		
102000253	SPI US	08-002	-12,820.26	629,654.01		
102000253	SPI Nicaragua	08-004	5,210.14	-255,890.97		
102000254	SPI US	08-002	-3,4730.7	1,705,763.60		
102000254	SPI Nicaragua	08-004	-1,316.77	64,671.84		
102000255	SPI US	08-002	137,732.56	-		
				6,677,687.49		
102000255	SPI Nicaragua	08-004	23282.81	-		
				1,128,820.66		
102000256	SPI US	08-002	25,129.29	-		
				1,218,343.41		
102000256	SPI Nicaragua	08-004	4,357.37	-211,258.53		
102000024	SPI US	01-002	35,390.91	-	(72,727,796.38)	(37,238,870.16)
				1,799,804.98		

<u>Doc No.</u>	<u>Client Name</u>	<u>SOA No.</u> (Exhibits "P-28" to "P-43")	<u>SOA Amount</u> in USD			
Difference						(0.46)

The Court finds the foregoing in order, and notes that the following income payments from petitioner’s domestic client SPI Technologies, Inc. amounting to ₱18,046,788.99 with corresponding CWT of ₱180,587.37 were not reported as revenue in its 2020 Annual ITR:

Client Name	Income Payment	CWT
SPI Technologies, Inc.	₱ 18,034,841.20	₱ 180,348.41
SPI Technologies, Inc.	11,947.79	238.96
Total	₱18,046,788.99	₱180,587.37

The ICPA also found that the income payment amounting to ₱11,947.79 with CWT of ₱238.96 was reported under Other Taxable Income,⁶⁶ as shown by the breakdown of Other Income⁶⁷ reported in petitioner’s 2020 Annual ITR amounting to ₱9,549,518.00.⁶⁸

On the other hand, the income payment amounting to ₱18,034,841.20 with corresponding CWT of ₱180,348.41 is not included in the breakdown of Other Income but was reported in GL Account No. 49201000 – Loss on Fixed Asset Disposal for the year 2020.⁶⁹ An examination of the account reveals that the subject income payment was offset against other items in the list and the net amount is ₱2,781,724.08. However, the 2020 Annual ITR shows losses of ₱2,419,317.00,⁷⁰ but petitioner did not explain the discrepancy. Thus, the Court cannot ascertain whether the income payment of ₱18,034,841.20 is included in the return of the recipient. Consequently, the CWT of ₱180,348.41 cannot be claimed for refund for failure to show compliance with the *third* requisite.

In sum, petitioner has likewise sufficiently complied with the *third* requisite, except for the income payment amounting to ₱18,034,841.20.

Correspondingly, petitioner’s claim should be granted, but only in the reduced amount of ₱23,602,032.34, computed as follows:

Claim for refund	₱ 23,782,380.75
Disallowed CWT for failure to comply with the 3 rd requisite	180,348.41
Refundable CWT	<u>₱23,602,032.34</u>

⁶⁶ Exhibit "P-19-4", pp. 7 to 8.
⁶⁷ Exhibit "P-44", USB (Exhibit "P-19-2").
⁶⁸ Line 6, Schedule 2, Exhibit "P-20", USB (Exhibit "P-19-2").
⁶⁹ Exhibit "P-45", USB (Exhibit "P-19-2").
⁷⁰ Line 9, Schedule 5, Part IV – Schedules, Exhibit "P-20", USB (Exhibit "P-19-2").

ACCORDINGLY, the present *Petition for Review* is **PARTIALLY GRANTED**.

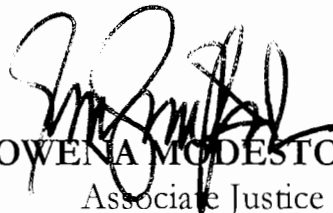
Accordingly, respondent is **ORDERED** to **REFUND** or **ISSUE A TAX CREDIT CERTIFICATE** in favor of petitioner the amount of **₱23,602,032.34**, representing its excess and unutilized CWTs for taxable year 2020.

SO ORDERED.

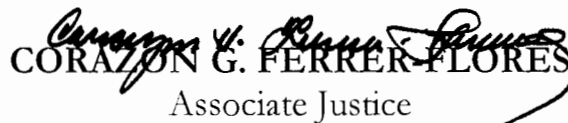


MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

WE CONCUR:



MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice



CORAZON G. FERRER-FLORES
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