

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

COMMISSIONER OF INTERNAL REVENUE, **CTA EB NO. 2887**
(CTA Case No. 10284)

Petitioner,

Present:

-versus-

DEL ROSARIO, PJ,
RINGPIS-LIBAN,
MANAHAN,
BACORRO-VILLENA,
MODESTO-SAN PEDRO,
REYES-FAJARDO,
CUI-DAVID,
FERRER-FLORES, and
ANGELES, JJ.

BETHLEHEM HOLDINGS, INC.,
Respondent.

Promulgated:

JAN 23 2025

3:05pm

X

X

DECISION

DEL ROSARIO, PJ:

Before this Court is a Petition for Review filed by petitioner Commissioner of Internal Revenue (CIR) on April 4, 2024, seeking the reversal of the Decision dated September 26, 2023 (assailed Decision) and the Resolution dated February 27, 2024 (assailed Resolution) promulgated by the Court of Tax Appeals (CTA) Special Second Division¹ in CTA Case No. 10284 entitled *Bethlehem Holdings, Inc. vs. Commissioner of Internal Revenue*. The assailed Decision and Resolution granted respondent Bethlehem Holdings, Inc.'s Petition for Review, and ordered the CIR to refund in its favor the amount of ₱8,488,148.00, representing excess and unutilized Creditable Withholding Taxes (CWTs) for Calendar Year (CY) 2017.

¹ Composed of Associate Justice Jean Marie A. Bacorro-Villena and Associate Justice Lane S. Cui-David.

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THE PARTIES

Petitioner is the duly appointed CIR vested under the law with the authority to carry out the functions, duties, and responsibilities of said office, including *inter alia*, the power to decide, approve, and grant refunds and/or tax credits of overpaid and erroneously paid or collected internal revenue taxes.²

Respondent Bethlehem Holdings, Inc. is a domestic corporation, duly organized and existing under Philippine laws, with principal office at 3F Globe Telecom Tower 1, Pioneer corner Madison Streets, Mandaluyong City.³ It is a registered taxpayer of the Bureau of Internal Revenue (BIR), Revenue District Office (RDO) No. 41, with Taxpayer Identification No. 006-731-601-000. Prior thereto, respondent was registered with BIR RDO No. 43-A.⁴

THE FACTS

On March 22, 2018, respondent filed with the BIR, through the Electronic Filing and Payment System (eFPS), its Annual Income Tax Return (ITR) for CY 2017.⁵

On February 19, 2020, respondent filed with the BIR RDO No. 41 - Mandaluyong City, an administrative claim for refund of its excess and unutilized CWTs for CY 2017 in the amount of ₱8,488,148.00.⁶

Due to the inaction of petitioner and in order to preserve respondent's right to judicially claim refund of its alleged excess and unutilized CWTs for CY 2017, it filed a Petition for Review⁷ on June 25, 2020, which was raffled to the CTA Third Division.

Summonses were personally served upon petitioner and the Office of the Solicitor General on July 9, 2020 and July 29, 2020, respectively.⁸

² Par. 1, Stipulated Facts, Joint Stipulation of Facts and Issues (JSFI), CTA Division Docket Vol. I, p. 181.

³ Par. 2, Stipulated Facts, JSFI, CTA Division Docket Vol. I, p. 181.

⁴ Par. 3, Stipulated Facts, JSFI, CTA Division Docket Vol. I, p. 182.

⁵ Exhibit "P-3", CTA Division Docket Vol. I, pp. 94-101.

⁶ Exhibits "P-11" and "P-11-A," CTA Division Docket Vol. I, pp. 128-129.

⁷ CTA Division Docket Vol. I, pp. 7-129.

⁸ CTA Division Docket Vol. I, pp. 130-131.



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On August 24, 2020, petitioner personally filed a Motion for Extension of Time to File Answer,⁹ which the Court in Division granted on September 8, 2020,¹⁰ setting a non-extendible period of thirty (30) days from August 8, 2020, or until September 7, 2020, within which to file Answer.

Thereafter, on September 21, 2020, petitioner filed a Motion to Admit Attached Answer,¹¹ with his attached Answer,¹² raising the following special and affirmative defenses: (i) respondent's filing of its Petition for Review is premature for failure to exhaust administrative remedies; (ii) respondent did not submit the documents required by the BIR pursuant to Revenue Memorandum Order (RMO) No. 19-2015 which mandates a taxpayer requesting for refund be subjected to audit; (iii) respondent is in bad faith for allegedly filing an administrative claim before the BIR one (1) month before its claim for refund prescribes; (iv) respondent did not file any evidence to prove its allegations that it has excess CWTs for CY 2017 or even accumulated CWTs for such year that is earmarked for refund; (v) petitioner is estopped from claiming a refund due to the fact that although it signified its option to refund its excess CWTs, it carried over the same to the succeeding CY; and, (vi) claimant has the burden of proof to establish its claim for tax credit or refund.

Petitioner, on September 29, 2020, transmitted to the Court in Division the BIR Records of this case.¹³

Likewise, on September 29, 2020, the Court in Division resolved to grant petitioner's Motion to Admit Attached Answer, admitted the Answer attached thereto as part of the record of the case, and set the case for pre-trial on February 18, 2021.¹⁴

Respondent's Pre-Trial Brief¹⁵ was filed on February 11, 2021, while petitioner's Pre-Trial Brief¹⁶ was filed on February 15, 2021. Thereafter, the Pre-Trial Conference¹⁷ was held on February 18, 2021, during which hearing dates were also set.¹⁸

⁹ CTA Division Docket Vol. I, pp. 132-134.

¹⁰ CTA Division Docket Vol. I, p. 136.

¹¹ CTA Division Docket Vol. I, pp. 137-141.

¹² CTA Division Docket Vol. I, pp. 142-147.

¹³ CTA Division Docket Vol. I, p. 148.

¹⁴ CTA Division Docket Vol. I, pp. 150-151.

¹⁵ CTA Division Docket Vol. I, pp. 153-165.

¹⁶ CTA Division Docket Vol. I, pp. 166-168.

¹⁷ Minutes of Hearing dated February 18, 2021, CTA Division Docket Vol. I, p. 173; CTA Division Docket Vol. I, pp. 176-177.

¹⁸ CTA Division Docket Vol. I, pp. 249-255.



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On March 18, 2021, the parties filed their Joint Stipulation of Facts and Issues.¹⁹ The next day, on March 19, 2021, respondent filed a Motion to Commission an Independent Certified Public Accountant (ICPA).²⁰

On April 28, 2021, Mr. Glenn Ian D. Villanueva was commissioned as the ICPA of the present case and was given until May 28, 2021, to submit his report.²¹

The Court in Division issued the Pre-Trial Order on June 3, 2021, adopting the parties' Joint Stipulation of Facts and Issues.

During trial, respondent presented testimonial and documentary evidence. It presented the following witnesses: Mr. James Kenneth Venta,²² respondent's Comptroller and Administrative Head, and Mr. Villanueva,²³ the Court-commissioned ICPA.

On the other hand, petitioner waived his right to present documentary evidence.²⁴

Respondent filed its Formal Offer of Evidence²⁵ on March 31, 2022. Petitioner then filed his Comment²⁶ thereon on April 12, 2022. In the Resolution²⁷ dated May 31, 2022, the Court admitted in evidence respondent's exhibits, save for Exhibits "P-27" to "P-28," for failure to present the originals for comparison.

On June 22, 2022, respondent filed a Motion for Partial Reconsideration (Re: Resolution Dated May 31, 2022),²⁸ which was denied by the Court in the Resolution dated September 1, 2022.²⁹

¹⁹ CTA Division Docket Vol. I, pp. 181-186.

²⁰ CTA Division Docket Vol. I, pp. 187-205.

²¹ Minutes of Hearing dated April 28, 2021, CTA Division Docket Vol. I, p. 208; CTA Division Docket Vol. I, pp. 209-210.

²² Exhibit "P-12", CTA Division Docket Vol. I, pp. 64-77; Minutes of Hearings dated June 24, 2021 and March 17, 2022, CTA Division Docket Vol. I, pp. 257-259 and 364-366.

²³ Exhibit "P-14", CTA Division Docket Vol. I, pp. 263-274; Minutes of Hearing dated July 22, 2021, CTA Division Docket Vol. I, p. 284; CTA Division Docket Vol. I, pp. 286-287; Exhibit "P-13-b", CTA Division Docket Vol. I, pp. 301-306.

²⁴ CTA Division Docket Vol. I, pp. 167, 177.

²⁵ CTA Division Docket Vol. I, pp. 367-478.

²⁶ CTA Division Docket Vol. I, pp. 480-481.

²⁷ CTA Division Docket Vol. II, pp. 486-487.

²⁸ CTA Division Docket Vol. II, pp. 488-495.

²⁹ CTA Division Docket Vol. II, pp. 502-507.



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On June 30, 2022, the case was transferred to the CTA Second Division due to the reorganization of the CTA Second and Third Divisions.³⁰

Respondent filed its Memorandum³¹ on October 14, 2022.

In the Resolution dated November 7, 2022,³² the case was submitted for decision, *sans* petitioner's Memorandum.³³

Thereafter, the Court in Division promulgated the assailed Decision, granting the Petition for Review of respondent. The dispositive portion of the Decision reads:

"WHEREFORE, premises considered, the instant *Petition for Review* is **GRANTED**. Accordingly, the Commissioner of Internal Revenue is **ORDERED TO REFUND** in favor of Bethlehem Holdings, Inc. the amount of **EIGHT MILLION FOUR HUNDRED EIGHTY-EIGHT THOUSAND ONE HUNDRED FORTY-EIGHT PESOS (P8,488,148.00)**, representing its excess and unutilized Creditable Withholding Taxes for calendar year 2017.

SO ORDERED."³⁴

On October 19, 2023, petitioner filed, via registered mail, a Motion for Reconsideration (of Decision dated 26 September 2023)³⁵ which was denied for lack of merit in the assailed Resolution. The dispositive portion of which states:

"WHEREFORE, premises considered, respondent's *Motion for Reconsideration* (of Decision dated 26 September 2023) is **DENIED** for lack of merit.

SO ORDERED."³⁶

Subsequently, petitioner filed a Motion for Extension of Time to File Petition for Review³⁷ on March 19, 2024. On March 21, 2024, the Court granted the Motion for Extension of Time to File Petition for Review, giving petitioner an additional period of fifteen (15) days from

³⁰ CTA Division Docket Vol. II, p. 499.

³¹ CTA Division Docket Vol. II, pp. 508-531.

³² CTA Division Docket Vol. II, p. 535.

³³ CTA Division Docket Vol. II, p. 532.

³⁴ CTA Division Docket Vol. II, p. 558.

³⁵ CTA Division Docket Vol. II, pp. 560-566.

³⁶ CTA Division Docket Vol. II, p. 581.

³⁷ CTA *En Banc* Docket, pp. 1-2.



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March 30, 2024, or until April 4, 2024, within which to file his Petition for Review.³⁸

On April 4, 2024, petitioner filed the present Petition for Review.³⁹

In the Minute Resolution dated May 3, 2024,⁴⁰ the Court directed respondent to comment on the Petition for Review within ten (10) days from notice thereof.

Respondent timely filed its Comment⁴¹ on May 20, 2024.

On June 13, 2024, the case was submitted for decision.⁴²

THE ISSUE

The issue in the case at bar is:

Whether or not the Court in Division erred in ruling that respondent is entitled to a refund in the amount of ₱8,488,148.00, representing its excess and unutilized CWTs for CY 2017.

THE PARTIES' ARGUMENTS

Petitioner argues that: (i) respondent violated the doctrine of exhaustion of administrative remedies by filing the administrative claim before petitioner one (1) month before its claim for refund prescribes, thus not giving petitioner the proper opportune time to decide on the administrative claim; (ii) respondent failed to submit the documents required by the BIR pursuant to Revenue Memorandum Order (RMO) No. 19-2015; and, (iii) respondent did not submit any sufficient proof together with its administrative claim to prove its allegations that it had excess creditable withholding taxes for CY 2017 or even accumulated CWTs for such year that is earmarked for refund.

On the other hand, respondent, in its Comment, counter-argues that: (i) there is no failure to exhaust administrative remedies and

³⁸ CTA *En Banc* Docket, p. 3.

³⁹ CTA *En Banc* Docket, pp. 4-14.

⁴⁰ CTA *En Banc* Docket, p. 47.

⁴¹ CTA *En Banc* Docket, pp. 48-56.

⁴² CTA *En Banc* Docket, p. 57.



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respondent has timely filed its administrative and judicial claims for refund within two (2) years from the date of payment of tax as set forth in the National Internal Revenue Code (NIRC) of 1997, as amended; and (ii) it has sufficiently proven its entitlement to a refund of ₱8,488,148.00, representing its excess and unutilized CWTs for CY 2017.

THE COURT *EN BANC*'S RULING

The present Petition for Review is unmeritorious.

The Court En Banc has jurisdiction over the present petition.

Before delving into the merits, the Court *En Banc* shall first determine whether it has jurisdiction to take cognizance of the present petition.

Section 2, Rule 4 of the Revised Rules of the Court of Tax Appeals (RRCTA), as amended, provides:

“Sec. 2. Cases within the jurisdiction of the Court *en banc*. -- The Court *en banc* shall exercise exclusive appellate jurisdiction to review by appeal the following:

(a) Decisions or resolutions on motion for reconsideration or new trial of the **Court in Division** in the exercise of its exclusive appellate jurisdiction over:

(1) Cases arising from administrative agencies -- **Bureau of Internal Revenue**, Bureau of Customs, Department of Finance, Department of Trade and Industry, Department of Agriculture[.]”
(*Boldfacing and underscoring supplied*)

Furthermore, Section 3(b), Rule 8 of the RRCTA, as amended, provides:

“Sec. 3. Who may appeal; period to file petition. -- xxx

(b) A party adversely affected by a decision or resolution of a Division of the Court on a motion for reconsideration or new trial may appeal to the Court by filing before it a petition for review **within fifteen days** from receipt of a copy of the questioned decision or resolution. Upon proper motion and the payment of the full amount of the docket and other lawful fees and deposit for costs before the expiration of the reglementary period herein fixed, the Court may grant an additional period not exceeding fifteen days



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from the expiration of the original period within which to file the petition for review." (*Boldfacing supplied*)

The present Petition for Review falls within the scope of Section 2(a)(1) of the RRCTA as it seeks the review of the assailed Decision and assailed Resolution of the Court in Division in CTA Case No. 10284, ordering petitioner to refund in favor of respondent the amount of ₱8,488,148.00, representing its excess and unutilized CWTs for CY 2017. Thus, the Court *En Banc* has appellate jurisdiction over the subject matter of the present Petition for Review.

The Court *En Banc* notes that petitioner received a copy of the assailed Resolution on March 5, 2024.⁴³ Subsequently, petitioner timely filed a Motion for Extension of Time to File Petition for Review on March 19, 2024,⁴⁴ which was granted by the Court *En Banc* in the Minute Resolution dated March 21, 2024,⁴⁵ giving petitioner until April 4, 2024, within which to file his Petition for Review before the Court *En Banc*.

Clearly, the filing of the present Petition for Review on April 4, 2024 was made within the prescribed period. The Court *En Banc* therefore has acquired jurisdiction to take cognizance of the present Petition for Review.

Prefatorily, the Court *En Banc* notes that petitioner's arguments in the present Petition for Review are mere rehash of his arguments in the Motion for Reconsideration (of Decision dated 26 September 2023) that were already sufficiently passed upon in the assailed Resolution. Nevertheless, the Court *En Banc* will address petitioner's arguments to put his mind to rest once and for all.

Respondent did not violate the doctrine of exhaustion of administrative remedies.

Sections 204 and 229 of the NIRC of 1997, as amended, read:

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

XXX

XXX

XXX

⁴³ CTA Division Docket Vol. II, pp. 579-581, A copy of the assailed Resolution was served to the CIR on March 5, 2024 through the BIR Legal Division and on March 7, 2024 through the OSG.

⁴⁴ CTA *En Banc* Docket, pp. 4-13.

⁴⁵ CTA *En Banc* Docket, p. 3.



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

xxx

xxx

xxx

SEC. 229. Recovery of Tax Erroneously or Illegally Collected. — No suit or proceeding shall be maintained in any court for the recovery of any national internal revenue tax hereafter alleged to have been erroneously or illegally assessed or collected, or of any penalty claimed to have been collected without authority, or of any sum alleged to have been excessively or in any manner wrongfully collected, until a claim for refund or credit has been duly filed with the Commissioner; but such suit or proceeding may be maintained, whether or not such tax, penalty, or sum has been paid under protest or duress.

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

By rule of statutory construction, where the statute is clear, plain and unambiguous, it must be understood in its literal meaning and applied without interpretation.⁴⁶ Section 204 of the NIRC of 1997, as amended, explicitly grants the taxpayer two (2) years from the date of payment of tax within which to file the administrative claim for credit or refund of taxes erroneously or illegally received. Meanwhile, Section 229 of the same law provides that any suit or proceeding for the recovery of tax erroneously or illegally collected should be filed within the same two (2)-year prescriptive period, reckoned from the date of payment. The only other conditions precedent set by the NIRC of 1997, as amended, for filing of a judicial claim are: (1) the prior filing of an administrative claim, and (2) in the case of a full or partial denial by the CIR, the filing of a judicial claim within thirty (30) days from the date of such denial.

⁴⁶ Ruben E. Agpalo, *Statutory Construction* 130 (6th ed., 2009).



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Petitioner argues that, in all instances, no suit or proceeding shall be maintained before the Court until the CIR has been given the full ninety (90) days to grant or deny the administrative claim for refund.

No such interpretation can be derived from the plain and unambiguous language of the statute. To reiterate, Section 229 of the NIRC of 1997, as amended, reads:

“No suit or proceeding shall be maintained in any court for the recovery of any national internal revenue tax hereafter alleged to have been erroneously or illegally assessed or collected, or of any penalty claimed to have been collected without authority, or of any sum alleged to have been excessively or in any manner wrongfully collected, until a claim for refund or credit has been **duly filed** with the Commissioner xxx” (*Boldfacing and underscoring supplied*)

The statute merely requires that an administrative claim be **duly filed** with the CIR before the initiation of a judicial claim in court.

Petitioner further argues that by filing its judicial claim for refund one (1) month before its claim for refund prescribes and before petitioner could render an intelligent decision on its administrative claim, respondent violated the doctrine of exhaustion of administrative remedies and should be considered in bad faith. Thus, it avers that the Petition for Review filed by respondent was prematurely filed.

The doctrine of exhaustion of administrative remedies is a judicial recognition of certain matters that are peculiarly within the competence of the administrative agency to address.⁴⁷ It is a form of courtesy, where the court defers to the administrative agency's expertise and waits for its resolution before hearing the case.⁴⁸

It bears emphasizing that petitioner's argument has been consistently and repeatedly rejected by the Supreme Court in its rulings. The Court in *Commissioner of Internal Revenue vs. Carrier Air Conditioning Philippines, Inc.*,⁴⁹ in holding that no violation of the doctrine of exhaustion of administrative remedies was committed by the taxpayer, ratiocinated, viz.:

⁴⁷ *Ejera vs. Merto*, G.R. No. 163109, January 22, 2014.

⁴⁸ *National Federation of Hog Farmers, Inc. vs. Board of Investments*, G.R. No. 205835, June 23, 2020.

⁴⁹ *Commissioner of Internal Revenue vs. Carrier Air Conditioning Philippines, Inc.*, G.R. No. 226592, July 27, 2021.



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Sections 204 and 229 fixed the same period of two years for filing an administrative claim for refund before the Bureau of Internal Revenue and to sue before the Court of Tax Appeals. CBK Power Company explained that as long as these two acts fall within the two-year period, there is no legal impediment to the judicial claim for refund.

Consequently, from the plain language of the law, it does not matter how far apart the administrative and judicial claims were filed, or whether the Commissioner of Internal Revenue was actually able to rule on the administrative claim, so long as both claims were filed within the two-year prescriptive period.

Thus, in CBK Power Company, as with subsequent cases, this Court upheld the propriety of the taxpayer's judicial claim instituted as early as five and 13 days after the administrative claim had been filed, on the ground that both claims were filed within the two-year prescriptive period.

The Court of Tax Appeals likewise allowed judicial claims filed simultaneously, or one to 28 days from the administrative claim's filing, on the same ground that both claims were filed within the two-year prescriptive period.⁵⁰ (*Boldfacing and underscoring supplied*)

In the earlier case of *Commissioner of Internal Revenue vs. Univation Motor Philippines, Inc.*,⁵¹ which addresses a similar issue regarding a refund of CWT, the Supreme Court categorically ruled that the law requires only that an administrative claim for refund be filed prior to initiating a judicial claim. As long as both the administrative claim and judicial claim are filed within the two-year prescriptive period, the doctrine of exhaustion of administrative remedies is considered satisfied. The Supreme Court cited the case of *CBK Power Company Limited vs. Commissioner of Internal Revenue*,⁵² which provided the ratiocination for this rule:

"x x x the Court agrees with the ratiocination of the CTA *En Banc* in debunking the alleged failure to exhaust administrative remedies. Had CBK Power awaited the action of the Commissioner on its claim for refund prior to taking court action knowing fully well that the prescriptive period was about to end, **it would have lost not only its right to seek judicial recourse but its right to recover the final withholding taxes**

⁵⁰ *Commissioner of Internal Revenue*, *supra* note 49.

⁵¹ *Commissioner of Internal Revenue vs. Univation Motor Philippines, Inc.*, G.R. No. 231581, April 10, 2019.

⁵² *CBK Power Company Limited vs. Commissioner of Internal Revenue*, G.R. No. 193383-84, January 14, 2015.



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it erroneously paid to the government thereby suffering irreparable damage." (Boldfacing supplied)

Likewise, in *Commissioner of Internal Revenue vs. Goodyear Philippines, Inc.*,⁵³ the Supreme Court discussed the primary purpose of filing an administrative claim under Section 229 of the NIRC of 1997, as amended:

"Verily, the primary purpose of filing an administrative claim was to **serve as a notice of warning to the CIR that court action would follow unless the tax or penalty alleged to have been collected erroneously or illegally is refunded.** To clarify, Section 229 of the Tax Code – [then Section 306 of the old Tax Code] – however does not mean that the taxpayer must await the final resolution of its administrative claim for refund, since doing so would be tantamount to the taxpayer's forfeiture of its right to seek judicial recourse should the two (2)-year prescriptive period expire without the appropriate judicial claim being filed." (Boldfacing supplied)

From the foregoing, it is evident that petitioner's argument, alleging that respondent violated the doctrine of exhaustion of administrative remedies, is untenable. Respondent filed its Annual ITR⁵⁴ for CY 2017 on March 22, 2018, thereby having until March 22, 2020, to file both its administrative and judicial claims, with the former necessarily preceding the latter. On February 19, 2020, respondent filed its administrative claim⁵⁵ before petitioner. In response to the COVID-19 pandemic, the Supreme Court issued Administrative Orders⁵⁶ extending the deadline for filing petitions, among others, to July 1, 2020. Respondent subsequently filed its Petition for Review⁵⁷ on June 25, 2020, well within the extended deadline. Thus, it is incontrovertible that respondent did not violate the doctrine of exhaustion of administrative remedies and that its judicial claim was timely filed.

Cases brought before the Court of Tax Appeals are litigated anew.

Petitioner also contends that respondent failed to submit the required documents in accordance with BIR RMO No. 19-2015, which

⁵³ *Commissioner of Internal Revenue vs. Goodyear Philippines, Inc.*, G.R. No. 216130, August 3, 2016.

⁵⁴ Exhibit "P-3", CTA Division Docket Vol. I, pp. 94-101.

⁵⁵ Exhibit "P-11-A," CTA Division Docket Vol. I, p. 129.

⁵⁶ Supreme Court Administrative Circular No. 31-2020, SC Administrative Circular No. 39-2020

⁵⁷ CTA Division Docket Vol. I, pp. 7-77.



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mandates that a taxpayer seeking a refund must undergo an audit. Additionally, petitioner asserts that respondent did not submit any sufficient proof together with its administrative claim to prove its allegations that it has excess creditable withholding taxes for taxable year 2017 or even accumulated creditable withholding taxes for such year that is earmarked for refund.

In *Commissioner of Internal Revenue vs. Manila Mining Corp.*,⁵⁸ the Court elucidates the nature of suits filed before the CTA, stating:

“Under Section 8 of RA 1125, the CTA is described as a court of record. **As cases filed before it are litigated de novo**, party litigants should prove every minute aspect of their cases. **No evidentiary value can be given the purchase invoices or receipts submitted to the BIR as the rules on documentary evidence require that these documents must be formally offered before the CTA.**” (*Boldfacing supplied*)

Indeed, the failure to submit sufficient proof with the administrative claim, even assuming it to be true, is inconsequential to the present case, provided that respondent has sufficiently demonstrated that an administrative claim was duly filed before a suit or judicial proceeding was instituted. Furthermore, evidence submitted or not submitted before the CIR does not affect this Court’s proceedings, as the CTA formulates its decision based solely on the evidence before it. As the Supreme Court held in *Commissioner of Internal Revenue vs. Philippine Bank of Communications*, what is vital in the determination of a judicial claim for a tax credit or refund of CWT is the evidence presented before the CTA, regardless of the body of evidence found in the administrative claim.⁵⁹

Moreover, as previously ruled by this Court *En Banc* in a similar case involving the same parties, while RMO No. 19-2015 requires the submission of particular supporting documents with the administrative claim of the taxpayer, it does not stipulate that noncompliance with this requirement will be tantamount to a non-filed administrative claim.⁶⁰

Consequently, petitioners’ arguments concerning respondent’s alleged failure to submit documentary evidence with its administrative claim lack merit.

⁵⁸ *Commissioner of Internal Revenue vs. Manila Mining Corp.*, G.R. No. 153204, August 31, 2005.

⁵⁹ *Commissioner of Internal Revenue vs. Philippine Bank of Communications*, G.R. No. 211348, February 23, 2022.

⁶⁰ *Commissioner of Internal Revenue vs. Bethlehem Holdings, Inc.*, CTA EB No. 2673, October 11, 2023.



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Respondent sufficiently established compliance with the requisites to claim a tax credit or refund of excess and unutilized CWTs.

Findings of fact made by a trial court are accorded the highest degree of respect by an appellate tribunal and, absent a clear disregard of the evidence before it that can otherwise affect the results of the case, those findings should not simply be ignored.⁶¹ The reason for this is because the trial court was in a much better position to determine which party was able to present evidence with greater weight.⁶²

The Court in Division ruled that respondent is entitled to the refund claimed having complied with the requisites for claiming a refund of excess CWTs and having shown that the amount claimed was not carried over to succeeding periods.

Since petitioner was unable to show that the Court in Division's findings of fact were unsupported by evidence, the Court *En Banc* affirms the Court in Division's ruling granting respondent's refund claim in the amount of ₱8,488,148.00.

In fine, the Court *En Banc* finds no reversible error in the Court in Division's grant of refund to respondent.

WHEREFORE, premises considered, the present Petition for Review filed by petitioner Commissioner of Internal Revenue is hereby **DENIED** for lack of merit. The Decision dated September 26, 2023 and the Resolution dated February 27, 2024 rendered by the Court's Special Second Division in CTA Case No. 10284 are **AFFIRMED**.


ROMAN G. DEL ROSARIO
Presiding Justice

⁶¹ *Manila Bulletin Publishing Corporation vs. Domingo*, G.R. No. 170341, July 5, 2017.

⁶² *Heirs of Villanueva vs. Heirs of Mendoza*, G.R. No. 209132, June 5, 2017.

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WE CONCUR:



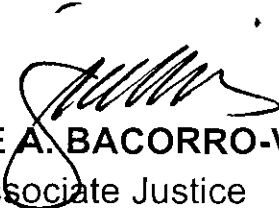
MA. BELEN M. RINGPIS-LIBAN

Associate Justice



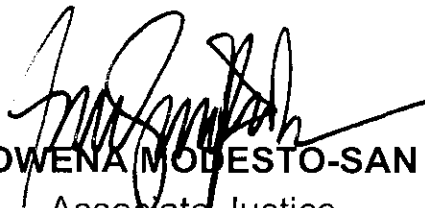
CATHERINE T. MANAHAN

Associate Justice



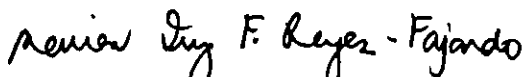
JEAN MARIE A. BACORRO-VILLENA

Associate Justice



MARIA ROWENA MODESTO-SAN PEDRO

Associate Justice



MARIAN IVY F. REYES-FAJARDO

Associate Justice



LANEE S. CUI-DAVID

Associate Justice



CORAZON G. FERRER-FLORES

Associate Justice



HENRY S. ANGELES

Associate Justice

CERTIFICATION

Pursuant to *Article VIII, Section 13 of the Constitution*, it is hereby certified that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.



ROMAN G. DEL ROSARIO

Presiding Justice