

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

Third Division

FORD GROUP PHILIPPINES, INC., CTA Case No. 11128
Petitioner,

Members:

- versus -

MANAHAN, Chairperson,
REYES-FAJARDO and
ANGELES, JJ.

COMMISSIONER OF INTERNAL
REVENUE,

Promulgated:

Respondent.

OCT 01 2025

X - - - - - OCT 01 2025 2:58 p.m. -X

DECISION

MANAHAN, J.:

The *Petition for Review* prays that the Court render judgment ordering respondent to refund to the petitioner the aggregate amount of ₱202,930,607.00, representing excess and unutilized creditable withholding taxes (CWTs) for the year 2020.¹

THE PARTIES

Petitioner Ford Group Philippines, Inc. is registered with the Securities and Exchange Commission as the Philippine Branch Office of Ford Group Philippines, Inc. (formerly, FGP, Incorporated), a foreign corporation organized and existing under the laws of the State of Delaware, United States of America.² It is engaged in wholesale distribution and importation of automotive vehicles, parts and components; and to provide services relating to the same.³ It is also registered with the Bureau of Internal Revenue (BIR) under Taxpayer Identification No. (TIN) 206-377-654-00000,⁴ with principal

¹ Docket, CTA Case No. 11128, Vol. 1, Statement of the Case, Pre-Trial Order dated January 31, 2024, p. 245.

² *Id.*, Vol. 2, Exhibits "P-1" to "P-3" and "P-5", pp. 611 to 646.

³ *Id.*, Vol. 2, Exhibits "P-2" and "P-3-1", pp. 621 and 623, respectively.

⁴ *Id.*, Vol. 2, Exhibit "P-4", pp. 647 to 648. *can*

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place of business is located at 8th Floor, Filinvest One Building, Northgate Cyberzone, Filinvest City, Alabang, Muntinlupa City.

Respondent Commissioner of Internal Revenue is empowered to perform the duties of his office, including acting upon on protests cases and approval of claims for refund or tax credit as provided by law and implementing regulations.⁵

THE FACTS

On April 15, 2021, petitioner filed its *Annual Income Tax Return* (BIR Form No. 1702-RT) (Annual ITR) for calendar year (CY) 2020.⁶ Subsequently, it electronically filed an Amended Annual ITR on April 28, 2021, using eBIRForms as evidenced by the Tax Return Receipt Confirmation, and manually filed the same on May 20, 2021,⁷ which reflected the following Tax Credits/Payments:⁸

Prior Year's Excess Credits Other Than Minimum Corporate Income Tax (MCIT)	₱ 397,926,783.00
Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307	125,623,566.00
Creditable Tax Withheld per BIR Form No. 2307 for the 4 th Quarter	77,307,041.00
Total Tax Credits/Payments	₱ 600,857,390.00

Petitioner's amended Annual ITR for CY 2020 also reflected an overpayment of ₱580,745,420.00, computed as follows:⁹

Part II – Total Tax Payable	
Tax Due	₱ 20,111,970.00
Less: Total Tax Credits/Payments	600,857,390.00
Total Amount Payable (Overpayment)	(₱580,745,420.00)

⁵ Docket, Vol. 1, Par. A(1), *Joint Stipulation of Facts and Issues* (JSFI), p. 225.

⁶ *Id.*, Vol. 1, Exhibit "P-6", pp. 78 to 85.

⁷ BIR Records, Exhibit "P-7", pp. 584 to 593.

⁸ BIR Records, Exhibit "P-7-1", p. 588.

⁹ BIR Records, Exhibit "P-7-2", p. 593. *am*

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Petitioner marked the option "*To be refunded*" for the overpayment in both its original and amended Annual ITR for CY 2020.¹⁰

On December 22, 2021, petitioner filed with the BIR an *Application for Tax Credits/Refunds* (BIR Form No. 1914),¹¹ and the letter dated December 15, 2021,¹² requesting for a refund of its excess CWTs for CY 2020, in the amount of ₱202,930,607.00.

Petitioner filed the present *Petition for Review* on April 14, 2023.¹³

On July 28, 2023, respondent filed his *Answer*,¹⁴ interposing the following main special and affirmative defenses, to wit:

1. Petitioner is not entitled to refund of the alleged excess and unutilized creditable withholding taxes for taxable year 2020 in the amount of ₱202,930,607.00 as it did not provide supporting documents to show that income from which creditable withholding tax being claimed was declared in the Annual Income Tax Return (AITR). There is no direct linkage between the creditable withholding tax and the income as reflected in the AITR;
2. Respondent emphasizes that it is incumbent upon the claimant to prove actual remittance of the same alleged withheld taxes to the BIR. The fact of withholding of taxes is one thing, the actual remittance of the same is another. Hence, it should have presented evidence to prove actual remittance of the same alleged taxes to the BIR. The burden of proving remittance of taxes rests on the shoulder of the petitioner; and
3. The failure on the part of the taxpayer to submit relevant documents on administrative level makes

¹⁰ Docket, Vol. 1, Exhibits "P-6" and "P-7-3", at p. 78, and BIR Records, p. 593, respectively.

¹¹ Exhibit "P-12", BIR Records, p. 595.

¹² Exhibit "P-13", BIR Records, pp. 596 to 598.

¹³ Docket, Vol. 1, pp. 6 to 27.

¹⁴ *Id.*, Vol. 1, pp. 179 to 188. 

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the administrative claim for tax refund or credit pro-forma and shall be construed as if no administrative claim was filed at all.”

On August 2, 2023, respondent transmitted the *BIR Records* of this case, consisting of one (1) folder, consecutively numbered as pages 1 to 605.¹⁵

The Pre-Trial Conference was set and held on October 18, 2023.¹⁶ Prior thereto, petitioner’s *Pre-Trial Brief* was filed on August 15, 2023,¹⁷ while *Respondent’s Pre-Trial Brief* was submitted on October 9, 2023.¹⁸

On November 7, 2023, the parties submitted their *Joint Stipulation of Facts and Issues*,¹⁹ which was admitted and approved in the Minute Resolution dated November 20, 2023,²⁰ thereby terminating the Pre-Trial. The Pre-Trial Order dated January 31, 2024 was then issued.²¹

As trial ensued, petitioner presented its testimonial and documentary evidence. It offered the testimonies of the following individuals, namely: (1) Ms. Jo-Anne T. Matas,²² petitioner’s Tax Manager; and (2) Atty. Conrado M. Briones,²³ the Court-commissioned Independent Certified Public Accountant (ICPA).²⁴

The *Amended Report* of the ICPA was submitted on May 27, 2024.²⁵

¹⁵ Docket, Vol. 1, *Compliance* dated August 2, 2023, pp. 198 to 200.

¹⁶ *Id.*, Vol. 1, Notice of Pre-Trial Conference dated August 8, 2023, pp. 202 to 203; Docket, Vol. 1, Minutes of the hearing held on, and Order dated, October 18, 2023, pp. 222 and 224 to 225, respectively

¹⁷ *Id.*, Vol. 1, pp. 205 to 212.

¹⁸ *Id.*, Vol. 1, pp. 215 to 218.

¹⁹ *Id.*, Vol. 1, pp. 225 to 232.

²⁰ *Id.*, Vol. 1, p. 242.

²¹ *Id.*, Vol. 1, pp. 245 to 250.

²² *Id.*, Vol. 1, Exhibit “P-15”, pp. 30 to 39, and 173 (Attestation); Docket, Vol. 1, Minutes of the hearing held on, and Order dated, March 12, 2024, pp. 268 and 270 to 271, respectively.

²³ *Id.*, Vol. 1, Exhibit “P-45”, pp. 573 to 589; Docket, Vol. 2, Minutes of the hearing held on, and Order dated, June 25, 2024, pp. 592 to 594.

²⁴ *Id.*, Vol. 1, *Oath of Commission* dated March 12, 2024, p. 269; Docket, Vol. 1, Minutes of the hearing held on, and Order dated, March 12, 2024, pp. 268 and 270 to 271, respectively.

²⁵ *Id.*, Vol. 1, Exhibit “P-17”, pp. 448 to 569. *an*

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On July 12, 2024, petitioner filed its *Formal Offer of Evidence*,²⁶ to which respondent filed his *Comment (on Petitioner's Formal Offer of Evidence)* on July 15, 2024.²⁷

Thereafter, respondent filed a *Manifestation* on July 29, 2024,²⁸ stating that there is no report on the investigation of petitioner's claim for refund and/or issuance of tax credit certificate, thus, he will no longer present a witness.

In the Resolution dated September 26, 2024,²⁹ the Court admitted all of petitioner's offered exhibits.

On October 28, 2024, petitioner filed its *Memorandum*,³⁰ while respondent submitted his *Memorandum* on October 30, 2024.³¹

The case was submitted for decision on November 15, 2024.³²

ISSUE

As stipulated by the parties, the issue for this Court's resolution is:

"WHETHER OR NOT PETITIONER IS ENTITLED FOR TAX REFUND OF ITS ALLEGED EXCESS AND UNUTILIZED CREDITABLE WITHHOLDING TAX (CWT) FOR THE YEAR 2020 AMOUNTING TO TWO HUNDRED TWO MILLION NINE HUNDRED THIRTY THOUSAND SIX HUNDRED SEVEN PESOS (PHP202,930,607.00)."³³

Petitioner's Arguments³⁴

Petitioner argues that the claim for refund should be granted because all the necessary elements are present; that the total tax credit of petitioner exceeds its tax liability for

²⁶ Docket, Vol. 2, pp. 600 to 608.

²⁷ *Id.*, Vol. 2, pp. 699 to 701.

²⁸ *Id.*, Vol. 2, pp. 705 to 707.

²⁹ *Id.*, Vol. 2, pp. 712 to 713.

³⁰ *Id.*, Vol. 2, pp. 715 to 742.

³¹ *Id.*, Vol. 2, pp. 746 to 756.

³² *Id.*, Vol. 2, Minute Resolution dated November 15, 2024, p. 763.

³³ *Id.*, Vol. 1, Par. B, JSFI, p. 225.

³⁴ *Supra.* Note 30. *am*

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taxable year 2020, hence, it has the option either to carry-over the excess and unutilized CWTs for that period or claim it for refund; that petitioner expressly indicated in its 2020 Annual ITR that it chose the option of claiming for refund the excess CWTs for the year in question, and an examination of the Quarterly Returns and Annual ITR for taxable year 2021 of petitioner would reveal that it did not carry-over the excess tax credits in the succeeding year; that petitioner has filed both the administrative claim for refund and present judicial claim within the two (2) year prescriptive period provided for in Section 229 of the Tax Code, as amended; that the fact of withholding can be established by the *Certificates of Creditable Tax Withheld at Source* (BIR Form No. 2307) issued by different payors to the petitioner showing the amount paid and the amount of tax withheld; that the CWTs in the amount of ₱202,930,607.00 were withheld from income payments to petitioner in the total amount of ₱20,289,220,107.00, which were declared as part of its total gross income (sales and other taxable income) in the Annual ITR for the taxable year 2020; that in taxable year 2020, the sizable amount of its prior year's credits was more than enough to cover and pay the income tax due for 2020, and thus, the CWTs for 2020 were not needed in paying the income tax due for said taxable year, and remained unutilized which can be properly refunded to the petitioner; that petitioner unequivocally indicated its intention to refund the excess and unutilized CWTs for the taxable year 2020 in its 2020 Annual ITR as it placed a tick mark on the box next to the words "*To be refunded*"; and that the *Quarterly Income Tax Return* for the 1st, 2nd and 3rd quarters of taxable year 2021, and the *Final Adjustment Income Tax Return* for taxable year 2021 clearly show that petitioner did not carry-over the excess 2020 CWTs, subject of the present *Petition*.

Respondent's Counter-Arguments³⁵

Respondent, on the other hand, contends that petitioner is not entitled to refund of the alleged excess and unutilized CWTs for taxable year 2020 in the amount of ₱202,930,607.00; that petitioner did not provide supporting documents to show that income from which CWT being claimed was declared in the Annual ITR; that petitioner should have presented evidence to prove actual remittance of the same alleged taxes to the BIR; and that petitioner failed to prove compliance with Revenue

³⁵ *Supra*. Note 31. *cm*

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Memorandum Order (RMO) No. 53-98 and Revenue Regulations (RR) No. 2-2006.

RULING OF THE COURT

The present *Petition for Review* must be denied.

The submission of complete documents stated in RMO No. 53-98 and RR No. 2-2006 is not a requirement for a grant of tax refund.

Before delving into the merits of this case, this Court shall first address respondent's contention that due to petitioner's failure to submit relevant documents under RMO No. 53-98 and RR No. 2-2006, he was deprived of the opportunity and time to study petitioner's claim and to fully exercise his function.

Respondent contends that failure on the part of the taxpayer to submit relevant documents on the administrative level, makes the administrative claim for refund or credit *pro-forma* and shall be construed as if no administrative claim was filed at all.

Respondent's position lacks merit.

A cursory reading of RMO No. 53-98³⁶ and RR No. 2-2006³⁷ 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. In fact, RR No. 2-2006 merely imposes a penalty of fine for non-submission of the information or statement required therein, but not the outright denial of any claim for tax refund or credit.

³⁶ 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.

³⁷ Subject: Mandatory Attachments of the Summary Alphalist of Withholding Agents of Income Payments Subjected to Tax Withheld at Source (SAWT) to Tax Returns With Claimed Tax Credits due to Creditable Tax Withheld at Source and of the Monthly Alphalist of Payees (MAP) Whose Income Received Have Been Subjected to Withholding Tax to the Withholding Tax Remittance Return Filed by the Withholding Agent/Payor of Income Payments. *can*

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Moreover, in *Pilipinas Total Gas, Inc. vs. Commissioner of Internal Revenue* ("Pilipinas Total Gas case"),³⁸ the Supreme Court, citing *Commissioner of Internal Revenue vs. Team Sual Corporation (formerly Mirant Sual Corporation)*,³⁹ 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)*:

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

³⁸ G.R. No. 207112, December 8, 2015.

³⁹ G.R. No. 205055, July 18, 2014. *cm*

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its application for refund or credit of its input tax at the same time.

[Emphasis included. Underlining 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." (*Emphasis added*)

It must be noted that while the above case involves a claim for tax refund or credit of unutilized VAT, We find that the principle enunciated therein is also applicable in a claim for tax refund or issuance of tax credit certificate of unutilized CWT.

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 an*

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*Philippines, Inc. (formerly Nissan Motor Philippines, Inc.),*⁴⁰
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.

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

⁴⁰ G.R. No. 231581, April 10, 2019. *cm*

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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.**" (*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 NIRC of 1997, and has not carried over the excess CWTs being claimed for refund.

Pertinent to the resolution of the present case is Section 76 of the National Internal Revenue Code (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 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, *Can*

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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.⁴¹ 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.⁴²

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.⁴³

A perusal of petitioner’s amended Annual ITR (BIR Form No. 1702-RT) for CY 2020 shows that petitioner had income tax credits in the total amount of ₱600,857,390.00, consisting of the: (i) prior year’s excess credits other than MCIT in the amount of ₱397,926,783.00; and (ii) CWTs accumulated during the four

⁴¹ *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.

⁴² *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.

⁴³ *Philippine Bank of Communications vs. Commissioner of Internal Revenue, et al.*, G.R. No. 112024, January 28, 1999. 

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(4) quarters of CY 2020 in the aggregate amount of ₱202,930,607.00, shown as follows:⁴⁴

Prior Year's Excess Credits other than MCIT	₱ 397,926,783.00
Add: Creditable Tax Withheld –CY 2020	
For the first three quarters	₱125,623,566.00
For the 4 th quarter	77,307,041.00
	202,930,607.00
Total Tax Credits	₱ 600,857,390.00

Petitioner claims that it utilized a portion of its prior year's excess credits in the amount of ₱397,926,783.00 to pay for its MCIT due for CY 2020 in the amount of ₱20,111,970.00,⁴⁵ leaving a balance of its prior year's excess credits of ₱377,814,813.00 and creditable taxes withheld during the CY 2020 in the amount of ₱202,930,607.00, totaling ₱580,745,420.00,⁴⁶ which is unutilized as of December 31, 2020, as shown below:

Prior Year's Excess Credits other than MCIT	₱ 397,926,783.00
Less: MCIT due	20,111,970.00
Balance of Prior Year's Excess Credits	₱377,814,813.00
Add: Creditable Taxes Withheld – CY 2020	202,930,607.00
Excess Creditable Taxes Withheld as of December 31, 2020	₱ 580,745,420.00

Pursuant to Section 2.58.3 of RR No. 2-98, quoted below, the submission of petitioner's Annual ITR for CY 2019 is sufficient to prove its prior year's excess credits other than MCIT in the amount of ₱397,926,783.00:

"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." (*Emphasis added*)

⁴⁴ BIR Records, Exhibit "P-7-1", p. 588.

⁴⁵ *Id.*, Exhibit "P-7-1", Line 42, p. 588.

⁴⁶ *Id.*, Exhibit "P-7-2", Lines 16 and 21, p. 593. *am*

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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 CY 2019 showing the excess tax credits amounting to ₱679,016,646.00, representing the sum of the ₱397,926,783.00 excess tax credits prior to CY 2019, and ₱281,089,063.00 unutilized creditable taxes withheld during CY 2019, as shown below:⁴⁷

Prior Year's Excess Credits other than MCIT		₱ 433,237,144.00
Less: MCIT due		35,310,361.00
Balance of Prior Year's Excess Credits		₱397,926,783.00
Add: Creditable Taxes Withheld – CY 2019		
For the First Three Quarters	₱186,837,868.00	
For the 4 th Quarter	94,251,995.00	281,089 063.00
Excess Tax Credits as of Dec. 31, 2019		₱679,016,646.00

Clearly, the prior year's excess tax credits of ₱397,926,783.00 appearing in petitioner's 2019 Annual ITR are more than enough to cover petitioner's MCIT due for CY 2020 amounting to ₱20,111,970.00. Thus, the reported CWTs for CY 2020 in the amount of ₱202,930,607.00 remained unutilized at the end of CY 2020.

Since petitioner marked the box corresponding to the option "*To be refunded*" in both its original and amended Annual ITR for CY 2020,⁴⁸ the CWTs for CY 2020 in the amount of ₱202,930,607.00 *may* be a proper subject of a claim for cash refund pursuant to Section 76 of the NIRC of 1997, as amended.

This refund option was further affirmed by petitioner when it carried over only the amounts of ₱377,814,813.00 and ₱377,814,814.00 as prior year's excess tax credits in its Quarterly⁴⁹ and Annual⁵⁰ ITRs for CY 2021, respectively. Said

⁴⁷ Exhibit "P-35-b" Line 20, Part II – Total Tax Payable, and Schedule 7 – Tax Credits/Payments, USB (Exhibit "P-17-2").

⁴⁸ Docket, Vol. 1, Exhibits "P-6" and "P-7-3", at p. 78, and BIR Records, p. 593, respectively.

⁴⁹ Exhibits "P-34-a" to "P-34-c", Line 1, Schedule 4 – Tax Credits/Payments, Part IV – Schedules, USB (Exhibit "P-17-2").

⁵⁰ Exhibit "P-35-d", Line 44, Part IV – Computation of Tax, USB (Exhibit "P-17-2"). *am*

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amounts excluded the CWTs being claimed for refund in this case amounting to ₱202,930,607.00.

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;
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.⁵¹

Thus, it behooves petitioner to establish the foregoing requisites.

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

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

⁵¹ *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. *am*

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

XXX

XXX

XXX

(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)*

“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, 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)⁵² (or Annual ITR). This is so because it is only when the

⁵² *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.* 

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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.⁵³ 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.⁵⁴

In this case, petitioner filed its original Annual ITR with the BIR on April 15, 2021.⁵⁵ Thus, counting from April 15, 2021, 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 December 22, 2021,⁵⁶ while the present judicial claim was filed on April 14, 2023,⁵⁷ both claims for refund of unutilized/excess CWTs were seasonably filed within the two (2)-year prescriptive period.

Petitioner established the fact of withholding but only to the extent of ₱201,650,043.10.

With regard to 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.* —

xxx xxx xxx

(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.** *(Emphasis added)*

The *second* requisite mandates petitioner to prove the fact of withholding of the claimed CWTs through a copy of the statement duly issued by the payor (withholding agent) to the

⁵³ *Commissioner of Internal Revenue vs. TMX Sales Inc., et al.*, supra.

⁵⁴ *Metropolitan Bank & Trust Company vs. The Commissioner of Internal Revenue*, G.R. No. 182582, April 17, 2017.

⁵⁵ Docket, Vol. 1, Exhibit “P-6”, pp. 78 to 85.

⁵⁶ BIR Records, Exhibits “P-12” and “P-13”, pp. 595 to 598.

⁵⁷ Docket, Vol. 1, pp. 6 to 27. *am*

payee showing the names of the payor and payee, the income payment and the amount of tax withheld therefrom.

In *Commissioner of Internal Revenue vs. Philippine National Bank* (“PNB case”),⁵⁸ the Supreme Court held that the *Certificate of Creditable Tax Withheld at Source* (BIR Form No. 2307), complete in relevant details, is the competent proof to establish the fact that taxes are withheld.

To prove the fact of withholding of the claimed CWTs during CY 2020 in the amount of ₱202,930,607.00, petitioner presented various BIR Forms No. 2307⁵⁹ issued to it by its clients, Summary Alphalist of Withholding Taxes (SAWT),⁶⁰ and *Schedule of Creditable Withholding Tax Certificates*⁶¹ for CY 2020, which were all examined by the Court-commissioned ICPA.

Based on the ICPA’s verification, the total CWTs per the supporting BIR Forms No. 2307 amounted to ₱203,016,692.00.⁶² Upon comparison of the CWTs claimed per Annual ITR and SAWT in the amount of ₱202,930,607.00 as against the CWTs reflected in the BIR Forms No. 2307 in the amount of ₱203,016,692.00, the ICPA noted a difference amounting to ₱86,085.00,⁶³ broken down as follows:

Particulars	Amount	Exhibit Reference
Unclaimed CWTs		
Michigan Motors Inc.	₱ 245,419.00	“P-29”
MOS Autosolutions Inc.	48,329.00	
Mt. Olympus Motor Corp.	334,803.00	
Palawan Global Business Ventures Inc.	12,327.00	
Queen Province Motor Corporation	26,920.00	
Subtotal	₱ 667,798.00	
Overclaiming of CWTs		
Blue Oval Automotive Corporation	₱ (11,492.00)	“P-29”

⁵⁸ G.R. No. 180290, September 29, 2014.
⁵⁹ Exhibits “P-19”, “P-20”, “P-21-a” to “P-21-d”, “P-22”, “P-23”, “P-24-a”, “P-24-b”, “P-25-a” to “P-25-z”, “P-25-aa” to “P-25-az”, “P-25-ba” to “P-25-bz”, “P-25-ca” to “P-25-cz”, “P-25-da” to “P-25-dz”, “P-25-ea” to “P-25-ez”, “P-25-fa” to “P-25-fd”, “P-26-a” to “P-26-d”, “P-27-a” to “P-27-z”, “P-27-aa” to “P-27-az”, “P-27-ba” to “P-27-bz”, “P-27-ca” to “P-27-cz”, “P-27-da” to “P-27-dz”, “P-27-ea” to “P-27-ez”, “P-27-fa” to “P-27-fz”, “P-27-ga” to “P-27-gz”, and “P-27-ha” to “P-27-hz”, USB (Exhibit “P-17-2”).
⁶⁰ Exhibits “P-32-a” to “P-32-d”, USB (Exhibit “P-17-2”).
⁶¹ Docket, Vol. 1, Exhibit “P-18”, pp. 468 to 481.
⁶² *Id.*, Vol. 1, Page 5, Amended ICPA Report dated May 27, 2024 (Exhibit “P-17”), p. 454.
⁶³ *Id.*, Vol. 1, Page 6, Amended ICPA Report dated May 27, 2024 (Exhibit “P-17”), p. 455. *an*

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Eastbay Automotive Inc.	(58,587.00)	
Fairlane Automotive Ventures Inc.	(66,615.00)	
Ford Edsa Inc.	(42,715.00)	
Global Cars Philippines	(124,179.00)	
Global City Auto Sales Inc.	(4,922.00)	
Millennium Cars Mindanao Inc.	(159,535.00)	
MJTY Auto Corp.	(7,768.00)	
Westcoast Automotive Corporation	(65,171.00)	
Subtotal	₱(540,984.00)	
No CWT certificates provided		
Bloom With Looms Logistics Inc.	₱ (457.00)	
HMR Auction Services Inc.	(12,702.00)	
NYK Auto Logistics Philippines Inc.	(1,087.00)	
NYK TDG Philippines Inc.	(18,885.00)	"P-28"
Sewells Group Phils Inc.	(7,598.00)	
Subtotal	₱ (40,729.00)	
Total	₱ 86,085.00	

Notably, the unclaimed CWTs, in the total amount of ₱667,798.00, shall have no effect on petitioner's claim since these pertain to CWTs supported by BIR Forms No. 2307 but are not part of the claimed CWTs per Annual ITR and SAWT.

However, the amounts of ₱540,984.00 and ₱40,729.00 shall be disallowed as these represent claimed CWTs without supporting BIR Forms No. 2307.

Moreover, petitioner's claimed CWTs in the amounts of ₱342,569.69 and ₱356,281.21, totalling ₱698,850.90, shall also be disallowed for the following reasons:

Exhibit	Period Covered	Payor	Income Payment	Disallowed CWT
a) Supported by BIR Forms No. 2307 which bear a TIN different from that shown in petitioner's Certificate of Registration (COR)⁶⁴ with the BIR				
"P-20"	July 1 to 31, 2020	Millenium Cars Mindanao Inc.	₱ 78,020.71	₱ 780.21
"P-27-he"	Dec. 1 to 31, 2020	Queen Province Motors Corporation	34,164,998.50	341,789.48
Sub-total			₱34,243,019.21	₱342,569.69
b) Supported by BIR Form No. 2307 wherein the indicated return period (i.e., 2021) is outside the CY 2020				
"P-23"	Jan. 1, 2021 to Mar. 31, 2021	MOS Autosolutions, Inc.	₱ 17,814,060.50	₱ 356,281.21
Sub-total			₱17,814,060.50	₱356,281.21
Total			₱52,057,079.71	₱698,850.90

⁶⁴ Exhibit "P-38", USB (Exhibit "P-17-2"). 

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Thus, petitioner has shown compliance with the *second* requisite, *i.e.*, the establishment of the fact of withholding, but only to the extent of the amount of ₱201,650,043.10, computed as follows:

Amount of CWT claim per petitioner's 2019 Annual ITR/Petition for Review	₱ 202,930,607.00
Less: Disallowances	
Overclaimed portion of CWTs	₱ 540,984.00
CWT claim without supporting BIR Forms No. 2307	40,729.00
CWT claim supported by BIR Forms No. 2307 which bear a TIN different from petitioner's registered TIN	342,569.69
CWT claim supported by BIR Form No. 2307 wherein the indicated return period is outside the CY 2020	356,281.21
Total Disallowances	₱ 1,280,563.90
CWT claim properly supported with BIR Forms No. 2307	₱201,650,043.10

Proof of actual remittance is not indispensable.

Respondent further contends that the proof actual remittance of the taxes withheld to the BIR is indispensable in a claim for refund of excess CWT.

We again disagree with respondent.

In the *PNB* case, the Supreme Court ruled as follows:

"Petitioner's posture that respondent is required to establish actual remittance to the Bureau of Internal Revenue deserves scant consideration. **Proof of actual remittance is not a condition to claim for a refund of unutilized tax credits.** Under Sections 57 and 58 of the 1997 National Internal Revenue Code, as amended, it is the payor-withholding agent, and not the payee-refund claimant such as respondent, who is vested with responsibility of withholding and remitting income taxes.

This court's ruling in *Commissioner of Internal Revenue v. Asian Transmission Corporation*,⁶⁵ citing the Court of Tax Appeals' explanation, is instructive:

. . . proof of actual remittance by the respondent is not needed in order to prove withholding and remittance of taxes to petitioner. Section 2.58.3(B) of Revenue

⁶⁵ G.R. No. 179617, January 19, 2011. *am*

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Regulations No. 2-98 clearly provides that proof of remittance is the responsibility of the withholding agent and not of the taxpayer-refund claimant. It should be borne in mind by the petitioner that payors of withholding taxes are by themselves constituted as withholding agents of the BIR. The taxes they withhold are held in trust for the government. **In the event that the withholding agents commit fraud against the government by not remitting the taxes so withheld, such act should not prejudice herein respondent who has been duly withheld taxes by the withholding agents acting under government authority. Moreover, pursuant to Section 57 and 58 of the NIRC of 1997, as amended, the withholding of income tax and the remittance thereof to the BIR is the responsibility of the payor and not the payee. Therefore, respondent . . . has no control over the remittance of the taxes withheld from its income by the withholding agent or payor who is the agent of the petitioner. The Certificates of Creditable Tax Withheld at Source issued by the withholding agents of the government are *prima facie* proof of actual payment by herein respondent-payee to the government itself through said agents.”** (*Emphases and underscoring added*)

Thus, respondent's contention that proof of actual remittance of the taxes withheld to the BIR is indispensable lacks merit.

Be that as it may, petitioner failed to prove that the income payments subjected to CWTs were reported as part of its gross income in its Annual ITR.

The *third* requisite requires petitioner to prove that its income payments subjected to creditable withholding tax were reported as part of its gross income in its Annual ITR.

As found in the *Schedule of CWT Certificates* for CY 2020, the corresponding income payments of the subject refund claim amounted to ₱20,262,988,655.87.⁶⁶ On the other hand, petitioner's declared income in its Annual ITR for the same year amounted to ₱19,473,630,829.00, comprising of “Net

⁶⁶ Docket, Vol. 1, Exhibit “P-18”, p. 13, p. 481. *cm*

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Sales/Revenues/Receipts/Fees” in the amount of ₱19,471,816,103.00,⁶⁷ and “Other Taxable Income Not Subjected to Final Tax” in the amount of ₱1,814,726.00.⁶⁸

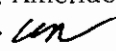
Apparently, the gross income of ₱20,262,988,655.87 reflected per certificates or BIR Forms No. 2307 is higher by ₱789,357,826.87 than the gross income of ₱19,473,630,829.00 shown in petitioner’s 2020 Annual ITR.

The said discrepancy was reconciled by the ICPA as follows:⁶⁹

Account Code	Account Name	Amount
Sales:		
23A01A00	Rev Veh-Dealer Gross	₱ 19,477,062,229.00
23A03A00	Rev Dhd - Dealers Gross	62,333,218.00
23A21A40	Rev P&A-Dealers Gross	977,147,352.00
23A21L40	Rev P&A Interco	2,924,833.00
23A50A40	Rev Extd Serv Plan-Dealers	48,255,814.00
23A55G00	Rev Other Sales - Outside Cust	57,159.00
Total Sales		₱20,567,780,605.00
Less		
adjustments:		
23A01A04		(10,523,630.00)
23A01A12	Rev Veh-Dealer Floor Plan	(38,569,807.00)
23A01A21	Rev Veh-Var Mktg Retail	(478,764,382.00)
23A01A23	Rev Veh-Var Mktg Fleet	(40,630,878.00)
	Rev Veh-SP DOM-Var Mktg	
23A01B21	Retail	(315,911,426.00)
	Rev Sales Commissions-	
23A60A00	Outside	(2,170.00)
23B53A00	COS-Customer Appreciation	(166,234,202.00)
26W99	O/Ded-Sundry-Other	(45,328,007.00)
Total Adjustments		(1,095,964,502.00)
Net Sales per ITR		₱19,471,816,103.00
Other Income		1,814,728.00
Total income per FS/ITR		19,473,630,831.00
Adjustments to Revenue Account Not Subject to withholding tax		1,095,964,502.00
Income not subject to withholding tax		(280,375,225.00)
Revenues related to unclaimed, overclaiming and no CWTs provided		(26,231,451.00)
Income payments per CWT certificates		₱20,262,988,657.00

⁶⁷ BIR Records, Exhibit “P-7-4”, Line 29, p. 589.

⁶⁸ *Id.*, Exhibit “P-7-4”, Line 32, p. 589.

⁶⁹ Docket, Vol. 1, Amended ICPA Report dated May 27, 2024, pp. 7 to 8 (Exhibit “P-17”), pp. 456 to 457. 

Based on the above reconciliation, the sales account balances including the adjustments thereto totalling ₱19,471,816,103.00 as reflected in petitioner's 2020 GL⁷⁰ tallies with the reported net sales in petitioner's 2020 Annual ITR.⁷¹ However, without the detailed transaction records supporting the aforesaid sales account balances including the corresponding adjustments, the Court cannot trace or verify whether the income payments related to the claimed CWTs indeed formed part of the reported net sales in its 2020 Annual ITR.

Moreover, from the foregoing reconciliation, it appears that the ₱789,357,826.00 discrepancy between the total income reported per petitioner's 2020 Annual ITR and the total income payments per BIR Forms No. 2307 resulted from the following reconciling items:

Adjustments to Revenue Account Not subject to withholding tax	₱1,095,964,502.00
Income not subject to withholding tax	(280,375,225.00)
Revenues related to unclaimed, overclaiming and no CWTs provided	(26,231,451.00)
Discrepancy	₱789,357,826.00

Save for the amount of ₱26,231,451.00 representing "Revenues related to unclaimed, overclaiming and no CWTs provided",⁷² the Court cannot determine the veracity of the above reconciling amounts in the absence of supporting detailed transaction records/documents.

In *Tullett Prebon (Philippines), Inc. vs. Commissioner of Internal Revenue*,⁷³ the Supreme Court emphasizes that there is no hard and fast standards as to the kind of evidence needed to prove the *third requisite* for a CWT refund, but still, parties should prove every minute aspect of their cases. Hence, taxpayers must submit an expanded general ledger or any other evidence linking specific income payments subjected to withholding directly to the amounts reported in their ITRs, as merely comparing the income from which CWTs are withheld against the total income reported in the ITR is insufficient, *viz*:

⁷⁰ Exhibit "P-37", USB (Exhibit "P-17-2").
⁷¹ BIR Records, Exhibit "P-7-4", Line 29, p. 589.
⁷² Exhibit "P-29", USB (Exhibit "P-17-2").
⁷³ G.R. No. 257219 [Formerly UDK No. 16941], July 15, 2024. *am*

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“Indisputably, there exists no hard and fast standards as to the kind of evidence needed to prove the third requisite.

XXX XXX XXX

Evidently, unlike the second requisite, i.e., the fact of withholding— which is proved 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’— **there is no prescribed evidence to prove that the income payment has been declared as part of the gross income.**

XXX XXX XXX

Similarly, **the Court is not inclined to adopt as doctrine that the third requisite may be proved by the mere fact that the income from which CWT is withheld is less than the total income reported by the taxpayer-claimant. This goes against the elementary principle that cases before the CTA are litigated *de novo* and that parties ‘should prove every minute aspect of their cases.’ This is particularly true in refund cases as tax refunds are strictly construed against the taxpayer. Even so, while not absolutely determinative of the third requisite, *when the total reported sales/income is greater than the income corresponding to the CWT withheld, this should prompt the CTA to be more circumspect in its valuation of the evidence on record, especially when there is other evidence that could point to the breakdown of the gross income reported***, as in this case.

The CTA Special Third Division also erred in not allowing Tullett Prebon to submit the expanded ledger in its motion for reconsideration of its April 12, 2019 Decision, especially when the crux of its Decision rested on the insufficiencies of the earlier ledger.

Although ‘it is true that strict procedural rules generally frown upon the submission of documents after the trial, the law creating the CTA specifically provides that proceedings before it shall not be governed strictly by the technical rules of evidence and that *the paramount consideration remains the ascertainment of truth.*’ Rules of procedure should not preclude courts from considering undisputed facts to arrive at a just ruling.

Accordingly, the case should be remanded and Tullett Prebon should be allowed to **present and submit the expanded general ledger as evidence to prove the third requisite**. The Court leaves the determination of the extent of the effects thereof on the amount of CWT to be refunded to the CTA.” (*Emphases and underscoring added*)

In the present case, the fact that the total income payments corresponding to petitioner’s refund claim is greater *am*

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than the reported gross income per its 2020 Annual ITR already casts doubt as to whether the income payments related to the CWTs being claimed actually formed part of petitioner's reported gross income. Petitioner should have submitted its detailed general ledger, sales register, invoices, receipts or any other supporting documents where the income payments related to the claimed CWTs can be individually traced and confirmed as forming part of petitioner's reported total income in its 2020 Annual ITR.

Consequently, due to its failure to establish compliance with the *third* requisite, petitioner has not sufficiently proven its entitlement to the present refund claim.

It must be emphasized that it is the taxpayer-claimant that has the burden of proof to establish the factual basis of his or her claim for tax credit or refund.⁷⁴ Tax refunds are in the nature of tax exemptions. As such, they are regarded as in derogation of sovereign authority and to be construed *strictissimi juris* against the person or entity claiming the refund.⁷⁵ Thus, an applicant for a claim for tax refund or tax credit must not only prove entitlement to the claim but also compliance with all the documentary and evidentiary requirements.⁷⁶ Strict adherence to the conditions prescribed by law is required of the taxpayer. Refunds need to be proven and their application raised in the right manner as required by law.⁷⁷

WHEREFORE, in light of the foregoing considerations, the present *Petition for Review* is **DENIED** for lack of merit.

SO ORDERED.


CATHERINE T. MANAHAN
Associate Justice

⁷⁴ *Citibank N.A. vs. Court of Appeals, et al.*, supra.

⁷⁵ *Commissioner of Internal Revenue vs. S.C. Johnson and Son, Inc., et al.*, G.R. No. 127105, June 25, 1999.

⁷⁶ *Eastern Telecommunications Philippines, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 183531, March 25, 2015, citing *J.R.A. Philippines, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 171307, August 28, 2013.

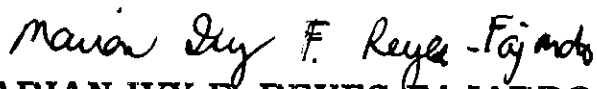
⁷⁷ *Steag State Power, Inc. (Formerly State Power Development Corporation) vs. Commissioner of Internal Revenue*, G.R. No. 205282, January 14, 2019.

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WE CONCUR:


MARIAN IVY F. REYES-FAJARDO
Associate Justice


HENRY S. ANGELES
Associate Justice

ATTESTATION

I attest 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's Division.


CATHERINE T. MANAHAN
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution and the Division Chairperson's Attestation, 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