

Republic of the Philippines
COURT OF TAX APPEALS
Quezon City

FIRST DIVISION

**DEUTSCHE KNOWLEDGE
SERVICES PTE LTD.**

Petitioner,

-versus-

**COMMISSIONER OF
INTERNAL REVENUE,**
Respondent.

CTA Case No. 8243

For: Refund

Members:

**DEL ROSARIO, P.J., Chairperson
UY, and
MINDARO-GRULLA, JJ.**

Promulgated:

JAN 04 2016; 2:48 pm.

JA

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D E C I S I O N

MINDARO-GRULLA, J.:

This is a Petition for Review filed on March 25, 2011 by Deutsche Knowledge Services Pte Ltd. as petitioner, against Commissioner of Internal Revenue as respondent, before the Court in Division, pursuant to Section 7(a)(2) of Republic Act (RA) No. 1125, An Act Creating the Court of Tax Appeals, as amended¹, as well as Rule 4, Section 3(a)(2), in relation to Rule 8, Section 4(a) of the Revised Rules of the Court of Tax Appeals (RRCTA)², as amended. *LC*

¹ Sec. 7. *Jurisdiction.* – The CTA shall exercise:

(a) Exclusive appellate jurisdiction to review by appeal, as herein provided:

x x x

x x x

(2) Inaction by the Commissioner of Internal Revenue in cases involving disputed assessments, refunds or internal revenue taxes, fees of other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue, where the National Internal Revenue Code provides a specific period for action, in which case the inaction shall be deemed a denial;

x x x

x x x

² Rule 4, Sec. 3. *Cases within the jurisdiction of the Court in Division.* – The Court in Division shall exercise:

DECISION

Petitioner seeks the refund of the amount of ₱58,385,248.41, allegedly representing its excess and unutilized input value-added tax (VAT) on purchases of goods and services attributable to zero-rated sales for the first quarter of calendar year 2009.

Petitioner Deutsche Knowledge Services Pte Ltd. is the Philippine branch of a multinational company organized and existing under and by virtue of the laws of Singapore, with registered office address at One Raffles Quay, #17-10 South Tower, Singapore 048583.³ It was registered with the Bureau of Internal Revenue (BIR) on June 16, 2005 as a

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- (a) Exclusive original over or appellate jurisdiction to review by appeal the following:

x x x

x x x

(2) Inaction by the Commissioner of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue, where the National Internal Revenue Code or other applicable law provides a specific period for action: *Provided*, that in case of disputed assessments, the inaction of the Commissioner of Internal Revenue within the one hundred eighty day-period under Section 228 of the National Internal Revenue Code shall be deemed a denial for purposes of allowing the taxpayer to appeal his case to the Court and does not necessarily constitute a formal decision of the Commissioner of Internal Revenue on the tax case; *Provided, further*, that should the taxpayer opt to await the final decision of the Commissioner of Internal Revenue on the disputed assessments beyond the one hundred eighty day-period abovementioned, the taxpayer may appeal such final decision to the Court under Section 3(a), Rule 8 of these Rules;

x x x

x x x

Rule 8. Sec. 4. *Where to appeal; mode of appeal.*

(a) An appeal from a decision or ruling or the inaction of the Commissioner of Internal Revenue on disputed assessments or claim for refund of internal revenue taxes erroneously or illegally collected, the decision or ruling of the Commissioner of Customs, the Secretary of Finance, the Secretary of Trade & Industry, the Secretary of Agriculture, and the Regional Trial Court in the exercise of their original jurisdiction, shall be taken to the Court by filing before it a petition for review as provided in Rule 42 of the Rules of Court. The Court in Division shall act on the appeal.

x x x

x x x

³ Par. 1, Admitted Facts, Joint Stipulation of Facts and Issues (JSFI), Docket, p. 79.

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VAT taxpayer with Taxpayer Identification No. (TIN) 238-763-115-000.⁴

Petitioner is licensed to do business as a regional operating headquarters (ROHQ) in the Philippines, engaging in general administration and planning, business planning and coordination, sourcing/procurement of raw materials and components, corporate finance advisory services, marketing control and sales promotion, training and personnel management, logistic services, research and development services and product development, technical support and maintenance, data processing, and communication and business development.⁵ Moreover, petitioner acts as a shared services center, which handles regional, as well as global and accounting and related controlling processes, such as accounting production work in the global general ledger in SAP, developing and operating inter-company clearing house, accounting and head office reporting for non-regulated entities and product control.⁶

Respondent is the duly appointed Commissioner of the Bureau of Internal Revenue empowered to perform the duties of her office, including, among others, the duty to act upon and approve claims for refund or tax credit as provided by law. She holds office at the 5th Floor, BIR National Office Building, Agham Road, Diliman, Quezon City.

Petitioner entered into several IntraGroup Service Agreements ("Service Agreements" for brevity) with its foreign clients.⁷

On April 22, 2009, petitioner filed its original Quarterly VAT Return⁸ for the first quarter of calendar year 2009 with the BIR Revenue District Office (RDO) No. 47. On October 28, 2010, petitioner filed its Application for Tax

⁴ Exhibit "B"; Par. 2, Admitted Facts, JSFI, Docket, p. 80.

⁵ Exhibit "A"; Par. 3, Admitted Facts, JSFI, Docket, p. 80.

⁶ Par. 4, Admitted Facts, JSFI, Docket, p. 80.

⁷ Exhibit "P" to "P-35".

⁸ Exhibit "C"; Par. 6, Admitted Facts, JSFI, Docket, p. 81.

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Credits/Refunds (BIR Form No. 1914)⁹ and administrative claim for refund or issuance of tax credit certificate.¹⁰ The administrative claim for refund or issuance of tax credit certificate purportedly represented the unutilized input VAT attributable to its zero-rated sales of services to its foreign clients for the first quarter of calendar year 2009.

There being no action taken by respondent on petitioner's administrative claim for refund or issuance of tax credit certificate, petitioner filed the present Petition for Review before this Court on March 25, 2011.

In her Answer¹¹ filed on May 2, 2011, respondent interposed the following Special and Affirmative Defenses:

"4. Petitioner's alleged claim for issuance of tax credit certificate is still subject to administrative routinary investigation/examination by the respondent's Bureau;

5. Taxes paid and collected are presumed to have been made in accordance with law, hence, not refundable.

6. Petitioner's claim for refund or issuance of tax credit certificate in the amount of **P58,385,248.41**, as alleged excess and unutilized input VAT on purchases of goods and services attributable to its zero-rated sales for the 1st quarter of taxable year 2009 were not fully substantiated by proper documents, such sales invoices, official receipts and others.

7. In an action for refund/credit, the burden of proof is upon petitioner to establish its right to the claimed refund and failure to adduce sufficient proof is fatal to its claim. 4

⁹ The application for tax credits/refunds was filed with BIR-RDO No. 44, Exhibit "L-1".

¹⁰ The letter claim for refund/issuance of TCC was filed with the BIR RDO No. 44, Exhibit "L".

¹¹ Docket, pp. 48-49.

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8. Petitioner's sales of goods and services to various alleged clients/affiliates do not qualify as zero-rated VAT.

9. The amount subject of the claim for refund of petitioner does not pertain in full to its input VAT attributable to its zero-rated sales of goods and services for the 1st quarter of taxable year 2009.

10. Petitioner failed to comply with the substantiation requirements under Revenue Regulations No. 7-95 in relation to Section 113 and 237 of the 1997 Tax Code.

11. Petitioner failed to comply with the conditions/requirements under Section 112(C) of the 1997 Tax Code. Hence, this Honorable Court has no jurisdiction to entertain the instant case.

12. It is incumbent upon petitioner to show that it has complied with the provisions under Section 204 (c) in relation to Section 229 of the Tax Code. Otherwise, its failure to prove the same is fatal to its claim for refund.

13. Claims for refund are construed strictly against the claimant for the same partakes the nature of exemption from taxation (**Commissioner of Internal Revenue vs. Ledesma, 31 SCRA 95**) and as such, they are looked upon with disfavor (**Western Minolco Corp. vs. Commissioner of Internal Revenue, 124 SCRA 1211**)."

Respondent filed her Pre-Trial Brief¹² on May 11, 2011; while petitioner filed its Pre-Trial Brief¹³ on May 19, 2011. The Pre-Trial was held on June 3, 2011.¹⁴

¹² Docket, pp. 51-53.

¹³ Docket, pp. 57-65.

¹⁴ Minutes of the Pre-Trial; Docket, pp. 66-67.

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Thereafter, as directed by the Court, the parties submitted their Joint Stipulation of Facts and Issues¹⁵ on July 8, 2011 as well as their Supplemental Joint Stipulation of Facts and Issues¹⁶ on July 29, 2011; which were approved by the Court in the Resolution¹⁷ dated August 9, 2011.

During trial, petitioner presented and formally offered pieces of documentary and testimonial evidence,¹⁸ sans respondent's comment.¹⁹ In a Resolution²⁰ dated November 20, 2012, the Court admitted petitioner's Exhibits "A", "B", "C", "D", "E", "F", "G", "G-1", "H", "I", "J", "J-1-a", "J-1" to "J-91", "J-92" to "J-286", "J-287" to "J-342", "J-343" to "J-1521", "J-1522" to "J-1523", "J-1524" to "J-1542", "J-1543" to "J-1546", "J-1547" to "J-1555", "K", "L", "L-1", "O", "O-1", "O-2", "O-3", "O-4", "O-5", "O-6", "O-7", "O-8", "O-9", "O-10", "O-12", "O-14", "O-15", "O-16", "O-17", "O-18", "O-19", "O-20", "O-22", "O-24", "O-25", "O-30", "O-31", "O-32", "O-33", "O-34", "O-35", "O-36", "O-37", "O-38", "O-39", "O-40", "O-44", "O-47", "O-48", "P", "P-2", "P-3", "P-4", "P-5", "P-6", "P-7", "P-8", "P-9", "P-10", "P-11", "P-13", "P-14", "P-16", "P-18", "P-20", "P-21", "P-22", "P-23.1", "P-23.2", "P-23.3", "P-23.4", "P-23.5", "P-23.6", "P-24", "P-25", "P-26", "P-27", "P-29", "P-32", "P-35", "Q", "Q-1", "R", "R-1", "R-1-a", and "R-1-b".

Petitioner filed an Urgent Motion for Leave to Present Supplemental Evidence²¹ on February 22, 2013, praying for the following: (1) grant petitioner's prayer to present supplemental documentary evidence; (2) set a Commissioner's Hearing for the marking of petitioner's supplemental documentary evidence; and (3) order the deferment of the submission of the parties' respective Memoranda. Respondent filed her Comment/Opposition (To Petitioner's Urgent Motion for Leave to Present Supplemental

¹⁵ Docket, pp. 79-84.

¹⁶ Docket, pp. 88-93.

¹⁷ Docket, p. 102.

¹⁸ Formal Offer of Evidence filed on May 7, 2012, Docket, pp. 247-709.

¹⁹ Records Verification dated September 27, 2012, Docket, p. 715.

²⁰ Docket, pp. 717-718.

²¹ Docket, pp. 723-729.

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Evidence)²² on April 8, 2013. In a Resolution²³ dated May 17, 2013, the Court granted petitioner's Urgent Motion for Leave to Present Supplemental Evidence and ordered the setting of Commissioner's Hearing for the marking of petitioner's supplemental documentary evidence.

On July 9, 2013, petitioner filed a Supplemental Formal Offer of Evidence.²⁴ Respondent failed to file her Comment to petitioner's Supplemental FOE.²⁵ In a Resolution²⁶ dated November 13, 2013, petitioner's Exhibits "O-49", "O-50", "O-51", "O-52", "O-53", "O-54", "O-55", "O-56", "O-57", "O-58", "O-59", "O-60", "O-61", "O-62", "O-63", "O-64", "O-65", "O-66", "O-67", "O-69", "O-70", "O-71", "O-72", "O-73", and "S" were admitted; while Exhibit "O-68" was denied admission for failure to correspond with the document described in the Supplemental FOE.

On December 10, 2013,²⁷ petitioner filed a Motion for Reconsideration²⁸ without respondent's Comment²⁹. In a Resolution³⁰ dated March 17, 2014, the Court granted petitioner's Motion for Reconsideration and admitted Exhibit "O-68". In the said Resolution, the parties were given a period of twenty (20) days from receipt of the Resolution within which to submit their respective Memoranda.

Respondent filed her Memorandum³¹ on April 10, 2014; while petitioner filed its Memorandum (With Motion to Re-Open Trial)³² on May 2, 2014, sans respondent's Comment,³³ for the purpose of presenting additional documentary evidence. In a Resolution³⁴ dated July 3, 2014, the Court granted petitioner's Motion to Re-Open Trial.

²² Docket, pp. 760-764.

²³ Docket, pp. 769-771.

²⁴ Docket, pp. 1170-1561.

²⁵ Records Verification dated September 18, 2013, Docket, p. 1569.

²⁶ Docket, pp. 1573-1574.

²⁷ Manifestation dated December 11, 2013, Docket, pp. 1575-1577.

²⁸ Docket, pp. 15783-1587.

²⁹ Records Verification dated February 13, 2014, Docket, p. 1598.

³⁰ Docket, pp. 1602-1603.

³¹ Docket, pp. 1604-1612.

³² Docket, pp. 1618-1646.

³³ Records Verification dated June 5, 2014, Docket, p. 1654.

³⁴ Docket, pp. 1656-1658.

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for the sole purpose of presenting additional documentary evidence.

On August 22, 2014, petitioner filed a Motion to Admit Supplemental Formal Offer of Evidence with attached Supplemental FOE.³⁵ Respondent, however, failed to file her Comment on the said Motion.³⁶ The Court granted petitioner's Motion to Admit Supplemental Formal Offer of Evidence in a Resolution³⁷ dated November 6, 2014. Respondent still failed to file her Comment on petitioner's Supplemental FOE.³⁸

In a Resolution³⁹ dated January 23, 2015, the Court admitted petitioner's Exhibits "J-1556", "J-1557", "J-1558", "J-1559", "T", and "T-1". In the same Resolution, the Court declared the case submitted for decision in view of the filing of petitioner's Memorandum (with Motion to Re-Open Trial) on May 2, 2014 and respondent's Memorandum on April 10, 2014.

Petitioner's documentary exhibits are as follows:

<u>Exhibit</u>	<u>Description</u>
A	Securities and Exchange Commission (SEC) Certificate of Registration and License (S.E.C. Reg. No. FS2005506950)
B	Bureau of Internal Revenue (BIR) Certificate of Registration dated June 16, 2005
C	Quarterly VAT Return for the 1 st Quarter of calendar year (CY) 2009, filed on April 22, 2009 via the BIR's EFPS with reference no. 100900002918295
D	Quarterly VAT Return for the 2 nd Quarter of CY 2009, filed on July 17, 2009 via the

³⁵ Docket, pp. 1678-1688.

³⁶ Records Verification dated October 13, 2014, Docket, p. 1692.

³⁷ Docket, pp. 1696-1697.

³⁸ Records Verification dated January 9, 2015, Docket, p. 1698.

³⁹ Docket, p. 1702.

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	BIR's EFPS with reference no. 100900003099684
E	Quarterly VAT Return for the 3 rd Quarter of CY 2009, filed on October 19, 2009 via the BIR's EFPS with reference no. 100900003288515
F	Quarterly VAT Return for the 4 th Quarter of CY 2009, filed on January 25, 2010 via the BIR's EFPS with reference no. 101000003509641
G	Quarterly VAT Return for the 1 st Quarter of CY 2010, filed on April 21, 2010 via the BIR's EFPS with reference no. 101000003734058
G-1	Amended Quarterly VAT Return for the 1 st Quarter of CY 2010, filed on October 17, 2011 via the BIR's EFPS with reference no. 101100005210798
H	Quarterly VAT Return for the 2 nd Quarter of CY 2010, filed on July 21, 2010 via the BIR's EFPS with reference no. 101000003951054
I	Quarterly VAT Return for the 3 rd Quarter of CY 2010, filed on October 20, 2010 via the BIR's EFPS with reference no. 101000004171299
J	Quarterly VAT Return for the 4 th Quarter of CY 2010, filed on January 25, 2011 via the BIR's EFPS with reference no. 101000004425763
J-1-a	Amended Quarterly VAT Return for the 4 th Quarter of CY 2010, filed on February 10, 2011 via the BIR's EFPS with reference no. 101100004487877
J-1 to J-91	Inward remittance advice and bank statements for the 1 st quarter of CY 2009
J-92 to J-286	Service invoices relating to petitioner's zero-rated sales for the 1 st quarter of CY 2009 

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- J-287 to J-342 Official receipts relating to petitioner's zero-rated sales for the 1st quarter of CY 2009
- J-343 to J-1521 Suppliers' invoices and suppliers' official receipts for the 1st quarter of CY 2009
- J-1522 to J-1523 VAT Returns for the CY 2009
- J-1524 to J-1542 Audited Financial Statements as of and for the year ended December 31, 2009
- J-1543 to J-1546 Certifications issued to petitioner by the SEC and Board of Investments (BOI) certifying the registered activities of petitioner
- J-1457 to J-1555 BIR Form 1600 (Monthly Remittance Return of VAT and other percentage taxes withheld)
- J-1556 Inward Remittance with Reference No. 02RS03160017 dated March 16, 2009 for the amount of EUR5,554,074.84 (Php339,648,338.69)
- J-1557 Inward Remittance with Reference No. 02RS03160026 dated March 16, 2009 for the amount of EUR13,346.38 (Php816,171.18) corresponding to payments for service invoice with reference numbers 2009-SOM TMG APHO-001 (for the amount of EUR2,152.00), 2009-SOM TMG APHO-002 (for the amount of EUR2,152.00), and INV 08-APHO-0396
- J-1558 Service Invoice with Reference No. 2009-SOM TMG APHO-001 for the amount of EUR2,152.00
- J-1559 Service Invoice with Reference No. 2009-SOM TMG APHO-002 for the amount of EUR2,152.00
- K Quarterly VAT Return for the 1st Quarter of CY 2011, filed on April 25, 2011 via 

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the BIR's EFPS with reference no. 101100004711772

- L Administrative Claim for Refund of its unutilized input VAT for the 1st quarter of CY 2009 dated October 27, 2010 and filed with the BIR on October 28m 2010
- L-1 Application for Tax Credits/Refunds (BIR Form No. 1914) for the 1st quarter of CY 2009 filed with the BIR on October 28, 2010
- O Authenticated Articles of Association of Deutsche Bank Aktiengesellschaft
- O-1 Authenticated License and Change Location issued by the Banking Department of the State of New York to Deutsche Bank AG, New York Branch
- O-2 Authenticated Certification from the Registrar of Companies for England and Wales that Deutsche Bank Aktiengesellschaft has established a branch and continues to maintain a branch in England and Wales
- O-3 Authenticated Certified True Copy of Certificate of Incorporation on Change of Name of Company from Deutsche Morgan Grenfell Asia Pacific Holdings Pte Ltd to Deutsche Asia Pacific Holdings Pte Ltd.
- O-4 Authenticated Certified Copy of All Historical Registered Matters pertaining to Deutsche Securities Inc. based in 11-1 Sanno Park Tower, Nagatacho 2-chome, Chiyoda-ku, Tokyo
- O-5 Authenticated Certificate of Registration of Oversea Company of Deutsche Bank Aktiengesellschaft, from the Registrar of companies Hong Kong
- O-6 Authenticated Business Registration (NO.D.15.6.2.30) of Deutsche Bank

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- Aktiengesellschaft, Filiale Jakarta from the Menteri Keuangan, Indonesia
- O-7 Authenticated Certificate of Registration of Foreign Company of Deutsche Bank Aktiengesellschaft issued by the Acting Registrar of Companies, Singapore
- O-8 Authenticated Certificate of Incorporation on change of Name of Deutsche Asset Management (Asia) Limited issued by the Assistant Registrar of Companies and Businesses, Singapore
- O-9 Authenticated Certification from Deutsche Bank Aktiengesellschaft, Asia Pacific Head Office in One Raffles Quay, #15-00 South Tower, Singapore that it is a segment of Deutsche Bank Ag and that it is not a separate legal entity
- O-10 Authenticated Certificate of Registration of a Foreign Company of Deutsche Group Services Pty Limited (Australia)
- O-12 Certification of Non-Registration of Corporation/Partnership of Deutsche Bank Aktiengesellschaft, Inlandsbank
- O-14 Certification of Non-Registration of Corporation/Partnership of Deutsche Bank Aktiengesellschaft, Filiale London
- O-15 Certification of Non-Registration of Corporation/Partnership of Deutsche Asia Pacific Holdings Pte. Ltd.
- O-16 Certification of Non-Registration of Corporation/Partnership of Deutsche Group Services Pty Limited
- O-17 Certification of Non-Registration of Corporation/Partnership of Deutsche Securities Inc.
- O-18 Certification of Non-Registration of Corporation/Partnership of Deutsche Bank Aktiengesellschaft, Filiale Hong Kong

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| O-19 | Certification of Non-Registration of Corporation/Partnership of Deutsche Bank Aktiengesellschaft, Filiale Jakarta |
| O-20 | Certification of Non-Registration of Corporation/Partnership of Deutsche Bank Aktiengesellschaft, Filiale Singapur |
| O-22 | Certification of Non-Registration of Corporation/Partnership of Deutsche Asset Management (Asia) Limited |
| O-24 | Certification of Non-Registration of Corporation/Partnership of DBOI Global Services Private Limited |
| O-25 | Certification of Non-Registration of Corporation/Partnership of Deutsche Bank Aktiengesellschaft, Filiale Bangkok |
| O-30 | Certification of Non-Registration of Corporation/Partnership of DB Finance Inc. |
| O-31 | Certification of Non-Registration of Corporation/Partnership of DB Trust Company Limited Japan |
| O-32 | Certification of Non-Registration of Corporation/Partnership of Deutsche Bank Aktiengesellschaft, Filiale Prag |
| O-33 | Certification of Non-Registration of Corporation/Partnership of Deutsche Bank PBC Spolka Akcyjna |
| O-34 | Certification of Non-Registration of Corporation/Partnership of Deutsche Bank Luxembourg S.A. |
| O-35 | Certification of Non-Registration of Corporation/Partnership of Deutsche Bank Trust Company Americas |
| O-36 | Certification of Non-Registration of Corporation/Partnership of Deutsche Bank (China) Co. Ltd., Beijing Branch |

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| O-37 | Certification of Non-Registration of Corporation/Partnership of Deutsche Bank Sociedad Anonima Espanola |
| O-38 | Certification of Non-Registration of Corporation/Partnership of PT Deutsche Securities Indonesia |
| O-39 | Certification of Non-Registration of Corporation/Partnership of DWS Holding & Service GMBH |
| O-40 | Certification of Non-Registration of Corporation/Partnership of Deutsche Bank Aktiengesellschaft, Filiale Wien from the SEC |
| O-44 | Certification of Non-Registration of Corporation/Partnership of Deutsche Bank Aktiengesellschaft, Filiale Zurich |
| O-47 | Certification of Non-Registration of Corporation/Partnership of Global Markets Centre Private Limited |
| O-48 | Certification of Non-Registration of Company of DB International (Asia) Limited |
| P | IntraGroup Service Agreement between Petitioner and Deutsche Bank Aktiengesellschaft, Asia Pacific Head office |
| P-2 | Amendment and Accession Agreement between Petitioner and Deutsche Bank Aktiengesellschaft, New York Branch (with attached Service Agreement between the same parties) |
| P-3 | IntraGroup Service Agreement between Petitioner and Deutsche Bank Aktiengesellschaft, Filiale London |
| P-4 | IntraGroup Service Agreement between Petitioner and Deutsche Asia Pacific Holdings Pte Ltd |

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- P-5 IntraGroup Service Agreement between
Petitioner and Deutsche Group Services
Pty Limited
- P-6 IntraGroup Service Agreement between
Petitioner and Deutsche Securities Inc.
- P-7 IntraGroup Service Agreement between
Petitioner and Deutsche Bank
Aktiengesellschaft, Hongkong Branch
- P-8 IntraGroup Service Agreement between
Petitioner and Deutsche Bank
Aktiengesellschaft Jakarta Branch
- P-9 IntraGroup Service Agreement between
Petitioner and Deutsche Bank
Aktiengesellschaft Singapore Branch
- P-10 IntraGroup Service Agreement between
Petitioner and Deutsche Bank (China)
Co., Ltd.
- P-11 IntraGroup Service Agreement between
Petitioner and Deutsche Asset
Management (Asia) Limited
- P-13 IntraGroup Service Agreement between
Petitioner and DBOI Global Services
Private Limited
- P-14 IntraGroup Service Agreement between
Petitioner and Deutsche Bank
Aktiengesellschaft, Filiale Bangkok
- P-16 IntraGroup Service Agreement between
Petitioner and Deutsche Bank
Aktiengesellschaft, Filiale Seoul Branch
- P-18 IntraGroup Service Agreement between
Petitioner and Deutsche Bank
Aktiengesellschaft, Asia Pacific Head
Office
- P-20 IntraGroup Service Level Agreement
between Petitioner and DB Trust
Company Limited Japan ↙

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P-21	IntraGroup Service Agreement between Petitioner and Deutsche Bank AG Prague Branch
P-22	IntraGroup Service Agreement between Petitioner and Deutsche Bank Polska S.A.
P-23.1	IntraGroup Service Agreement between Petitioner and Deutsche Bank AG Luxembourg Branch
P-23.2	IntraGroup Service Agreement between Petitioner and DWS Investment S.A.
P-23.3	IntraGroup Service Agreement between Petitioner and Deutsche Bank Luxembourg SA
P-23.4	IntraGroup Service Agreement between Petitioner and Deutsche Bank Re S.A.
P-23.5	IntraGroup Service Agreement between Petitioner and Deutsche Bank Vita S.A.
P-23.6	IntraGroup Service Agreement between Petitioner and Primelux Insurance
P-24	IntraGroup Service Agreement between Petitioner and Deutsche Bank (China) Co. Ltd. Beijing Branch
P-25	IntraGroup Service Agreement between Petitioner and Deutsche Bank SAE (Sociedad Anonima Española)
P-26	IntraGroup Service Agreement between Petitioner and Deutsche Securities Indonesia
P-27	IntraGroup Service Agreement between Petitioner and DWS Holding & Service GmbH
P-29	Deutsche Bank List of Shareholdings 2008
P-32	IntraGroup Service Agreement between Petitioner and Deutsche Bank Aktiengesellschaft, Filiale Zurich

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P-35	IntraGroup Service between Petitioner and Deutsche Bank Aktiengesellschaft, Filiale Zurich
Q	Sworn Statement of Mr. Romeo A. De Jesus to Questions propounded by Atty. Marvin B. Ibarra dated October 25, 2011
Q-1	Signature of Mr. Romeo A. De Jesus
R	Petitioner's Independent CPA Report dated September 22, 2011
R-1	Signature of Mr. Romeo A. De Jesus
R-1-a	Sworn Statement of Ms. Rachel Concepcion to Questions propounded by Atty. Marvin B. Ibarra dated January 27, 2012
R-1-b	Signature of Ms. Rachel Concepcion
T	Supplemental Sworn Statement of Mr. Romeo A. De Jesus, Jr. to Questions Propounded by Atty. Marvin B. Ibarra dated August 6, 2014
T-1	Signature of Romeo A. De Jesus, Jr.

The parties submitted the following issue⁴⁰ for this Court's resolution:

WHETHER OR NOT PETITIONER IS ENTITLED TO THE CLAIM FOR REFUND OF OR ISSUANCE OF TAX CREDIT CERTIFICATE OF EXCESS OR UNUTILIZED INPUT VAT IN THE AMOUNT OF PHP58,385,248.41.

The main issue may be broken down into the following sub-issues: 4

⁴⁰ Stipulated Issues for Resolution, JSFI, Docket, pp. 81-82.

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A. WHETHER OR NOT PETITIONER INCURRED INPUT VAT ON ITS PURCHASES OF GOODS AND SERVICES ATTRIBUTABLE TO ZERO-RATED SALES FOR THE 1ST QUARTER OF CY 2009.

B. WHETHER OR NOT THE AMOUNT OF PHP58,385,248.41, BEING CLAIMED BY PETITIONER AS UNUTILIZED INPUT VAT PAID, FOR THE 1ST QUARTER OF CY 2009, PERTAINS IN FULL TO ITS ZERO-RATED SALES OF GOODS AND SERVICES.

C. WHETHER OR NOT PETITIONER HAD ZERO-RATED SALES DURING THE 1ST QUARTER OF CY 2009, THE CONSIDERATION FOR WHICH IS PAID FOR IN ACCEPTABLE FOREIGN CURRENCY AND ACCOUNTED FOR IN ACCORDANCE WITH THE RULES AND REGULATIONS OF THE BSP.

D. WHETHER OR NOT THE INPUT VAT INCURRED BY PETITIONER FOR THE 1ST QUARTER OF CY 2009 IS DULY SUPPORTED BY VAT INVOICES AND OFFICIAL RECEIPTS.

E. WHETHER OR NOT THE INPUT VAT INCURRED BY PETITIONER FOR THE 1ST QUARTER OF CY 2009 AMOUNTING TO PHP58,385,248.41 WAS APPLIED AGAINST ANY OUTPUT VAT OR CARRIED OVER TO SUCCEEDING TAXABLE PERIODS.

F. WHETHER OR NOT PETITIONER'S ADMINISTRATIVE AND JUDICIAL CLAIMS FOR REFUND OR ISSUANCE OF TCC FOR ITS EXCESS AND UNUTILIZED INPUT VAT ON PURCHASES OF CAPITAL GOODS, NON-CAPITAL GOODS AND SERVICES ATTRIBUTABLE TO ITS ZERO-RATED SALES WERE FILED WITHIN THE TWO-YEAR PERIOD PRESCRIBED UNDER SECTIONS 110, 112 AND 229, TAX CODE.

G. WHETHER OR NOT PETITIONER HAS COMPLIED WITH THE INVOICING REQUIREMENTS PRESCRIBED UNDER REVENUE REGULATIONS NO. 7-95 IN RELATION TO SECTIONS 113 AND 237 OF THE TAX CODE. 4

H. WHETHER OR NOT PETITIONER HAS
COMPLIED WITH THE REQUIREMENTS UNDER
SECTION 112(A)(B)(C) OF THE TAX CODE.

Petitioner alleges that during the first quarter of calendar year 2009, it rendered services in the Philippines to persons engaged in business conducted outside the Philippines, the payments for which were made in Euro and other acceptable foreign currency and accounted for in accordance with the rules and regulations of the *Bangko Sentral ng Pilipinas* (BSP).⁴¹ Petitioner further claims that it accumulated excess input VAT in the amount of ₱58,385,248.41 attributable to its zero-rated sales, which remains unutilized and/or unapplied against its output tax liability.⁴²

Petitioner thus contends⁴³ that it is entitled to a refund of the said input VAT attributable to its zero-rated sales for the first quarter of calendar year 2009 pursuant to Sections 108(B)(2) and 112(A), in relation to Section 110(B) of National Internal Revenue Code (NIRC) of 1997, as amended, which are quoted hereunder for easy reference:

“SEC. 108. *Value-added Tax on Sale of Services and Use or Lease of Properties.* –

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(B) *Transactions Subject to Zero Percent (0%) Rate.* – The following services performed in the Philippines by VAT-registered persons shall be subject to zero percent (0%) rate:

XXX XXX XXX

(2) Services other than those mentioned in the preceding paragraph rendered to a person engaged in ↴

⁴¹ Par. 3, Petition for Review, Docket, p. 3.
⁴² Par. 5, Petition for Review, Docket, p. 3.
⁴³ Par. 8.1, Petition for Review, Docket, p. 4.

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business conducted outside the Philippines or to a nonresident person not engaged in business who is outside the Philippines when the services are performed, the consideration for which is paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP);"

"SEC. 112. *Refunds or Tax Credits of Input Tax.* –

(A) *Zero-Rated or Effectively Zero-Rated Sales.* – Any VAT-registered person, whose sales are zero-rated or effectively zero-rated may, within two (2) years after the close of the taxable quarter when the sales were made, apply for the issuance of a tax credit certificate or refund of creditable input tax due or paid attributable to such sales, except transitional input tax, to the extent that such input tax has not been applied against output tax: *Provided, however,* That in the case of zero-rated sales under Section 106 (A) (2) (a) (1), (2) and (b) and Section 108 (B) (1) and (2), the acceptable foreign currency exchange proceeds thereof had been duly accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas (BSP): *Provided, further,* That where the taxpayer is engaged in zero-rated or effectively zero-rated sale and also in taxable or exempt sale of goods of properties or services, and the amount of creditable input tax due or paid cannot be directly and entirely attributed to any one of the transactions, it shall be allocated proportionately on the basis of the volume of sales: *Provided, finally,* That for a person making sales that are zero-rated under Section 108(B)(6), the input taxes shall be allocated ratably between his zero-rated and non-zero-rated sales."

"SEC. 110. *Tax Credits.* –

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xxx

xxx

(B) *Excess Output or Input Tax.* – If at the end of any taxable quarter the output tax exceeds the input tax, the excess shall be paid by the VAT-

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registered person. If the input tax exceeds the output tax, the excess shall be carried over to the succeeding quarter or quarters: xxx *Provided, however, That any input tax attributable to zero-rated sales by a VAT-registered person may at his option be refunded or credited against other internal revenue taxes, subject to the provisions of Section 112.*"

Based on the above-quoted provisions, in order to be entitled to a refund or tax credit of input VAT payments attributable to zero-rated or effectively zero-rated sales, the following requisites must be satisfied:

1. that the taxpayer must be VAT-registered;
2. that there must be zero-rated or effectively zero-rated sales;
3. that input taxes were incurred or paid;
4. that such input VAT payments are directly attributable to zero-rated sales or effectively zero-rated sales;
5. that the input VAT payments were not applied against any output VAT liability; and
6. that the claim for refund was filed within the two-year prescriptive period.

Before discussing the other requisites mentioned in the preceding paragraph, the Court shall first rule on the timeliness of the filing of the instant claim.

Respondent alleges that petitioner failed to comply with the conditions or requirements under Section 112(C) of the NIRC of 1997, as amended, which would mean that this Court has no jurisdiction to entertain the instant case.⁴⁴

In *Commissioner of Internal Revenue vs. Aichi Forging Company of Asia, Inc.*⁴⁵, the Supreme Court explained that in case of tax refunds under Section 112 of the NIRC of 1997, as amended, the phrase "within two years" applies

⁴⁴ Par. 11, Answer, Docket, p. 49.

⁴⁵ G.R. No. 184823, October 6, 2010.

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only to the filing of the administrative claim for refund and not to the filing of the judicial claim. The pertinent portions of the decision are quoted as follows:

"There is nothing in Section 112 of the NIRC to support respondent's view. Subsection (A) of the said provision states that 'any VAT-registered person, whose sales are zero-rated or effectively zero-rated may, within two years after the close of the taxable quarter when the sales were made, apply for the issuance of a tax credit certificate or refund of creditable input tax due or paid attributable to such sales.' The phrase 'within two (2) years xxx apply for the issuance of a tax credit certificate or refund' refers to applications for refund/credit filed with the CIR and not to appeals made to the CTA. This is apparent in the first paragraph of subsection (D) of the same provision, which states that the CIR has '120 days from the submission of complete documents in support of the application filed in accordance with Subsections (A) and (B)' within which to decide on the claim.

In fact, applying the two-year period to judicial claims would render nugatory Section 112(D) of the NIRC, which already provides for a specific period within which a taxpayer should appeal the decision or inaction of the CIR. The second paragraph of Section 112(D) of the NIRC envisions two scenarios: (1) when a decision is issued by the CIR before the lapse of the 120-day period; and (2) when no decision is made after the 120-day period. In both instances, the taxpayer has 30 days within which to file an appeal with the CTA. As we see it then, the 120-day period is crucial in filing an appeal with the CTA."

Accordingly, petitioner had two years from the close of the first quarter of calendar year 2009, or until March 31, 2011, within which to file its administrative claim with respondent. Evidently, petitioner timely filed its refund claim with the BIR on October 28, 2010.⁴⁶ ↩

⁴⁶ Exhibits "L" and "L-1".

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As regards petitioner's judicial claim, the applicable provision is Section 112(C) of the NIRC of 1997, as amended, which reads as follows:

"SEC. 112. *Refunds or Tax Credits of Input Tax.* –

XXX

XXX

XXX

(C) *Period within which Refund or Tax Credit of Input Taxes shall be Made.* – In proper cases, the Commissioner shall grant a refund or issue the tax credit certificate for creditable input taxes within one hundred twenty (120) days from the date of submission of complete documents in support of the application filed in accordance with Subsection (A) hereof.

In case of full or partial denial of the claim for tax refund or tax credit, or the failure on the part of the Commissioner to act on the application within the period prescribed above, the taxpayer affected may, within thirty (30) days from the receipt of the decision denying the claim or after the expiration of the one hundred twenty day-period, appeal the decision or the unacted claim with the Court of Tax Appeals."

Based on the foregoing, the taxpayer may appeal to this Court within thirty (30) days from receipt of the decision or from inaction of respondent after the lapse of one hundred twenty (120) days from the filing of its administrative claim for refund. In this case, respondent failed to act on petitioner's claim filed on October 28, 2010 within the prescribed period, or until February 25, 2011. Thus, petitioner had thirty (30) days from February 25, 2011, or until March 27, 2011, within which to file with this Court its appeal of respondent's inaction. Accordingly, this Petition for Review filed on March 25, 2011 is well within the prescriptive period allowed by law.

The Court shall now proceed to determine the merits of petitioner's claim for refund or tax credit. ⤵

Petitioner maintains that its sales of services to entities engaged in business conducted outside of the Philippines constitute zero-rated sales.

In the case of *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.*,⁴⁷ the Supreme Court held that in order for the supply of services to be VAT zero-rated under Section 102(B)(2) [now Section 108(B)(2)] of the NIRC of 1997, as amended, the following requisites must be satisfied:

1. the services must be other than processing, manufacturing or repacking of goods;
2. the payment for such services must be in acceptable foreign currency accounted for in accordance with the BSP rules and regulations; and
3. the recipient of such services must be doing business outside the Philippines.

It is undisputed that petitioner is licensed to do business as ROHQ in the Philippines to engage in general administration and planning, business planning and coordination, sourcing/procurement of raw materials and components, corporate finance advisory services, marketing control and sales promotion, training and personnel management, logistic services, research and development services and product development, technical support and maintenance, data processing and communication and business development.⁴⁸ Petitioner likewise acts as a shared services center, which handles regional, as well as global and accounting and related controlling processes, such as accounting production work in the global general ledger in SAP, developing and operating inter-company clearing house, accounting and head office reporting for non-regulated entities and product control.⁴⁹ Evidently, the

⁴⁷ G.R. No. 153205, January 22, 2007.

⁴⁸ Exhibit "A"; Par. 3, Admitted Facts, JSFI, Docket, p. 80.

⁴⁹ Par. 4, Admitted Facts, JSFI, Docket, p. 80.

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services provided by petitioner are not in the same category as "processing, manufacturing or repacking of goods".

For services rendered during the first quarter of calendar year 2009, petitioner received foreign currency payments (in Euro) which were accounted for in accordance with the BSP rules and regulations, as evidenced by sales invoices⁵⁰ and official receipts⁵¹ issued by petitioner to its alleged non-resident foreign clients, various inward remittance advices, and bank statements.⁵²

To prove that petitioner rendered services to entities/affiliates engaged in business conducted outside the Philippines, it presented the following documents:

- (a) SEC Certificates of Non-Registration of Company⁵³;
- (b) Various registration documents (*i.e.*, AMI.net Company Profile Fact Sheet, Authenticated Articles of Association, Certificate of Registration, and Certificate of Incorporation on Change of Name of Company)⁵⁴; and
- (c) Intragroup Service Agreements⁵⁵.

However, this Court finds that each of the aforesaid documents, standing alone, is an inadequate proof that petitioner's client is a non-resident foreign corporation doing business outside the Philippines.

While the SEC Certificates of Non-Registration show that the named entities therein are not registered corporations/partnerships in the Philippines, the same do not prove that such entities are non-resident foreign

⁵⁰ Exhibits "J92" to "J286".

⁵¹ Exhibits "J287" to "J342".

⁵² Exhibits "J1" to "J91".

⁵³ Exhibits "O-12", "O-14" to "O-20", "O-22", "O-24", "O-25", "O-30" to "O-40", "O-44", "O-47", and "O-48".

⁵⁴ Exhibits "O" to "O-10" and "O-49" to "O-73".

⁵⁵ Exhibits "P", "P-2" to "P-11", "P-13", "P-14", "P-16", "P-18", "P-20" to "P-27", "P-32", and "P-35".

corporations doing business outside the Philippines. Likewise, the Certificate of Association and Certificates of Registration/Incorporation of Foreign Company only prove that the named entities therein were incorporated/organized abroad but do not establish that such entities are not doing business in the Philippines. Also, the Service Agreements only show the names of petitioner’s customers to whom it rendered services but the same do not establish that such customers are non-resident foreign corporations doing business outside the Philippines.

To be considered as non-resident foreign corporation doing business outside the Philippines, each entity must be supported, at the very least, by **both** SEC Certificate of Non-Registration of Corporation/Partnership and Certificate/Articles of Foreign Incorporation/ Association/Registration. Thus, only the following clients of petitioner shall be considered as non-resident foreign corporations doing business outside the Philippines:

Entity Code ⁵⁶	Client	SEC Certificate of Non-Registration	AMI.net Company Profile Fact Sheet, Articles of Association, Certificate of Registration, and Certification of Incorporation on Change of Name of Company
100	Deutsche Bank Aktiengesellschaft, Inlandsbank	O-12	O-49
743	Deutsche Bank Sociedad Anónima Española	O-37	O-50
744	Deutsche Bank Aktiengesellschaft, Filiale Zürich	O-44	O-51
747	Deutsche Bank Aktiengesellschaft, Filiale Wien	O-40	O-52
781	Deutsche Bank Aktiengesellschaft, Filiale Singapur	O-20	O-7
783	Deutsche Bank Aktiengesellschaft, Filiale Bangkok	O-25	O-53
786	Deutsche Bank Aktiengesellschaft, Filiale Hongkong	O-18	O-5
788	Deutsche Bank Aktiengesellschaft, Filiale Jakarta	O-19	O-6
801	Deutsche Asset Management (Asia) Limited	O-22	O-8
840	Deutsche Bank Aktiengesellschaft, Filiale London	O-14	O-55
845	Deutsche Bank Aktiengesellschaft, Filiale Prag	O-32	O-56
871	Deutsche Bank Luxembourg S.A.	O-34	O-57
872	Deutsche Securities Inc.	O-17	O-4
910	Deutsche Bank (China) Co. Ltd., Beijing Branch	O-36	O-59

⁵⁶ Annex E, Exhibit “R”.

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935	DWS Holding & Service GmbH	O-39	O-60
5046	Deutsche Asia Pacific Holdings Pte Ltd.	O-15	O-3
5157	PT Deutsche Securities Indonesia	O-38	O-61
5180	Deutsche Group Services Pty Limited	O-16	O-10
5735	Deutsche Bank PBC Spolka Akcyjna	O-33	O-62
6201	Deutsche Bank Trust Company Americas	O-35	O-63
6502	DB Finance Inc.	O-30	O-64
6518	DB Trust Company Limited Japan	O-31	O-65
6822	DB International (Asia) Limited	O-48	O-66
9478	DBOI Global Services Private Limited	O-24	O-67
9608	Global Markets Centre Private Limited	O-47	O-68

Accordingly, petitioner's sales of services to the aforementioned entities for the first quarter of calendar year 2009 in the amount of €4,634,848.23 with peso equivalent of ₱289,872,951.07, as presented below, qualify for VAT zero-rating under Section 108(B)(2) of the NIRC of 1997, as amended:

Entity Code	Inward Remittance		Official Receipt	
	Exhibit No.	Amount	Exhibit No.	Amount
5180	J3	€ 12,541.00	J289	₱ 787,073.91
845	J5	925.00	J287	60,012.77
6502	J7	1,388.00	J290	87,805.24
6518	J8	1,388.00	J291	89,671.27
5180	J12	4,464.00	J293	280,165.95
786	J14	665,050.31	J294	40,970,510.83
910	J16	18,500.00	J295	1,133,649.85
910	J17	18,500.00	J296	1,133,649.85
788	J19	16,650.00	J298	1,070,275.32
872	J20	911,272.00	J297	56,175,316.96
5180	J22	11,200.00	J299	679,119.84
5735	J24	463.00	J300	28,146.00
5157	J26	1,850.00	J301	118,110.62
840	J28	102,966.00	J302	6,464,764.79
840	J30	142,311.00	J303	8,935,084.06
840	J34	80,000.00	J305	5,022,838.10
840	J37	127,751.60	J307	8,020,945.05
6201	J41	1,425.00	J309	86,309.97
6201	J43	688.00	J310	41,632.26
781	J47	25,000.00	J312	1,549,353.33
747	J54	925.00	J316	58,762.88
100	J56	1,752,962.93	J317	109,884,954.58
781	J61	16,174.71	J321	989,132.04
840	J67	98,686.00	J324	6,196,057.88

845	J69	925.00	J327	60,012.77
801	J70	87,500.07	J328	5,697,165.43
935	J71	18,500.04	J329	1,204,545.19
9478	J73	77,050.00	J330	5,081,412.87
747	J74	647.00	J331	41,102.26
5157	J75	1,850.00	J332	113,133.05
743	J76	27,750.06	J333	1,830,103.97
6518	J77	1,387.50	J334	89,638.97
840	J79	84,991.00	J335	5,336,173.87
783	J81	18,500.04	J336	1,209,926.30
6822	J83	46,250.10	J338	2,994,365.14
6822	J84	123,233.87	J339	7,978,516.89
9608	J85	5,551.00	J340	359,387.78
840	J86	126,984.00	J337	7,972,750.92
871	J91	647.00	J342	41,372.31
TOTAL		€4,634,848.23		₱289,872,951.07

The rest of petitioner’s declared zero-rated sales in the amount of ₱863,838,977.32, that is ₱1,153,711,928.39 less ₱289,872,951.07, shall be denied VAT zero-rating for petitioner’s failure to prove that the entities to whom it rendered services are non-resident foreign corporations doing business outside the Philippines.

Petitioner asserts that its input VAT for the first quarter of calendar year 2009 in the amount of ₱58,385,248.41, as shown below, are duly substantiated by appropriate documentary evidence and are attributable to its zero-rated sales:

Input VAT from Current Transactions	
Purchase of Capital Goods not exceeding ₱1 Million	₱ 4,464.22
Purchase of Capital Goods exceeding ₱1 Million	1,500,608.79
Domestic Purchases of Goods Other than Capital Goods	1,190,633.97
Domestic Purchases of Services	51,943,810.08
Services Rendered by Non-Residents	3,745,731.35
Total Input VAT per Return	₱58,385,248.41

In support of its claim, petitioner presented various invoices and official receipts issued by its suppliers, BIR Form 1600, and other documents,⁵⁷ which were all examined

⁵⁷ Exhibits “J-343” to “J-1555”.

by the Independent Certified Public Accountant (ICPA). The latter noted the following exceptions, which this Court finds in order; thus, shall be disallowed from petitioner’s claim:⁵⁸

Annex	Findings	Disallowed Input VAT
A.1	Purchase of goods not supported by supplier’s sales invoices	P 36,533.57
A.2	Purchase of services not supported by supplier’s official receipts	4,148,408.27
A.3	Input VAT on purchases with invalid supporting documents	477,787.39
A.4	Purchase of goods and services not within the 1 st quarter of CY 2009	503,290.09
Total		P5,166,019.32

In addition, the input VAT of ₱41,000,124.19, as detailed below, shall be disallowed for petitioner’s failure to meet the substantiation requirements under Sections 110(A) and 113(A) and (B) of the NIRC of 1997, as amended by Republic Act (RA) No. 9337, and as implemented by Sections 4.110-2, 4.110-3, 4.110-8 and 4.113-1 of Revenue Regulations (RR) No. 16-05:

Exhibit	Supplier	Invoice/ Official Receipt No.	Disallowed Input VAT
1. Input VAT not separately indicated in the supporting invoices or official receipts			
J370	Ambassador Home and Electronics Center	83521	P 238.93
J388	JJED Philippines, Inc.	66493	7,373.46
J389	JJED Philippines, Inc.	66848	8,276.25
J393	Michigan Enterprises Corporation	14730	7,232.14
J394	Michigan Enterprises Corporation	14731	10,285.71
J502	6-24 Property Holdings, Inc.	134	2,049,996.96
J503	6-24 Property Holdings, Inc.	204	372,726.72
J504	6-24 Property Holdings, Inc.	205	1,384,566.21
J505	6-24 Property Holdings, Inc.	217	2,049,996.96
J506	6-3 Property Holdings, Inc.	635	977,894.04
J509	6-3 Property Holdings, Inc.	648	2,081.88
J510	6-3 Property Holdings, Inc.	681	171,590.94
J511	A. Soriano Corporation	19217	454,100.17
J513	ACCRA LAW	34999	28.07
J515	ACCRA LAW	34998	120.00
J516	ACCRA LAW	34997	720.00
J519	Air2100, Inc.	42055	278.28
J520	Air2100, Inc.	42061	283.76
J532	American Express Transnational, Inc.	39806	15,845.09
J533	Asia Select, Inc.	4605	1,431.76

⁵⁸ Exhibit “R”.

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J534	Asia Select, Inc.	4606	1,149.03
J535	Asia Select, Inc.	4629	2,522.83
J536	Asia Select, Inc.	4674	1,071.33
J537	Asia Select, Inc.	4697	1,348.83
J538	Asia Select, Inc.	4776	1,128.91
J539	Audioman Enterprises	28622	482.14
J540	Audioman Enterprises	28664	1,232.14
J541	Audioman Enterprises	28713	5,357.14
J542	Audioman Enterprises	28683	535.71
J543	Autohome Business Solutions, Inc.	973	4,217.48
J544	Autohome Business Solutions, Inc.	938	1,899.24
J545	Autohome Business Solutions, Inc.	836	4,217.48
J546	Autohome Business Solutions, Inc.	939	6,358.36
J547	Barrington Carpets, Inc.	11276	1,449,815.15
J548	Bayan Telecommunications, Inc.	297585	182.04
J549	Bayan Telecommunications, Inc.	297654	182.04
J550	Bayan Telecommunications, Inc.	306127	182.04
J552	Bayan Telecommunications, Inc.	297597	182.04
J553	Bayan Telecommunications, Inc.	305617	182.04
J555	Bayan Telecommunications, Inc.	279282	182.04
J556	Bayan Telecommunications, Inc.	297652	182.04
J557	Bayan Telecommunications, Inc.	306146	182.04
J559	Bayan Telecommunications, Inc.	279275	182.04
J560	Bayan Telecommunications, Inc.	297598	182.04
J561	Bayan Telecommunications, Inc.	306124	182.04
J563	Bayan Telecommunications, Inc.	306120	182.04
J564	Bayan Telecommunications, Inc.	279276	182.04
J565	Bayan Telecommunications, Inc.	297599	182.04
J566	Bayan Telecommunications, Inc.	305607	182.04
J568	Bayan Telecommunications, Inc.	306137	182.04
J570	Bayan Telecommunications, Inc.	297656	182.04
J571	Bayan Telecommunications, Inc.	305635	182.04
J573	Bayan Telecommunications, Inc.	279271	182.04
J577	Bayan Telecommunications, Inc.	297593	182.04
J578	Bayan Telecommunications, Inc.	305632	182.04
J580	Bayan Telecommunications, Inc.	297653	182.04
J581	Bayan Telecommunications, Inc.	306125	182.04
J583	Bayan Telecommunications, Inc.	297670	182.04
J584	Bayan Telecommunications, Inc.	306126	182.04
J586	Bayan Telecommunications, Inc.	297657	182.04
J587	Bayan Telecommunications, Inc.	305619	182.04
J589	Bayan Telecommunications, Inc.	279270	182.04
J590	Bayan Telecommunications, Inc.	297658	182.04
J591	Bayan Telecommunications, Inc.	305609	182.04
J593	Bayan Telecommunications, Inc.	297580	182.04
J594	Bayan Telecommunications, Inc.	306148	182.04
J596	Bayan Telecommunications, Inc.	279264	182.04

J597	Bayan Telecommunications, Inc.	297672	182.04
J598	Bayan Telecommunications, Inc.	306134	182.04
J600	Bayan Telecommunications, Inc.	279269	182.04
J601	Bayan Telecommunications, Inc.	297651	182.04
J602	Bayan Telecommunications, Inc.	306121	182.04
J604	Bayan Telecommunications, Inc.	297579	182.04
J605	Bayan Telecommunications, Inc.	305616	182.04
J607	Bayan Telecommunications, Inc.	279263	182.04
J608	Bayan Telecommunications, Inc.	297676	182.04
J609	Bayan Telecommunications, Inc.	306122	182.04
J611	Bayan Telecommunications, Inc.	297581	182.04
J612	Bayan Telecommunications, Inc.	306133	182.04
J614	Bayan Telecommunications, Inc.	297662	182.04
J615	Bayan Telecommunications, Inc.	305613	182.04
J617	Bayan Telecommunications, Inc.	306141	182.04
J618	Bayan Telecommunications, Inc.	279277	182.04
J619	Bayan Telecommunications, Inc.	306144	182.04
J620	Bayan Telecommunications, Inc.	306142	182.04
J622	Bayan Telecommunications, Inc.	279283	182.04
J623	Bayan Telecommunications, Inc.	297661	182.04
J624	Bayan Telecommunications, Inc.	305622	182.04
J626	Bayan Telecommunications, Inc.	297594	182.04
J627	Bayan Telecommunications, Inc.	305633	182.04
J629	Bayan Telecommunications, Inc.	279281	182.04
J630	Bayan Telecommunications, Inc.	297565	182.04
J631	Bayan Telecommunications, Inc.	297566	182.04
J632	Bayan Telecommunications, Inc.	305634	182.04
J634	Bayan Telecommunications, Inc.	279261	182.04
J635	Bayan Telecommunications, Inc.	297595	182.04
J636	Bayan Telecommunications, Inc.	305614	182.04
J638	Bayan Telecommunications, Inc.	297582	182.04
J639	Bayan Telecommunications, Inc.	306130	182.04
J641	Bayan Telecommunications, Inc.	279262	182.04
J642	Bayan Telecommunications, Inc.	297568	182.04
J643	Bayan Telecommunications, Inc.	306131	182.04
J645	Bayan Telecommunications, Inc.	297577	182.04
J646	Bayan Telecommunications, Inc.	297570	182.04
J649	Bayan Telecommunications, Inc.	279260	182.04
J650	Bayan Telecommunications, Inc.	297663	182.04
J651	Bayan Telecommunications, Inc.	305610	182.04
J654	Bayan Telecommunications, Inc.	279268	182.04
J655	Bayan Telecommunications, Inc.	297674	182.04
J656	Bayan Telecommunications, Inc.	305601	182.04
J657	Bayan Telecommunications, Inc.	297572	182.04
J658	Bayan Telecommunications, Inc.	305628	182.04
J781	Career Management Consulting & Business Solution, Inc.	91	16,650.00

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J782	Career Management Consulting & Business Solution, Inc.	92	21,750.00
J783	Career Management Consulting & Business Solution, Inc.	93	21,600.00
J784	Career Management Consulting & Business Solution, Inc.	94	21,600.00
J792	CIBI Information, Inc.	19309	600.00
J793	Colliers International Philippines, Inc.	11032	754.82
J794	Colliers International Philippines, Inc.	10834	151,431.82
J795	Colliers International Philippines, Inc.	10979	151,431.82
J796	Concept One Management Services	219	10,178.57
J797	Cravings Food Services, Inc.	7017	5,785.71
J800	CWC International Corp.	27091	5,657,784.63
J801	CWC International Corp.	27078	249,375.00
J802	CWC International Corp.	27311	4,526,227.70
J806	DB Wizards, Inc.	8989	19,800.00
J807	DB Wizards, Inc.	9112	41,417.83
J809	Design & Creative Logic, Inc.	3480	4,276.85
J810	Design & Creative Logic, Inc.	3490	2,251.82
J812	Design & Creative Logic, Inc.	3479	2,673.43
J814	Design & Creative Logic, Inc.	3482	2,673.43
J816	DHL Express Phils. Corp.	1250931	1,166.35
J818	DHL Express Phils. Corp.	1250014	1,344.20
J820	DHL Express Phils. Corp.	1250489	4,503.39
J822	DHL Express Phils. Corp.	1250930	4,634.17
J824	DHL Express Phils. Corp.	1251050	12,163.75
J827	DHL Express Phils. Corp.	1251049	5,045.49
J834	DHL Express Phils. Corp.	1250453	2,044.60
J836	DHL Express Phils. Corp.	1251558	209.44
J837	E.E. Black, Ltd.	1351	1,299,882.09
J838	E.E. Black, Ltd.	1355	2,664,441.69
J840	Electronic Security Systems Corporation	7727	4,071.43
J841	Electronic Security Systems Corporation	7733	3,642.86
J849	Exclusive Cars, Inc.	2073	819.91
J850	Exclusive Cars, Inc.	2079	1,776.66
J851	Exclusive Cars, Inc.	2080	3,260.07
J852	Exclusive Cars, Inc.	2081	3,662.02
J853	Exclusive Cars, Inc.	2082	3,162.19
J854	Exclusive Cars, Inc.	2084	2,762.31
J855	Exclusive Cars, Inc.	2085	505.72
J856	Exclusive Cars, Inc.	2089	1,324.84
J861	Exclusive Cars, Inc.	2100	2,946.09
J864	Exclusive Cars, Inc.	2113	2,442.06
J865	Exclusive Cars, Inc.	2114	2,715.57
J866	Exclusive Cars, Inc.	2136	367.23
J868	Exclusive Cars, Inc.	2140	2,356.87
J899	Facilities Managers, Inc.	36677	25,253.81
J900	Facilities Managers, Inc.	36780	27,872.23
J901	Facilities Managers, Inc.	36923	47.32

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J902	Facilities Managers, Inc.	36924	1,746.42
J903	Facilities Managers, Inc.	36925	2,283.53
J904	Facilities Managers, Inc.	36926	320.88
J1212	Goudic Associates Manila, Ltd.	1401	21,497.14
J1213	Goudic Associates Manila, Ltd.	1426	42,994.28
J1215	Headstrong Philippines, Inc.	1043	43,680.00
J1216	Headstrong Philippines, Inc.	1045	11,520.00
J1217	Headstrong Philippines, Inc.	1047	23,250.00
J1218	I.Systems Integrators, Inc.	717	399,167.14
J1254	International Elevator & Equipment, Inc.	17623	533,571.43
J1256	Jones Lang LaSalle (Philippines) Inc.	3405	50,895.00
J1257	Jones Lang LaSalle (Philippines) Inc.	3414	270,864.00
J1258	Jones Lang LaSalle (Philippines) Inc.	3406	48,214.65
J1259	Jones Lang LaSalle (Philippines) Inc.	3464	135,432.00
J1264	Kapient Philippines, Inc.	1088	49,896.00
J1265	Kapient Philippines, Inc.	1089	41,580.00
J1275	Lane Moving & Storage, Inc.	80478	360.00
J1276	Lane Moving & Storage, Inc.	80563	180.00
J1277	Lantro Phils., Inc.	1874	69,105.80
J1278	Lantro Phils., Inc.	1875	4,119,728.59
J1279	Lantro Phils., Inc.	1876	8,264.82
J1284	Mandarin Oriental Manila	21777	10,800.00
J1285	Mc Engineering, Inc.	5261	103,243.19
J1286	Mc Engineering, Inc.	5263	119,732.14
J1287	Mc Engineering, Inc.	5266	541,071.42
J1288	Mc Engineering, Inc.	5264	2,422,229.74
J1289	Mc Engineering, Inc.	5272	3,494,265.27
J1290	Micro-D International, Inc.	24647	5,827.63
J1291	Micro-D International, Inc.	24615	4,845.80
J1292	Micro-D International, Inc.	24562	124,039.93
J1293	Micro-D International, Inc.	24592	10,085.89
J1294	Micro-D International, Inc.	24614	151,640.91
J1295	Micro-D International, Inc.	24648	9,208.93
J1296	Monolith Construction and Development Corporation	2448	259,244.85
J1297	Monolith Construction and Development Corporation	2449	8,674.47
J1298	No Ka Oi (Philippines) International Inc.	16946	4,933.67
J1299	No Ka Oi (Philippines) International Inc.	17080	2,466.84
J1308	PLDT	PWKOR000599041	151.09
J1309	PLDT	PWKOR000596237	258.02
J1310	PLDT	PWKOR000596236	486.67
J1317	PLDT	PWKOR000599009	239.40
J1318	PLDT	PWKOR000599004	160.71
J1320	PLDT	PWKOR000596238	151.09
J1321	PLDT	PWKOR000599039	160.71
J1324	PLDT	PWKOR000599002	160.71
J1325	PLDT	PWKOR000599037	160.71
J1326	PLDT	PWKOR000599022	160.71

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J1329	PLDT	PWKOR000599010	239.40
J1340	PLDT	PWKOR000599018	239.40
J1347	PLDT	PWKOR000599036	239.40
J1349	PLDT	PWKOR000599007	389.38
J1352	PLDT	PWKOR000599032	239.40
J1354	PLDT	PWKOR000599025	239.40
J1357	PLDT	PWKOR000599024	239.40
J1359	PLDT	PWKOR000599000	160.71
J1362	PLDT	PWKOR000596241	31,482.18
J1363	PLDT	PWKOR000599020	160.71
J1364	PLDT	PWKOR000599023	160.71
J1368	PLDT	PWKOR000599033	217.68
J1369	PLDT	PWKOR000599021	239.40
J1371	PLDT	PWKOR000599019	239.36
J1372	PLDT	PWKOR000596239	8,507.70
J1373	PLDT	PWKOR000599011	239.40
J1374	PLDT	PWKOR000599016	217.68
J1376	PLDT	PWKOR000599014	239.40
J1377	PLDT	PWKOR000599006	239.40
J1378	PLDT	PWKOR000599013	239.40
J1381	PLDT	PWKOR000599904	239.40
J1386	PLDT	PWKOR000618366	160.71
J1391	PLDT	PWKOR000618373	239.40
J1398	PLDT	PWKOR000619572	217.68
J1416	PLDT	PWKOR000619567	389.38
J1417	PLDT	PWKOR000619571	389.38
J1418	PLDT	PWKOR000619569	389.38
J1426	PLDT	PWKOR000619568	160.71
J1427	PLDT	PWKOR000624041	160.71
J1431	PLDT	PWKOR000618367	217.68
J1438	PLDT	PWKOR000618369	239.40
J1453	PLDT	PWKOR000624045	16,200.00
J1454	PLDT	PWKOR000624043	19,980.00
J1456	PLDT	PWKOR000596240	25,804.97
J1459	Premium Security & Investigation Agency, Inc.	51515	2,890.14
J1461	Premium Security & Investigation Agency, Inc.	51166	2,704.11
J1463	Premium Security & Investigation Agency, Inc.	51474	3,191.70
J1465	Premium Security & Investigation Agency, Inc.	51477	5,756.52
J1467	Premium Security & Investigation Agency, Inc.	51774	5,756.52
J1468	Primover Consultancy Services, Inc.	2280	38,640.00
J1473	R.S. Ison & Associates	295	4,800.00
J1475	R.S. Bernaldo & Associates	2906	36,000.00
J1476	Real Form Furniture Shop	161	1,029.60
J1477	Real Form Furniture Shop	173	4,365.00
J1478	Regus Centres, Inc.	11424	12,213.00
J1483	RP Rcytas Industries	166	8,357.14
J1492	Sinclair Knight Merz	1197	19,440.00

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J1493	Sky Cable Corporation	480514	48,192.00
J1500	Solstice Ventures, Inc.	3	12,857.14
J1501	SOP Printing House	959	1,125.00
J1502	SOP Printing House	960	1,735.71
J1506	Stagetck, Co.	330	535.71
J1507	Sycip Salazar Hernandez & Gatmaitan	5037944	2,700.00
J1510	Tempo Services, Inc.	41641	2,680.39
J1511	Tempo Services, Inc.	41294	2,808.67
J1512	Tempo Services, Inc.	41642	2,847.95
J1513	Tempo Services, Inc.	41884	2,811.86
J1514	Tempo Services, Inc.	42016	2,808.20
J1515	Tempo Services, Inc.	42023	3,349.34
J1516	Tempo Services, Inc.	42124	2,625.62
J1517	Tempo Services, Inc.	36899	2,570.85
J1518	Tierra International Construction Corporation	14927	432,000.00
J1519	Trane Philippines	26388	188,244.00
J1520	Zero Eight DB Design Services	261	9,000.00
	Sub-total		38,125,236.67
2. Input VAT supported by official receipts dated not within the first quarter of 2009			
J514	ACCRA LAW	35929	5,400.00
J521	Air2100, Inc.	47379	438.71
J522	Air2100, Inc.	47380	129.21
J523	Air2100, Inc.	47381	399.63
J524	Air2100, Inc.	47382	505.62
J525	Air2100, Inc.	47383	131.20
J526	Air2100, Inc.	47384	431.42
J527	Air2100, Inc.	47385	208.48
J528	Air2100, Inc.	47386	104.24
J529	Air2100, Inc.	47387	108.45
J530	Air2100, Inc.	47388	108.45
J551	Bayan Telecommunications, Inc.	331599	182.04
J554	Bayan Telecommunications, Inc.	331582	182.04
J558	Bayan Telecommunications, Inc.	331600	182.04
J562	Bayan Telecommunications, Inc.	331588	182.04
J567	Bayan Telecommunications, Inc.	331584	182.04
J569	Bayan Telecommunications, Inc.	331906	182.04
J572	Bayan Telecommunications, Inc.	331907	182.04
J579	Bayan Telecommunications, Inc.	331908	182.04
J582	Bayan Telecommunications, Inc.	331909	182.04
J585	Bayan Telecommunications, Inc.	331910	182.04
J588	Bayan Telecommunications, Inc.	331911	182.04
J592	Bayan Telecommunications, Inc.	331583	182.04
J595	Bayan Telecommunications, Inc.	331912	182.04
J599	Bayan Telecommunications, Inc.	350063	182.04
J603	Bayan Telecommunications, Inc.	350064	182.04
J606	Bayan Telecommunications, Inc.	331913	182.04
J610	Bayan Telecommunications, Inc.	350065	182.04

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J613	Bayan Telecommunications, Inc.	331914	182.04
J616	Bayan Telecommunications, Inc.	331592	182.04
J621	Bayan Telecommunications, Inc.	331590	182.04
J625	Bayan Telecommunications, Inc.	331915	182.04
J628	Bayan Telecommunications, Inc.	331591	182.04
J633	Bayan Telecommunications, Inc.	331598	182.04
J637	Bayan Telecommunications, Inc.	331596	182.04
J640	Bayan Telecommunications, Inc.	331595	182.04
J644	Bayan Telecommunications, Inc.	331593	182.04
J647	Bayan Telecommunications, Inc.	331916	182.04
J648	Bayan Telecommunications, Inc.	331917	182.04
J652	Bayan Telecommunications, Inc.	331597	182.04
J653	Bayan Telecommunications, Inc.	331918	269.22
J659	Bayan Telecommunications, Inc.	331919	182.04
J790	Chef Concepts Incorporated	15057	5,400.00
J832	DHL Express Phils. Corp.	1308240	4,782.84
J839	Electronic Security Systems Corporation	7809	964.29
J909	FMR Corporation	5960	1,210.71
J915	Fuji Xerox Philippines, Inc.	89299	64,807.35
J977	Globe Telecom, Inc.	GALXAF05083274	204.00
J984	Globe Telecom, Inc.	GALXAF05083270	204.00
J1007	Globe Telecom, Inc.	GALXAF05083265	204.00
J1012	Globe Telecom, Inc.	GALXAF05083268	204.00
J1015	Globe Telecom, Inc.	GALXAF05083273	128.75
J1092	Globe Telecom, Inc.	GALXAF05083266	204.00
J1103	Globe Telecom, Inc.	GALXAF05083275	204.00
J1106	Globe Telecom, Inc.	GALXAF05083267	204.00
J1180	Globe Telecom, Inc.	GTWRBD05083272	204.00
J1221	Innove Communications, Inc.	2168	138.75
J1227	Innove Communications, Inc.	2167	138.75
J1251	Innove Communications, Inc.	2166	138.75
J1252	Innove Communications, Inc.	2165	138.75
J1262	Jones Lang LaSalle (Philippines) Inc.	3550	135,432.00
J1263	Jones Lang LaSalle (Philippines) Inc.	3552	109,859.28
J1266	Kapient Philippines, Inc.	1091	20,700.00
J1274	Lane Moving & Storage, Inc.	80726	900.00
J1283	Loxon Philippines, Inc.	20408	787.50
J1486	Santa Fe Moving and Relocation Services, Phils., Inc.	407	613.07
J1487	SAS Institute (Philippines), Inc.	2109	11,400.00
J1503	SOP Printing House	981	2,110.70
J1504	SOP Printing House	983	321.43
	Sub-total		375,300.75
3. Input VAT supported by documents other than invoices or official receipts			
J396/7	National Book Store	SSRDATED1/28/09	5,343.00
J409	National Book Store	SSRDATED1/14/09	5,345.43
J424	National Book Store	SSRDATED1/27/09	5,356.88
J431	National Book Store	SSRDATED2/1/09	5,340.45

J442	National Book Store	SSRDATED2/3/09	5,302.02
J452/3	National Book Store	SSRDATED2/19/09	5,351.57
J467	National Book Store	SSRDATED 1/2/09	5,320.15
J1305	PLDT	7160	803.66
J1306	PLDT	4255	239.40
J1307	PLDT	6500	239.40
J1311	PLDT	1923	217.68
J1312	PLDT	9544	239.40
J1313	PLDT	9539	239.40
J1314	PLDT	5900	581.12
J1315	PLDT	6784	16,200.00
J1316	PLDT	6782	19,980.00
J1319	PLDT	3947	160.71
J1322	PLDT	9537	239.40
J1323	PLDT	3945	239.40
J1327	PLDT	4941	239.40
J1328	PLDT	9507	239.40
J1330	PLDT	9538	239.40
J1331	PLDT	3946	217.68
J1332	PLDT	9036	239.40
J1333	PLDT	9510	239.40
J1334	PLDT	9033	160.71
J1335	PLDT	9032	160.71
J1336	PLDT	9034	239.40
J1337	PLDT	3951	526.02
J1338	PLDT	5902	510.28
J1339	PLDT	5899	573.25
J1341	PLDT	5901	510.28
J1342	PLDT	3948	518.16
J1343	PLDT	3949	518.15
J1344	PLDT	3952	518.16
J1345	PLDT	3950	541.77
J1346	PLDT	5903	444.04
J1348	PLDT	9545	212.59
J1350	PLDT	9541	389.38
J1351	PLDT	9542	389.38
J1353	PLDT	9527	239.40
J1355	PLDT	6400	217.68
J1356	PLDT	9511	239.40
J1358	PLDT	9509	160.71
J1360	PLDT	3848	160.71
J1361	PLDT	3944	160.71
J1365	PLDT	3846	217.68
J1366	PLDT	9543	239.40
J1367	PLDT	6059	239.40
J1370	PLDT	3845	239.40
J1375	PLDT	6470	217.68

J1379	PLDT	9535	239.40
J1380	PLDT	9536	239.40
J1382	PLDT	3844	16,200.00
J1383	PLDT	3847	19,980.00
J1384	PLDT	6476	239.40
J1385	PLDT	4942	160.71
J1387	PLDT	6477	151.09
J1388	PLDT	3838	160.71
J1389	PLDT	6493	239.40
J1390	PLDT	1264	964.29
J1392	PLDT	6399	160.71
J1393	PLDT	4482	160.71
J1394	PLDT	1442	239.40
J1395	PLDT	3833	239.40
J1396	PLDT	3832	239.40
J1397	PLDT	6495	239.40
J1399	PLDT	6478	239.40
J1400	PLDT	6471	239.40
J1401	PLDT	6475	160.71
J1402	PLDT	6497	160.71
J1403	PLDT	6469	239.40
J1404	PLDT	3840	239.40
J1405	PLDT	3836	239.40
J1406	PLDT	6403	239.40
J1407	PLDT	3843	239.40
J1408	PLDT	6487	239.40
J1409	PLDT	6483	239.40
J1410	PLDT	4943	239.40
J1411	PLDT	3839	239.40
J1412	PLDT	3841	239.40
J1413	PLDT	6694	239.40
J1414	PLDT	6485	239.40
J1415	PLDT	6467	151.09
J1419	PLDT	6473	239.40
J1420	PLDT	6468	239.40
J1421	PLDT	6481	239.40
J1422	PLDT	3842	239.40
J1423	PLDT	6472	239.40
J1424	PLDT	6480	160.71
J1425	PLDT	6488	160.71
J1428	PLDT	4944	33,815.43
J1429	PLDT	6489	160.71
J1430	PLDT	6486	160.71
J1432	PLDT	1297	239.40
J1433	PLDT	6401	239.40
J1434	PLDT	1441	239.40
J1435	PLDT	6492	217.68

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J1436	PLDT	6474	239.40
J1437	PLDT	4744	239.40
J1439	PLDT	6490	239.40
J1440	PLDT	6498	8,303.31
J1441	PLDT	4510	160.71
J1442	PLDT	6695	239.40
J1443	PLDT	6402	239.40
J1444	PLDT	6491	217.68
J1445	PLDT	3837	217.68
J1446	PLDT	6496	239.40
J1447	PLDT	6479	239.40
J1448	PLDT	6693	239.40
J1449	PLDT	3835	239.40
J1450	PLDT	6484	239.40
J1451	PLDT	6483	239.40
J1452	PLDT	6494	239.40
J1455	PLDT	7135	19,980.00
J1457	PLDT	6783	308.18
J1458	PLDT	3834	217.64
J1494	Smart Communications, Inc.	17	192.86
J1497	Smart Communications, Inc.	16	308.57
J1498	Smart Communications, Inc.	20	494.74
Sub-total			200,241.05
4. Input VAT supported by ZERO RATED official receipt			
J1214	Great Year Industries Corporation Manila	530	102,464.20
Sub-total			102,464.20
5. Input VAT supported by TIN official receipts			
J1280	Leaves & Branches Enterprises	3714	7,108.93
J1281	Leaves & Branches Enterprises	3747	7,108.93
J1282	Leaves & Branches Enterprises	3895	4,714.29
Sub-total			18,932.15
6. Input VAT supported by official receipts not in the name of petitioner			
J1301	P&L Resources, Inc.	3752	2,734.29
J1302	P&L Resources, Inc.	3753	4,191.43
J1303	P&L Resources, Inc.	3754	5,776.07
J1304	P&L Resources, Inc.	3755	4,932.86
Sub-total			17,634.65
7. Input VAT supported by official receipts imprinted with the phrase "not valid source of input tax"			
J1471	Product Providers, Inc.	24993	1,128.00
J1472	Product Providers, Inc.	25163	1,128.00
J1495	Smart Communications, Inc.	6776	375.00
J1496	Smart Communications, Inc.	4589	375.00
J1499	Smart Communications, Inc.	6777	192.86
Sub-total			3,198.86
8. Input VAT on purchases of services without supporting official receipts			
	6-3 Property Holdings, Inc.	0647	140,066.10

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	6-3 Property Holdings, Inc.		818,592.35
	6-3 Property Holdings, Inc.		8,533.24
	6-3 Property Holdings, Inc.		2,926.35
	6-3 Property Holdings, Inc.		7,776.00
-	Cravings Food Services, Inc.	7098	8,678.57
-	CRV Aircon & Plumbing Services	1027	13,676.79
-	DHL Express Phils. Corp.	1250453	100.80
	DHL Express Phils. Corp.	1250931	6,251.80
-	DHL Express Phils. Corp.	1251021	3.60
	DHL Express Phils. Corp.	1308241	967.60
-	Digital Telecommunications	-	189,017.28
-	Digital Telecommunications	-	189,017.28
-	Digital Telecommunications	-	189,979.20
-	Digital Telecommunications	-	193,586.40
-	Digital Telecommunications	-	193,626.48
-	Fuji Xerox Philippines, Inc.	86608	40,529.45
-	Globe Telecom, Inc.	GTWRBD08027907	204.00
-	Globe Telecom, Inc.	8022718	204.00
-	Globe Telecom, Inc.	8027798	204.00
-	Globe Telecom, Inc.	6036089	204.00
-	Innove Communications, Inc.	6355190	152.18
-	Innove Communications, Inc.	6355561	138.75
-	Innove Communications, Inc.	6187557	138.75
-	Innove Communications, Inc.	6184053	138.75
-	Innove Communications, Inc.	6354280	152.18
-	Maxicare Healthcare Corp.	56804	191.60
-	Maxicare Healthcare Corp.	65148	24,948.40
-	Maxicare Healthcare Corp.	56018	731.17
-	MMLDC Foundation, Inc.	15729	17,098.20
	Philippine Vending Corporation		5,335.47
	PLDT		8,507.70
	PLDT		31,482.18
-	Premium Security & Investigation Agency, Inc.	50917	2,854.21
-	Premium Security & Investigation Agency, Inc.	51153	3,709.46
-	R.S. Bernaldo & Associates	2970	36,000.00
-	SGV & Co.	53471	289.29
-	Sinclair Knight Merz	1196	19,440.00
-	Smart Communications, Inc.	8	558.71
-	Smart Communications, Inc.	26	375.00
-	Smart Communications, Inc.	28	192.86
-	Smart Communications, Inc.	27	535.71
	Sub-total		2,157,115.86
	Grand Total		P 41,000,124.19

Moreover, part of the total input VAT claim of P58,385,248.41 is the amount of P1,500,608.79,

representing petitioner’s input VAT on purchases of capital goods exceeding ₱1,000,000.00. Pursuant to Section 110(A) of the NIRC of 1997, as amended, as implemented by Section 4.110-3 of RR No. 16-2005, input VAT claim on capital goods purchases attributable to zero-rated sales may be claimed either in full during the month of acquisition, or spread over a period of time, depending on the aggregate acquisition cost of the capital goods in the calendar month. If the aggregate acquisition cost exceeds ₱1,000,000.00, the claim for input tax should be spread over 60 months or the estimated useful life of the capital goods, whichever is shorter. On the other hand, if aggregate acquisition cost does not exceed ₱1,000,000.00, the total input taxes shall be allowed as credit/refund in the month of acquisition.

Thus, while petitioner was able to substantiate the amount of ₱1,472,164.08 out of the total claimed input VAT of ₱1,500,608.79 on capital goods purchases exceeding ₱1,000,000.00, only the amortization for the first quarter of calendar year 2009 in the amount of ₱48,902.99 may be claimed by petitioner as valid input tax credits for the same taxable quarter, as determined below:

Exhibit	Supplier	Date of Invoice	Amount of Purchase	Input VAT	Monthly Input Tax Credit ⁵⁹	Amortization
J343	Accent Micro Technologies, Inc.	19 Jan 09	P 17,321.42	P 2,078.57	P 31.61	P 103.93
J344	Accent Micro Technologies, Inc.	19-Jan-09	17,321.42	2,078.57	34.64	103.93
J345	Accent Micro Technologies, Inc.	19-Jan-09	65,882.17	91,905.86	1,531.76	4,595.29
J346	Accent Micro Technologies, Inc.	20 Jan 09	1,025.00	483.00	8.05	24.15
J347	Accent Micro Technologies, Inc.	20-Jan-09	4,025.00	483.00	8.05	24.15
J348	Accent Micro Technologies, Inc.	20-Jan-09	27,303.58	3,276.43	54.61	163.82
J349	Accent Micro Technologies, Inc.	26 Jan 09	1,631,250.00	195,750.00	3,262.50	9,787.50
J350	Accent Micro Technologies, Inc.	29-Jan-09	42,857.17	5,142.86	85.71	257.14
J351	Accent Micro Technologies, Inc.	29-Jan-09	40,178.58	4,821.43	80.36	241.07
J352	Accent Micro Technologies, Inc.	29 Jan 09	32,142.83	3,857.14	61.29	192.86
	Subtotal		2,582,307.17	309,876.86		15,493.84
J353	Accent Micro Technologies, Inc.	3-Feb-09	31,250.00	3,750.00	62.50	175.00
J354	Accent Micro Technologies, Inc.	3 Feb 09	1,362,642.83	163,517.14	2,725.29	5,450.57
J355	Accent Micro Technologies, Inc.	5-Feb-09	28,571.42	3,428.57	57.14	114.29
J356	Accent Micro Technologies, Inc.	10-Feb-09	6,250.00	750.00	12.50	25.00
J357	Accent Micro Technologies, Inc.	10 Feb 09	6,250.00	750.00	12.50	25.00
J358	Accent Micro Technologies, Inc.	11-Feb-09	1,359,375.00	163,125.00	2,718.75	5,437.50
J359	Accent Micro Technologies, Inc.	19-Feb-09	6,266.08	751.93	12.53	25.06
J360	Accent Micro Technologies, Inc.	19 Feb 09	5,819.67	698.36	11.64	23.28
J361	Accent Micro Technologies, Inc.	19-Feb-09	5,819.67	698.36	11.64	23.28
J362	Accent Micro Technologies, Inc.	25-Feb-09	2,501,250.00	300,150.00	5,002.50	10,005.00

⁵⁹ This is based on the estimated useful life of 60 months since the Court cannot determine the actual life of the capital goods.

J363	Accent Micro Technologies, Inc.	25 Feb 09	35,714.25	1,285.71	71.43	142.86
J364	Accent Micro Technologies, Inc.	27-Feb-09	17,857.17	2,142.86	35.71	71.43
J365	Accent Micro Technologies, Inc.	27-Feb-09	1,651,785.75	198,214.29	3,303.57	6,607.14
	Subtotal		7,018,851.84	842,262.22		28,075.41
J366	Accent Micro Technologies, Inc.	3-Mar-09	32,946.42	3,953.57	65.89	65.89
J367	Accent Micro Technologies, Inc.	13-Mar-09	455,357.17	54,642.86	910.71	910.71
J368	Accent Micro Technologies, Inc.	13 Mar 09	2,125,000.00	255,000.00	1,250.00	1,250.00
J369	Accent Micro Technologies, Inc.	17-Mar-09	53,571.42	6,428.57	107.14	107.14
	Subtotal		2,666,875.01	320,025.00		5,333.74
	Grand Total		P 12,268,034.02	P 1,472,164.08		P 48,902.99

Accordingly, the unamortized portion of the input VAT in the amount of P1,423,261.09 (P1,472,164.08 less P48,902.99) shall be deducted from petitioner’s input VAT claim.

In sum, petitioner’s substantiated input VAT amounts to P10,795,843.81, and only the input VAT amount of P2,701,413.70 is attributable to petitioner’s valid zero-rated receipts of P289,872,951.07, as computed below:

Input VAT claimed for Refund			P 58,385,248.41
Less: Disallowances			
Per ICPA Findings (Annex A.1 to A.4)		P5,166,019.32	
Per this Court’s Findings			
Input VAT on Purchases of Goods and Services	P11,000,121.19		
Unamortized Input VAT on Capital Goods exceeding P1M	1,423,261.09	47,423,385.28	47,589,404.60
Valid Input VAT			P 10,795,843.81
Multiply by Valid Zero Rated Receipts			289,872,951.07
Divided by Total Declared Receipts			1,158,439,045.31
Valid Input VAT attributable to valid zero-rated receipts			P 2,701,413.70

However, since petitioner did not submit the invoices/official receipts proving the existence of its reported input VAT from previous quarter, its output VAT liability for the first quarter in the amount of P567,254.03 shall be offset against the substantiated input VAT attributable to VATable receipts in the amount of P44,053.43, and to zero-rated receipts in the amount of P523,200.60, as herein determined:

VAT Allocation:	VATable Sales	Zero-Rated Sales	Total
Per VAT Returns	P4,727,116.92	P1,153,711,928.39	P1,158,439,045.31
Valid Input VAT Allocation	44,053.43 ⁶⁰	10,751,790.38 ⁶¹	10,795,843.81
Output VAT Allocation	44,053.43	523,200.60 ⁶²	567,254.03

⁶⁰ P4,727,116.92/P1,158,439,045.31 x P10,795,843.81

⁶¹ P1,153,711,928.39/P1,158,439,045.31 x P10,795,843.81

Hence, only the input VAT of ₱2,178,213.10, as computed below, may be refunded to petitioner:

Valid Input VAT attributable to valid zero-rated receipts	₱ 2,701,413.70
Less: Output VAT allocated to zero-rated receipts	523,200.60
Refundable Input VAT	₱2,178,213.10

Even though the claimed input VAT was carried over by petitioner in the succeeding Quarterly VAT Returns in 2009⁶³ and 2010⁶⁴, the same remained unutilized until it was deducted⁶⁵ from petitioner's total available input tax in the fourth quarter of 2010. Consequently, the subject claim no longer formed part of the excess input VAT of ₱264,856,936.52⁶⁶ as of the fourth quarter of 2010 which was carried over/applied to the succeeding first quarter of 2011.⁶⁷

WHEREFORE, premises considered, the present Petition for Review is hereby **PARTIALLY GRANTED**. Accordingly, respondent is hereby **ORDERED TO REFUND OR TO ISSUE A TAX CREDIT CERTIFICATE** in favor of petitioner in the amount of **₱2,178,213.10** representing the latter's unutilized input VAT attributable to its zero-rated sales for the first quarter of 2009.

SO ORDERED.


CIELITO N. MINDARO-GRULLA
Associate Justice

⁶² P567,254.03 – P44,053.43
⁶³ Exhibits "D", "E", and "F".
⁶⁴ Exhibits "G-1", "H", and "I".
⁶⁵ Line 23D, Exhibit "J-1-a".
⁶⁶ Line 27, Exhibit "J-1-a".
⁶⁷ Line 20E, Exhibit "K".

DECISION

WE CONCUR:



ROMAN G. DEL ROSARIO

Presiding Justice

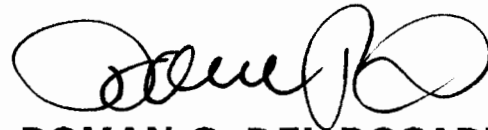


ERLINDA P. UY

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's Division.



ROMAN G. DEL ROSARIO

Presiding Justice

Chairperson, 1st Division