

**REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY**

SPECIAL SECOND DIVISION

**UNIOIL PETROLEUM
PHILIPPINES, INC.,**

Petitioner,

CTA CASE NO. 11222

Members:

- versus -

**RINGPIS-LIBAN, P.J., Chairperson,
MODESTO-SAN PEDRO, and
FERRER-FLORES, J.J.**

**COMMISSIONER OF INTERNAL
REVENUE,**

Promulgated:

Respondent.

AUG 28 2026

11:55 AM

x -----

RESOLUTION

FERRER-FLORES, J.:

Submitted before this Court is respondent's **Motion for Partial Reconsideration (Re: Decision dated 07 January 2026)** filed on February 4, 2026, with petitioner's **Comment/Opposition (To Respondent's Motion for Partial Reconsideration)** filed on April 17, 2026.

To recall, on January 7, 2026, the Court promulgated a Decision granting only petitioner's claim for refund and/or issuance of tax credit certificate (TCC) for its erroneously paid excise tax on its importation of Aromatic Hydrocarbon VV, but denied the claim for refund and/or issuance of TCC for VAT on the excise tax on the same importation, the dispositive portion of which reads:

WHEREFORE, in light of the foregoing considerations, 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 **₱14,768,790.00**, representing petitioner's erroneously paid excise tax on its importation of Aromatic Hydrocarbon VV under ATRIG No. ELTRDOIL193100.

SO ORDERED.

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In his *Motion for Partial Reconsideration*, respondent argues that the Court erred in ruling that Aromatic Hydrocarbon VV is not subject to excise tax.

Respondent stresses that findings and conclusions of administrative agencies, particularly those concerning matters within their specialized competence, merit respect. He emphasizes that, as provided for in the laboratory report identified in the Memorandum Report of his witness, Aromatic Hydrocarbon VV is classified as aromatic extract and that a cursory reading of the provision of Section 148(a) of the National Internal Revenue Code (NIRC) of 1997, as amended, would reveal that aromatic extracts are included in the enumeration of lubricating oils and greases that are subject to excise tax.

Respondent also asserts that Revenue Regulations (RR) No. 7-90,¹ clearly defines what an aromatic extract is and that there are two requirements for the tax exemption of an aromatic extract, namely: (1) it should not be an extract derived from aromatic materials produced by solvent extraction using N-methylpyrrolidienone, phenol, or furfural which are common solvents; and, (2) it includes BTX (benzene, toluene, xylene) from naphtha fractions which cannot be used for chemical manufacture, upgrading middle distillates such as kerosene, diesel and jet fuel.

Respondent likewise maintains that petitioner failed to substantiate both its administrative and judicial claims for refund. He assails the findings in the Court's Decision, particularly, by relying heavily on the testimonies of petitioner's witnesses, Engr. Eugenio M. Pranada, Jr. and Ms. Carolyn B. Panergo. Respondent argues that both witnesses are not expert witnesses but mere ordinary witnesses, and that none of them performed any chemical examination on the Aromatic Hydrocarbon VV to determine with certainty its contents and composition. Respondent further points out that what is even more glaring from the testimonies of petitioner's witnesses is that neither of them testified that the chemical components are aromatics which should not be covered by Section 148(a) of the NIRC of 1997, as amended.. Instead, they merely testified on the purposes for which petitioner uses Aromatic Hydrocarbon VV. Conversely, respondent strongly maintains that petitioner's use of Aromatic Hydrocarbon VV is not important in determining its taxability. He emphasizes that petitioner never presented any evidence to show that Aromatic Hydrocarbon VV was not an extract derived from aromatic materials produced by solvent extraction using N-methylpyrrolidienone, phenol, or furfural which are common solvents and includes BTX (benzene, toluene, xylene) from naphtha fractions which cannot

¹ SUBJECT: Revenue Regulations Implementing Republic Act No. 6965 — An Act Revising the Form of Taxation on Petroleum Products from Ad Valorem to Specific, Amending for the purpose Section 145 of the National Internal Revenue Code, as Amended.

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be used for chemical manufacture, upgrading middle distillates such as kerosene, diesel and jet fuel.

On the other hand, in its *Comment/Opposition*, petitioner criticizes respondent's argument on the probative value of the respective testimonies of its witnesses, Engr. Pranada and Ms. Panergo. According to petitioner, what respondent is asking for is not a reconsideration of the decision on the merits of the case, but a re-weighing of the evidence already evaluated by this Court, which is impermissible in a motion for reconsideration. Petitioner also contends that a motion for reconsideration must delve into findings or conclusions of the Court that are not supported by evidence or contrary to law. Petitioner insists that, respondent's *Motion for Partial Reconsideration* does not point out erroneous findings of the Court but, instead, attacks the qualification and expertise of the said witnesses, a matter which has already been resolved during trial and cannot be questioned anymore through a motion for reconsideration.

Petitioner further argues that it never represented Ms. Panergo as an expert witness, but as a representative of Yokohama Tire Philippines, Inc. (YTPI), who attested that all the Aromatic Hydrocarbon VV imported by petitioner and bought by YTPI were used in the manufacture of tires. As regards Engr. Pranada, petitioner avers that it was able to prove that he is an expert in the field of chemical engineering, specializing in lubricants/base stocks, formulation, industry/ Original Equipment Manufacturer (OEM) specifications, certification and approvals, quality control, and quality assurance. More importantly, petitioner stresses that respondent did not raise an objection or a continuing objection on the matter. By not specifically objecting to the presentation of Engr. Pranada as an expert witness due to any deficiency in his qualifications, credentials or experience, it is now, therefore, too late to question Engr. Pranada's admission as an expert witness.

Petitioner likewise contends respondent's argument that petitioner must prove that Aromatic Hydrocarbon VV is tax exempt under the definition RR No. 7-90. Petitioner stresses that to do so would unduly give the said issuance a different meaning since it merely defines aromatic extracts; it does not prescribe requirements or conditions for tax exemption. Petitioner assails respondent's attempt to convert the definition of aromatic extracts into a "negative definition" which alters the plain meaning of RR No. 7-90 and arbitrarily prescribes conditions for their tax exemption. Petitioner expounds that the provision is merely descriptive in nature and simply identifies what aromatic extracts are and provides examples of what fall within that definition.

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Petitioner, moreover, assails respondent's argument that the basis for the excisability of Aromatic Hydrocarbon VV should be its chemical composition and not its usage. Petitioner contends that such argument is misplaced because chemical composition is not the decisive factor under Section 148(a) of the NIRC of 1997, as amended. As consistently held by the Court, it is whether the product falls within the statutory class of "lubricating oils and greases ... and additives for lubricating oils and greases." The phrase "aromatic extracts" cannot be isolated from the qualifying statutory context "for lubricating oils and greases," since the provision itself taxes lubricating oils or greases and lubricant-related preparations, not aromatic extracts. Petitioner submits that respondent's fixation on the chemical composition of Aromatic Hydrocarbon VV is an attempt to re-litigate the case using a test the law does not supply much less recognize. Reiterating *Petron Corporation vs. Commissioner of Internal Revenue*² cited in the assailed Decision, petitioner emphasizes that the Supreme Court held that, insofar as excise tax is concerned, non-taxability is the rule, while taxability is the exception and that tax statutes are construed *strictissimi juris* against the government. Hence, if there are ambiguities in the excise tax statutes, it must be resolved against the State and in favor of the taxpayer.

After due consideration, the Court finds respondent's *Motion for Partial Reconsideration* bereft of merit.

In his *Motion for Partial Reconsdieration*, respondent relied on the laboratory report supposedly identified in the Memorandum Report dated October 27, 2023 to prove that Aromatic Hydrocarbon VV is classified as aromatic extract, an article allegedly covered by excise tax under Section 148(a) of the NIRC of 1997, as amended. An examination, however, of the said Memorandum Report shows that the subject laboratory report was not attached thereto. The Court cannot, therefore, examine the contents of the said report.

In any case, as correctly pointed out by petitioner, RR No. 7-90 merely defines "aromatic extracts", hence, the said issuance cannot be used solely to determine whether Aromatic Hydrocarbon VV is subject to excise tax, as the excisability of the same is based on the provision of Section 148(a) of the NIRC of 1997, as amended.

To be sure, Section 148(a) of the NIRC of 1997, as amended, imposes excise tax on "[l]ubricating oils and greases, including but not limited to, basestock for lube oils and greases, high vacuum distillates, **aromatic extracts** and other similar preparations, and additives **for lubricating oils and greases**, whether such additives are petroleum based or not." Based on the

² G.R. No. 255961, March 20, 2023.

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foregoing, the term “aromatic extracts”, therefore, cannot be read in isolation, but must be read in relation to, and within the context of, Section 148(a) of the NIRC of 1997, as amended.

As already explained in the assailed Decision, following the principles of *ejusdem generis* and *noscitur a sociis*, to be covered by the said provision, the subject article must only include or be restricted to things or cases akin to, resembling, or of the same kind or class as those specifically mentioned in Section 148(a) of the NIRC of 1997, as amended, i.e., lubricating oils and greases. Considering that Aromatic Hydrocarbon VV does not belong to the same category as lubricating oils and greases, the same should not be subjected to excise tax.

The Court likewise finds respondent’s argument that petitioner has to prove its non-taxability erroneous.

As clearly discussed in the assailed Decision, petitioner’s claim for tax refund or credit is not based on any law on tax exemption but on the government’s erroneous assessment and collection of excise tax on its Aromatic Hydrocarbon VV importation. Stated otherwise, petitioner’s entitlement to a tax refund or credit is not based on the existence of a tax exemption clause in its favor but on the fact that Aromatic Hydrocarbon VV is not subject to excise tax under Section 148(a) of the NIRC of 1997, as amended. Correspondingly, in the absence of a law expressly and unambiguously imposing excise tax on Aromatic Hydrocarbon VV, the appropriate rule to be applied is the strict interpretation in the imposition of taxes such that the statute must be construed most strongly against the government and in favor of the taxpayer.

Indeed, when the claim for tax refund is premised on the taxpayer’s erroneous payment of the tax or the government’s exaction in the absence of a law, the rule to be applied must be the well-settled doctrine of strict interpretation in the imposition of taxes, not the similar doctrine as applied to tax exemptions. Simply put, insofar as excise tax is concerned, non-taxability is the rule, while taxability is the exception. Verily, since its Aromatic Hydrocarbon VV is not categorically covered by Section 148(a) of the NIRC of 1997, as amended, the doubt should be resolved in petitioner’s favor. As burdens, taxes should not be unduly exacted nor assumed beyond the plain meaning of the tax laws.³

³ *Petron Corporation v. Commissioner of Internal Revenue*, G.R. No. 255961, March 20, 2023.

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Moreover, as correctly pointed out by petitioner, Ms. Panergo was never represented or offered as an expert witness for petitioner.⁴ On the other hand, Engr. Pranada was presented as an expert witness as stated in his Judicial Affidavit.⁵ More importantly, during the hearing held on October 8, 2024, respondent stated that he had no objections to the admission of petitioner's exhibits, which included the Judicial Affidavit of Engr. Pranada. The Court, thus, admitted in evidence the testimony of Engr. Pranada.⁶

Truth to tell, there is no definite standard of determining the degree of skill or knowledge that a witness must possess in order to testify as an expert. It is sufficient that the following factors be present: (1) training and education; (2) particular, first-hand familiarity with the facts of the case; and, (3) presentation of authorities or standards upon which his opinion is based. The question of whether a witness is properly qualified to give an expert opinion rests with the discretion of the trial court.⁷

In this case, petitioner established that Engr. Pranada is a Chemicals Consultant, a licensed chemical engineer and a Certified Level II Machinery Lubricant Analysis (MLA) ISO Equivalency: ISO 18436-4, Category II.⁸ He has been in the field of chemical engineering for 30 years. He was the Laboratory Head (Lubricants and Process Oils) for petitioner from May 1994 to January 1997, and Technical Services Manager of Unioil Group of Companies from January 1997 to September 2000.⁹ As the Laboratory Head, he was primarily responsible for product formulations and product development, and, as Technical Services Manager, he was tasked to manage formulations of lubricants, spearhead product development on new additive components, additive package and base oils, and conduct business development activities in the power industry, industrial and OEM.¹⁰ In his testimony as expert witness, he explained what lubricating oils and greases are, and that Aromatic Hydrocarbon VV is not considered a lubricating oil or grease and neither is it intended for lubricating oils and greases.¹¹

Hence, the Court gave credence to the testimony of petitioner's expert witness, Engr. Pranada, considering that his testimony was consistent, logical, and based on his specialized knowledge on lubricants and base stocks, and he was likewise subjected to cross-examination by respondent.

⁴ Offer of Testimony, Exhibit "P-12", Docket – Vol. I, pp. 333 to 334; Petitioner's Formal Offer of Evidence, Docket – Vol. II, at p. 411.

⁵ Offer of Testimony, Exhibit "P-19", Docket – Vol. II, pp. 427 to 428; Transcript of Stenographic Notes (TSN) dated October 8, 2024, p. 5.

⁶ TSN dated October 8, 2024, pp. 19 to 20.

⁷ *People of the Philippines vs. PO2 Albert Abriol, et al.*, G.R. No. 123137, October 17, 2001.

⁸ Q&A Nos. 2 and 5 to 7, Exhibit "P-19", Docket – Vol. II, pp. 428 to 429; Exhibits "P-13" to "P-16", Docket – Vol. II, pp. 441 to 446.

⁹ Q&A No. 3, Exhibit "P-19", Docket – Vol. II, pp. 428 to 429.

¹⁰ Q&A No. 9, Exhibit "P-19", Docket – Vol. II, p. 430.

¹¹ Q&A Nos. 14 to 17, Exhibit "P-19", Docket – Vol. II, pp. 431 to 432.

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In view of the foregoing disquisitions, there being no new matter or substantial issue raised by respondent in his *Motion for Partial Reconsideration*, the Court finds no compelling reason to reverse or modify the assailed Decision.

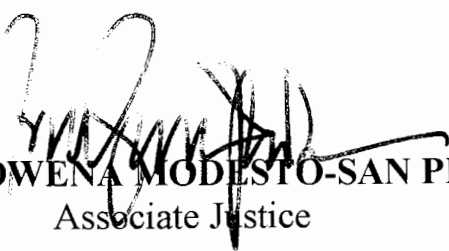
ACCORDINGLY-, premises considered, respondent's **Motion for Partial Reconsideration (Re: Decision dated 07 January 2026)** is **DENIED** for lack of merit.

SO ORDERED.


CORAZON G. FERRER-FLORES
Associate Justice

We Concur:


MA. BELEN M. RINGPIS-LIBAN
Presiding Justice


MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice