

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

SPECIAL SECOND DIVISION

**PROCTER & GAMBLE ASIA,
PTE. LTD.,**

Petitioner,

- versus -

**COMMISSIONER OF INTERNAL
REVENUE,**

Respondent.

CTA CASE NO. 7683

Members:

CASTAÑEDA, JR., *Chairperson,*
CASANOVA, *and*
MINDARO-GRULLA, *JJ.*

Promulgated:

SEP 06 2018

2:40 p.m.

X- - - - - X

AMENDED DECISION

CASTAÑEDA, JR., J.:

STATEMENT OF THE CASE

This is a case remanded by the Supreme Court involving a Petition for Review filed by Procter & Gamble, Pte. Ltd. ("PGAPL", for brevity) on September 27, 2007, seeking the refund or issuance of a tax credit certificate in the amount of FIFTY-THREE MILLION SIX HUNDRED TWENTY-FOUR THOUSAND FOUR HUNDRED TWENTY-SEVEN PESOS and 14/100 (P53,624,427.14), allegedly representing its input value-added tax (VAT) attributable to zero-rated sales for the periods of July 1 to September 30, 2005 and October 1 to December 31, 2005. *JK*

STATEMENT OF FACTS

As culled from the Supreme Court's Decision¹ in G.R. No. 204277 entitled *Procter & Gamble Asia Pte Ltd. vs. Commissioner of Internal Revenue*, the facts of this case are as follows:

"Petitioner PGAPL is a foreign corporation duly organized and existing under the laws of Singapore, with a Regional Operating Headquarters (*ROHQ*) in the Philippines. The ROHQ provides management, marketing, technical and financial advisory, and other qualified services to its related parties. PGAPL is registered as a Value Added Tax (*VAT*) taxpayer with the Bureau of Internal Revenue (*BIR*). On the other hand, respondent is the duly appointed Commissioner of Internal Revenue (*CIR*), empowered to perform the duties of said office including, among others, the duty to act upon and approve claims for refunds or tax credits as provided by law.

On October 24, 2005, and January 26, 2006, PGAPL filed with the BIR its Original Quarterly VAT returns for the Third and Fourth quarters of 2005, respectively.

On April 4, 2007, PGAPL amended its Quarterly VAT returns for the last two quarters of 2005, reporting both sales subject to 10% VAT and zero-rated sales. For the last two quarters of 2005, PGAPL claimed it incurred unutilized input VAT amounting to ₱53,624,427.14.

On August 21, 2007, PGAPL filed an administrative claim for tax refund with the BIR for input VAT attributable to its zero-rated sales covering the period July 2005 to September 2005 and October 2005 to December 2005.

Claiming that the CIR has not acted on its application, PGAPL elevated the case to the CTA by filing a petition for review before the CTA division on September 27, 2007. 

¹ Docket, vol. IV, pp. 2649-2658.

The CTA Division dismissed PGAPL's petition. It ruled that the filing of the judicial claim for tax refund or credit before the CTA is premature, because the petitioner proceeded with its appeal even before the expiration of the 120-day period given to the CIR to decide on its claim for tax refund or credit of excess input VAT. Section 112 of the National Internal Revenue Code of 1997 (*NIRC*) provides that in case of denial of his claim for tax credit or refund or failure of the CIR to act on the application within 120 days, the taxpayer may, within 30 days from the receipt of the notice of denial or after the expiration of the 120-day period, appeal the decision or unacted claim with the CTA. The CTA Division emphasized that, as enunciated in *Commissioner of Internal Revenue v. Aichi Forging Company of Asia, Inc.*, **compliance with the aforesaid 120- and 30-day periods is crucial in filing an appeal before the CTA** (*Aichi Doctrine*).

PGAPL moved for reconsideration, but the CTA denied its motion in a resolution dated March 7, 2011. The CTA Division struck down PGAPL's argument that respondent is already estopped from raising the issue of jurisdiction considering that it already actively participated in all stages of the proceedings and that the CTA has proceeded to try the case without bringing into petitioner's attention that it has no jurisdiction to do so. It ruled that parties are not barred from assailing the jurisdiction of the court, even when the case has already been tried and decided upon. Jurisdiction must exist as a matter of law and may not be conferred by the consent of the parties or by estoppel.

Thereafter, petitioner filed a petition for review before the CTA *en banc*.

In its decision dated June 18, 2012, the CTA *en banc* affirmed the decision and resolution of the CTA Division. It found that PGAPL's administrative claim for excess input VAT credit or refund was timely filed with the BIR on August 21, 2007. However, its judicial claim before the CTA was filed on September 27, 2007, or only 37 days after it had filed its administrative claim. 

Based on these timelines, the CTA *en banc* held that PGAPL's petition was prematurely filed. Thus, the CTA had no jurisdiction to hear and decide its appeal. The CTA *en banc* reiterated that, based on *Aichi*, the premature filing of a taxpayer's claim for tax credit or refund on input VAT before the CTA warrants dismissal as the CTA did not acquire jurisdiction over the claim.

The CTA *en banc* further held that, contrary to petitioner's claim, the *Aichi* Doctrine was not effectively abandoned by the Supreme Court in its rulings in *Hitachi Global Storage Technologies Corp v. Commissioner of Internal Revenue*, *Silicon Philippines, Inc. v. Commissioner of Internal Revenue*, and *Kepeco Philippines Corporation v. Commissioner of Internal Revenue*. It observed that in PGAPL's cited cases, the issue of compliance with the 120- and 30-day periods under Section 112 of the NIRC was never squarely raised. Thus, *Aichi* remains the prevailing doctrine on the compliance with the 120- and 30-day periods.

The CTA *en banc* further ruled that *Hitachi*, *Silicon*, and *Kepeco* could not have overturned *Aichi*. Such reversal would run counter to the constitutional mandate that no doctrine or principle of law laid down by the court in a decision rendered *en banc* or in division may be modified or reversed except by the Supreme Court sitting *en banc*.

The CTA *en banc* also denied petitioner's motion for reconsideration. Hence, on December 28, 2010, PGAPL filed the present petition."

Petitioner filed the Petition for Review on Certiorari with the Supreme Court entitled *Procter & Gamble Asia Pte Ltd. vs. Commissioner of Internal Revenue*, with docket no. G.R. No. 204277.²

On May 30, 2016, the Supreme Court rendered a Decision granting the petition, the dispositive portion of which provides: *Je*

² Docket, vol. IV, pp. 2155-2198.

"WHEREFORE, premises considered, we **GRANT** the petition. The decision dated June 18, 2012, and the resolution dated November 8, 2012 of the CTA *en banc* in CTA EB Case No. 740 are hereby **REVERSED** and **SET ASIDE**. Accordingly, we **REMAND** the case to the CTA Second Division for the proper determination of the creditable or refundable amount due to the petitioner, if any.

SO ORDERED."

On July 7, 2017, this Court received the Entry of Judgment issued by the Supreme Court certifying that on July 8, 2016, the Decision has become final and executory.³

Hence, the case was set for the presentation of evidence of petitioner⁴ and respondent⁵. During the respective hearings conducted by this Court, petitioner manifested that it will no longer present any additional evidence,⁶ while respondent averred that he is submitting the case for decision based on the pleadings.⁷

The Supplemental Memorandum for the Respondent⁸ was filed on October 4, 2017, while petitioner's Supplemental Memorandum⁹ was filed on October 18, 2017. Accordingly, the case was submitted for decision on October 24, 2017.¹⁰

ISSUES TO BE RESOLVED¹¹

The parties submitted the following issues to be resolved by this Court:

1. Whether or not petitioner's sales of services are zero-rated for VAT purposes under Section 108(B)(2) of the 1997 Tax Code. *je*

³ Docket, vol. IV, p. 2662.

⁴ Resolution dated July 24, 2017, docket, vol. IV, pp. 2676-2678.

⁵ Order dated August 14, 2017, docket, vol. IV, p. 2680.

⁶ Minutes of the Hearing dated August 14, 2017, docket, vol. IV, p. 2679.

⁷ Minutes of the Hearing dated September 18, 2017, docket, vol. IV, p. 2681.

⁸ Docket, vol. IV, pp. 2683-2691.

⁹ Docket, vol. IV, pp. 2692-2695.

¹⁰ Resolution dated October 24, 2017, docket, vol. IV, p. 2696.

¹¹ Joint Stipulation of Facts and Issues (JSFI), docket, vol. I, p. 221.

2. Whether or not petitioner has carried over to the succeeding taxable quarter or quarters the alleged unutilized input VAT paid on goods and services attributable to its zero-rated sales for the periods covering July 2005 to September 2005 and October 2005 to December 2005 and applied the same amount in full to its output VAT liability for the said period.
3. Whether or not the amounts of ₱19,496,365.57 and ₱34,128,061.57 being claimed by petitioner as unutilized input VAT for the periods covering July 2005 to September 2005 and October 2005 to December 2005, respectively, or a total of ₱53,624,427.14 pertains in full to its zero-rated sales of services.
4. Whether or not petitioner's sales of services to non-resident foreign corporations qualify as zero-rated sales.
5. Whether or not petitioner complied with the substantiation requirements prescribed under Revenue Regulations (RR) No. 7-95 in relation to Sections 113 and 237 of the 1997 Tax Code.
6. Whether or not petitioner is entitled to its claimed refund or tax credit in the amounts of ₱19,496,365.57 and ₱34,128,061.57, as alleged unutilized input VAT paid on goods and services attributable to its zero-rated sales, for the period covering July 2005 to September 2005 and October 2005 to December 2005, respectively.

THE COURT'S RULING

Petitioner's claim is anchored on Section 110(B) of the National Internal Revenue Code (NIRC) of 1997, as amended, which provides as follows: *jc*

"SEC. 110. *Tax Credits.* –

XXX

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-registered person. If the input tax exceeds the output tax, the excess shall be carried over to the succeeding quarter or quarters: *Provided*, That the input tax inclusive of input VAT carried over from the previous quarter that may be credited in every quarter shall not exceed seventy percent (70%) of the output VAT: *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."

Corollary to this, Section 112(A) and (C) of the NIRC of 1997, as amended, states:

"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.

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.”

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

1. the claimant must be a VAT-registered person;
2. there must be zero-rated or effectively zero-rated sales;
3. input taxes were incurred or paid;
4. such input taxes are attributable to zero-rated or effectively zero-rated sales;
5. said input taxes were not applied against any output VAT liability; and
6. the administrative and judicial claims for refund were filed within the prescribed period. *✍*

The Court shall first determine the last requisite which is the timeliness of filing of the administrative and judicial claims.

***Petitioner's administrative
and judicial claims were
timely filed***

In accordance with the above-quoted Section 112(A) of the NIRC of 1997, as amended, the administrative claim for the issuance of a tax credit certificate or refund of excess input VAT must be filed with the BIR within two (2) years after the close of the taxable quarter when the zero-rated or effectively zero-rated sales were made. Thus, as the subject claim is for the periods covering July 1 to September 30, 2005 and October 1 to December 31, 2005, said administrative claim must be filed on or before September 30, 2007, and December 31, 2007, respectively. As held by the Court of Tax Appeals *En Banc*¹², petitioner timely filed its administrative claim for the subject periods on August 21, 2007.

As to whether petitioner timely filed its judicial claim, the Supreme Court had already settled the matter, when petitioner appealed this Court's *En Banc* Decision and Resolution dated June 18, 2012 and November 8, 2012, respectively, declaring that petitioner's case would fall under the exception in the observance of the period of filing judicial claims under Section 112. The High Court, in *Procter & Gamble Asia Pte Ltd vs. Commissioner of Internal Revenue*¹³, ruled that:

***"BIR Ruling No. DA-489-03 is an
exception to the Aichi Doctrine***

Under Section 112 of the NIRC, if the administrative claim for tax credit or refund of input taxes is not acted upon by the CIR within 120 days from the date of submission of complete documents in support of the application, the taxpayer affected may appeal the unacted claim with the CTA within 30 days from the expiration of the 120-day period. *Se*

¹² Decision dated June 18, 2012, p. 18, docket, vol. IV, p. 2290.

¹³ G.R. No. 204277, May 30, 2016, docket, vol. IV, pp. 2654-2657.

In *Aichi*, this Court ruled that observance of the 120- and 30-day periods is crucial in the filing of an appeal before the CTA. By 'crucial,' this Court meant that its observance is jurisdictional and mandatory, not merely permissive.

xxx

xxx

xxx

Indeed, *Aichi* is the prevailing doctrine on the matter of mandatory compliance with the 120- and 30-day periods in the filing of judicial claims of tax credit or refund before the CTA. However, in the manner of most rules, the *Aichi* Doctrine is also subject to exceptions.

In accordance with the equitable estoppel principle under Section 246 of the NIRC, we ruled in *San Roque-Taganito* that there are exceptions to the strict rule that compliance with the *Aichi* Doctrine is mandatory and jurisdictional, one of which is BIR Ruling No. DA-489-03. If the CIR issues a ruling, either a specific one applicable to a particular taxpayer or a general interpretative rule applicable to all taxpayers, and, as a result, misleads the taxpayers affected by the rule, into filing prematurely judicial claims with the CTA, the CIR cannot be allowed to later on question the CTA's assumption of jurisdiction over such claim.

Since then, this Court has consistently adopted the ruling in *San Roque-Taganito* in holding that BIR Ruling No. DA-489-03 is an exception to the *Aichi* Doctrine. We see no reason to disturb what is now a settled ruling.

Therefore, as a general interpretative rule, all taxpayers may rely on BIR Ruling No. DA-489-03 from the time of its issuance on December 10, 2003, until its effective reversal by the *Aichi* Doctrine adopted on October 6, 2010. Thus, judicial claims for tax credit or refund instituted before the CTA should be given due course, despite their failure to comply with the 120- and 30-day periods.

xxx

xxx

xxx 

***PGAPL is presumed to have relied
on BIR Ruling No. DA-489-03 in
good faith.***

Finally, the CIR questions PGAPL's good faith in relying on BIR Ruling No. DA-489-03. To the CIR, if PGAPL truly relied on the BIR ruling in good faith, it should have cited the ruling as basis as early as the proceedings before the CTA. The CIR claims that since PGAPL failed to establish that it acted in good faith, it cannot raise the exception set forth in BIR Ruling No. DA-489-03.

We disagree with the CIR's reasoning.

First, good faith is always presumed and this presumption can only be overcome by clear and convincing evidence. Good faith, or its absence, is a question of fact that is better determined by the lower courts. This Court cannot, without sufficient reason, throw out a presumption that arises as a matter of law and is well-entrenched in our legal system.

The mere allegation that the petitioner failed to raise BIR Ruling No. DA-489-03 before the CTA is insufficient to negate this presumption.

Second, even if petitioner did not raise the BIR ruling before the CTA, we can take cognizance of an official act emanating from the BIR, an executive department of the government. Judicial notice of BIR Ruling No. DA-489-03 is all the more mandatory especially when it has been applied consistently by this Court in its past rulings.

Based on the foregoing, we rule that the judicial claim that PGAPL filed with the CTA on September 27, 2007 (during the effectivity of BIR Ruling No. DA-489-03) was timely filed."

Hence, petitioner timely filed both its administrative and judicial claims. *jr*

We shall now proceed to determine petitioner's compliance with the other requisites.

Petitioner is a VAT-registered entity and had zero-rated sales/receipts during the subject periods

Petitioner complied with the first requisite considering that it is a VAT-registered taxpayer with BIR Certificate of Registration No. 9RC0000071787¹⁴ dated October 8, 1999¹⁵.

On the second requisite, *i.e.*, the existence of zero-rated sales/receipts, petitioner claims that the services it rendered to its affiliates abroad, which were paid for in acceptable foreign currency and deposited with a *Bangko Sentral ng Pilipinas* (BSP) authorized agent bank and accounted for pursuant to the rules, circulars and regulations of the BSP, are transactions subject to zero percent (0%) VAT in accordance with Section 108(B)(2) of the NIRC of 1997, as amended, which states that:

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

XXX

XXX

XXX

(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:

(1) Processing, manufacturing or repacking goods for other persons doing business outside the Philippines which goods are subsequently exported, where the services are paid for in acceptable foreign currency and accounted for in accordance with the rules and regulations of the *Bangko Sentral ng Pilipinas* (BSP); *gr*

¹⁴ Par. 3, Admitted Facts by Petitioner and Respondent, JSFI, docket, vol. I, p. 220.

¹⁵ Exhibit "B".

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

In the case of *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.*¹⁶, the Supreme Court held that in order for the supply of services to be VAT zero-rated under Section 108(B)(2) of the NIRC of 1997, as amended, the following requisites must be met:

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 is doing business outside the Philippines.

Petitioner is a foreign corporation duly organized and existing under the laws of Singapore and is maintaining a Regional Operating Headquarters in the Philippines, with office address at the 18/F Petron Megaplaza, 358 Sen. Gil Puyat Ave., Makati City, in accordance with the Certificate of Registration and License issued by the Securities and Exchange Commission (SEC), to provide management, marketing, technical and financial advisory and other qualified services to related companies.¹⁷

Pursuant to the Business Services Agreements¹⁸ entered into between petitioner and its client-affiliates, petitioner shall provide its client-affiliates with accounting and financial reporting services, employee services, customer logistics financial services, purchases, business intelligence services, information technology business solution, workplace and other services within an agreed period including the subject taxable quarters of July 1, 2005 to December 31, 2005. These services clearly fall within the scope of "services other 

¹⁶ G.R. No. 153205, January 22, 2007.

¹⁷ Par. 1, Admitted Facts by Petitioner and Respondent, JSFI, docket, vol. I, p. 219.

¹⁸ Exhibits "C1" to "C29", inclusive of sub-markings.

than processing, manufacturing or repacking of goods" contemplated by the afore-mentioned provision.

For services rendered to its affiliates abroad, petitioner received US dollar payments which were accounted for in accordance with the BSP rules and regulations as evidenced by the Certifications¹⁹ of Inward Remittances issued by Citibank N.A., Philippine Branch and attested to by Ms. Teresita Sugay, Citibank's representative, through her Judicial Affidavit²⁰ and duly supported by VAT zero-rated official receipts²¹ and credit notes²² issued by petitioner to its client-affiliates abroad.

In its Quarterly VAT Returns for July 1, 2005 to December 31, 2005, petitioner reflected a total amount of ₱1,132,160,726.03 zero-rated sales/receipts (equivalent to USD20,564,346.40), broken down as follows:

Exhibit	Taxable Quarters (FY ended June 30, 2006)	Zero-Rated Sales/Receipts	
		In Phil. Pesos	In US Dollars ²³
"D"	1st Qtr (July 1-Sept 30, 2005)	675,481,646.57	12,349,143.32
"F"	2 nd Qtr (Oct. 1-Dec. 31, 2005)	456,679,079.46	8,215,203.08
Total		1,132,160,726.03	20,564,346.40

While the total amount of USD22,087,231.41²⁴ inward remittances reflected per the Certifications issued by Citibank N.A., Philippine Branch is higher by USD1,522,885.01 when compared with the USD20,564,346.40 zero-rated sales/receipts per petitioner's Quarterly VAT Returns, the Court-commissioned Independent Certified Public Accountant (ICPA) firm, Constantino Guadalquiver & Co, through its Partner, Ms. Katherine O. Constantino, was able to account for such discrepancy as pertaining to the following: (1) outward remittance – positive charges paid by customers; (2) non-VATable inward remittances; (3) June charges included in July outward remittances; (4) withholding taxes deducted from remittance; (5) bank fees; and (6) rounding-off difference, to wit:²⁵ 

¹⁹ Exhibits "FF", "GG", "GG-1", and "FFF".

²⁰ Exhibits "MM" and "MM-1".

²¹ Exhibits "PP-1" to "PP-142".

²² Exhibits "GGG-1" to "GGG-56".

²³ Exhibit "V", Annex 1.

²⁴ Exhibit "OOO", p. 6.

²⁵ Exhibit "V", p. 8.

Particular	Amount (in U.S. Dollars)	Exhibit Reference
Zero-rated sales/receipts per VAT return		Exhibit "E" Exhibit "G"
1st quarter FY June 2006 (July-Sept)	12,349,143.32	
2nd quarter FY June 2006 (Oct-Dec)	8,215,203.08	
	20,564,346.40	
Outward remittance - positive charges paid by customers	1,564,379.38	Exhibits "HHH" to "HHH-3" Exhibits "III" to "III-25"
Non vatable inward remittances	196,910.65	
June charges included in July outward remittances	(20,281.99)	
Withholding taxes deducted from remittance	(218,063.14)	
Bank fees	(602.00)	
Rounding off difference	.11	
Total Inward remittances per Certifications of Inward Remittances	22,087,231.41	

To prove that its clients are non-resident foreign corporations doing business outside the Philippines, petitioner presented the following documents:

1. Certifications of Non-Registration of Corporation/Partnership issued by the SEC of the Republic of the Philippines;²⁶
2. Affidavits executed by petitioner's foreign affiliates' officers with attached Certificates of Tax Withheld at Source, certified copies of License, Certificates of All Current Registered Matters, Certificates of Incorporation, Company Register, Memorandum and Articles of Association, Certificate of All Closed Registered Matters, Certification of Incorporation on Change of Name, Certified Extract of Commercial Register duly authenticated by consuls of the Republic of the Philippines;²⁷
3. Hard Copy of Procter and Gamble Company and Subsidiaries report to the U.S. Securities and Exchange Commission;²⁸ and
4. Business Services Agreements.²⁹

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

²⁶ Exhibits "DD" and "DD-1" to "D-32".

²⁷ Exhibits "XXX" to "ZZZZ".

²⁸ Exhibit "VVV".

²⁹ Exhibits "C1" to "C29", inclusive of sub-markings.

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

Also, the Certificates of Tax Withheld at Source, certified copies of License, Certificates of All Current Registered Matters, Certificates of Incorporation, Company Register, Memorandum and Articles of Association, Certificate of All Closed Registered Matters, Certification of Incorporation on Change of Name, Certified Extract of Commercial Register duly authenticated by consuls of the Republic of the Philippines, and hard copy of Procter and Gamble Company and Subsidiaries report to the U.S. SEC 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.

Likewise, the service agreements only indicate the names and addresses of petitioner's customers to whom it renders services but they do not establish that such customers are non-resident foreign corporations doing business outside the Philippines.

In the case of *Sitel Philippines Corporation (formerly Clientlogic Phils., Inc.) vs. Commissioner of Internal Revenue*³⁰, the Supreme Court held that while Sitel's documentary evidence, which included Certifications issued by the Securities and Exchange Commission and Agreements between Sitel and its foreign clients, may have established that Sitel rendered services to foreign corporations and received payment therefor through inward remittances, said documents failed to specifically prove that such foreign clients were doing business outside the Philippines or have a continuity of commercial dealings outside the Philippines.

Therefore, in order 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 **and** proof of incorporation/registration in a foreign country and that there is no other indication which would disqualify said entity in being classified as a non-resident foreign corporation. *jc*

³⁰ G.R. No. 201326, February 8, 2017.

A careful scrutiny of the documents submitted shows that petitioner failed to establish that the following entities are non-resident foreign corporations doing business outside the Philippines:

Client	Reason for Disallowance
1. P&G Maxfactor Godo Kaisha	Without SEC Certification of Non-Registration of Corporation/Partnership
2. P&G KK	
3. P&G GBS De Costa Rica Ltda	Without proof of foreign incorporation/registration in a foreign country

Hence, petitioner’s declared zero-rated sales/receipts from the afore-mentioned entities for the subject taxable quarters in the total amount of ₱145,553,023.38 (with equivalent US\$2,651,761.83), detailed below, shall be denied VAT zero-rating.³¹

	Amount of Sales/Receipts	
	In USD	in PHP
1st Quarter – July 1, 2005 to Sept. 30, 2005		
P&G Maxfactor Godo Kaisha	1,011,472.52	55,331,003.16
P&G KK	492,461.49	26,981,613.95
P&G GBS De Costa Rica Ltda	19,053.00	1,037,180.19
Subtotal	1,522,987.01	83,349,797.30
2nd Quarter – Oct. 1, 2005 to Dec. 31, 2005		
P&G Maxfactor Godo Kaisha	808,101.39	44,568,344.93
P&G KK	320,673.43	17,634,881.15
P&G GBS De Costa Rica Ltda	-	-
Subtotal	1,128,774.82	62,203,226.08
Total	2,651,761.83	145,553,023.38

In sum, out of the ₱1,132,160,726.03 zero-rated sales/receipts reported by petitioner for the first and second quarters of FY ended June 30, 2006, only the amount of ₱986,607,702.65 represents its valid zero-rated sales/receipts, computed as follows:

	FY ended June 30, 2006		Total
	1 st Quarter (July 1 to Sept 30, 2005)	2 nd Quarter (Oct. 1 to Dec. 31, 2005)	
Zero-Rated Sales/Receipts per VAT Returns	₱ 675,481,646.57	₱ 456,679,079.46	₱1,132,160,726.03

³¹ Exhibit "V", Annex 1.

Less: Sales/Receipts from Entities Without SEC Certification of Non-Registration of Corporation/Partnership or Proof of Foreign Incorporation/Registration in a Foreign Country	83,349,797.30	62,203,226.08	145,553,023.38
Valid Zero-Rated Sales/Receipts	P592,131,849.27	P394,475,853.38	P986,607,702.65

After having resolved that petitioner had VAT zero-rated sales/receipts for the subject periods in the total amount of P986,607,702.65, the Court proceeds to the determination of whether petitioner incurred input taxes in connection therewith and if said input taxes were not applied against any output VAT liability of petitioner.

Petitioner incurred/paid input taxes attributable to zero-rated sales/receipts and said input taxes were not applied against any output VAT liability

In its Quarterly VAT Returns for the first and second quarters of FY ended June 30, 2006, petitioner reflected a total amount of P87,341,820.12 input VAT arising from current domestic purchases of capital goods, domestic purchases of goods other than capital goods and domestic purchases of services, broken down as follows:

	FY ended June 30, 2006		Total
	1 st Quarter (July to Sept 2005)	2 nd Quarter (Oct to Dec 2005)	
Domestic Purchases – capital goods	P 872,916.35	P -	P 872,916.35
Domestic Purchases – goods other than capital goods	586,248.76	1,936,816.11	2,523,064.87
Domestic Purchases – services	32,922,990.23	51,022,848.67	83,945,838.90
Total	P 34,382,155.34	P 52,959,664.78	P 87,341,820.12

The ICPA compared petitioner’s reported input VAT arising from current domestic purchases of goods other than capital goods and domestic purchases of services per VAT returns with that reflected per petitioner’s schedules, and presented the following results: *g*

1st Quarter – July 2005 to September 2005³²

	Input VAT on Domestic Purchases of Goods other than Capital Goods	Input VAT on Domestic Purchases of Services	Total Input VAT on Domestic Purchases of Goods and Services	Exhibit Reference
1st Quarter FY June 2006 (<i>July to September 2005</i>)				
Per VAT return	P586,248.76	P 32,922,990.23	P33,509,238.99	Exhibit "D" to "D-2"
<u>Amount per segregated purchases of goods</u>	P 536,679.77			Annex 19
<u>Amount per Schedule of services</u>				Exhibit "I"
July 2005		P 8,005,002.62		
August 2005		9,270,915.20		
September 2005		15,625,002.09		
Total per Schedule	P 536,679.77	P 32,900,919.91	P33,437,599.68	
Difference -- Amount per VAT return is over (under)	P 49,568.99	P 22,070.32	P 71,639.31	

- According to the ICPA, the P49,568.99 difference in the domestic purchases of goods other than capital goods represents importation of goods other than capital goods excluded from the Schedule of Goods Purchased (*Exhibit "H"*) but included in the VAT return. Petitioner presented the broker's statement of account and supplier's commercial invoice (*Exhibit "QQQ"*).
- Moreover, the P22,070.32 difference in domestic purchases of services is comprised of:
 - Purchases of services from Veterans Philippine properly supported by VAT official receipts (VAT input amounting to P4,070.31) which was included in the VAT return (Annex 70) and omitted in the Schedule of Services (*Exhibit "I"*), where the official receipt pertains to three purchases but only two services were included in the said Schedule; and *Je*

³² Exhibit "V", p. 16.

- Purchase of Company service awards from Washington Jewelry supported by a VAT official receipt resulting in an input VAT amounting to ₱18,000.01 (*Exhibit "PPP"*).

The Court examined the related supporting documents and found the foregoing findings in order except for the ₱49,568.99 input VAT on importation. The broker's statement of account and supplier's invoice presented by petitioner do not prove the fact of payment of the ₱49,568.99 input VAT to the Bureau of Customs. Section 4.104-5(b) of Revenue Regulations No. 7-95 on "Substantiation of Claims for Input Tax Credit" requires the submission of import entry or other equivalent document showing actual payment of VAT on the imported goods. Thus, the input VAT claim of ₱49,568.99 shall be disallowed.

2nd Quarter – October 2005 to December 2005³³

	Input VAT on Domestic Purchases of Goods other than Capital Goods	Input VAT on Domestic Purchases of Services	Total Input VAT on Domestic Purchases of Goods and Services	Exhibit Reference
2nd Quarter FY June 2005 (October to December 2005)				
Per VAT return	₱1,936,816.11	₱51,022,848.67	₱52,959,664.78	Exhibit "F" to "F-3"
<u>Amount per Schedule of services</u>				Exhibit "J" and "K", respectively
July 2005	₱445,633.82	₱8,857,587.60		
August 2005	1,234,048.68	3,855,733.52		
September 2005	257,133.58	14,438,219.09		
Total per Schedule	₱1,936,816.08	₱27,151,540.21	₱29,088,356.29	
Difference -- Amount per VAT return is over (under)	₱ 0.03	₱23,871,308.46	₱23,871,308.49	

Based on the ICPA's audit, the total difference of ₱23,871,308.49 is broken down as follows:

- The amounts of ₱17,682.50 and ₱17,831.00 pertain to the input VAT for October and December purchases which were included in the VAT return but omitted in the summary list (*Exhibit "K"*). *je*

³³ Exhibit "V", p. 17.

The ICPA verified that this pertains to input VAT on stale checks (supported by system-generated journal voucher presented as *Exhibit "XX"*).

The Court finds the aforesaid input VAT in the amounts of ₱17,682.50 and ₱17,831.00 totalling ₱35,513.50, which are merely supported by a system-generated journal voucher, shall be disallowed from petitioner's claim. Section 110(A)(1)(b) and 110(A)(2)(a) in relation to Section 4.104-5(a) of RR No. 7-95 requires that the input VAT on domestic purchases of services must be substantiated by a VAT official receipt. Thus, without supporting VAT official receipts, the amount of ₱35,513.50 cannot be claimed by petitioner as input VAT.

- The amount of ₱6,938,599.91 represents deductible adjustments on the billings for service fees made by petitioner to Procter & Gamble Distributing (Philippines), Inc. as supported by Credit Notes Nos. 5530005883 and 5530005911 (*Exhibits "YY" and "ZZ"*). Petitioner represented that this amount should have been presented as a deduction from output tax. However, due to a system constraint with the BIR electronic filing and payment system (eFPS) summary list attachment, petitioner, instead of showing an adjustment (deduction) from output tax, presented the same as an addition to creditable input VAT.

The ICPA has verified the initial cash receipt and the subsequent return and summarized the findings under Annex 72 of the ICPA report.

- The ICPA has also verified that the amount formed part of the sales/receipts and output VAT reported in the months of:

Month reported in the VAT return as sales/receipts and Output VAT	Sales/Receipts Amount	Output VAT	Official Receipt Number
September 2005	₱ 8,227,835.91	₱ 822,783.59	1866
October 2005	41078970.22	4,107,897.59	1886
November 2005	13,023,372.15	1,302,337.21	1916
December 2005	7,055,820.86	705,582.09	DN 3238
	₱ 69,385,999.14	₱ 6,938,599.91	

gc

- The ICPA noted that there was no actual cash receipt from Procter & Gamble Distributing (Philippines), Inc. for the sales/receipts reported in December 2005 as the amount was applied/offset against the return of cash in December 2005. However, the amount of sales/receipt was verified to have formed part of the December 2005 VAT return.
- The ICPA was also able to verify that the deductible adjustment to the sales/receipts were all reported as additional input VAT in the 2nd quarter FY June 2006 VAT return. Cash was subsequently returned to customer Procter & Gamble Distributing (Philippines), Inc. on December 21, 2005.
- The amount of ₱16,897,195.05 allegedly represents deductible adjustments on the billings for service fees made by petitioner to P&G Philippines, Inc. as supported by Credit Notes Nos. 5530005882 and 5530005910 (*Exhibits "LLL" and "MMM"*). Petitioner represented that said amount should have been presented as a deduction from output tax. However, due to a system constraint with the BIR eFPS, petitioner, instead of showing an adjustment (deduction) from output tax, presented the same as an addition to creditable input VAT.

The ICPA has verified the initial cash receipt and the subsequent return and summarized the findings under Annex 73 of the ICPA report.

- In line with this, the ICPA has also verified that the amount formed part of the sales/receipts and output VAT reported in the months of:

Month reported in the VAT return as sales/receipts and Output VAT	Sales/Receipts Amount	Output VAT	Official Receipt Number
September 2005	₱ 20,036,801.39	₱ 2,003,680.14	1865
October 2005	100,037,382.25	10,003,738.22	1884
November 2005	31,175,110.00	3,171,511.00	1914
December 2005	17,182,656.88	1,718,265.69	DN 3239
	₱ 168,971,950.52	₱ 16,897,195.05	

re

- The ICPA noted that there was no actual cash receipt from Procter & Gamble, Inc. reported in December 2005 as the amount was applied/offset against the return of cash in December 2005. However, the amount of sales/receipt was verified to form part of the December 2005 VAT return.
- The ICPA was also able to verify that the deductible adjustment to the sales/receipts were all reported as additional input VAT in the 2nd quarter FY June 2006 VAT return. Cash was subsequently returned to customer Procter & Gamble, Inc. on December 21, 2005.

Upon scrutiny of the Credit Notes supporting the deductible adjustments on petitioner's billings for services fees to Procter & Gamble Distributing (Philippines), Inc. and P&G Philippines, Inc., the Court found that the same accurately reflect the amounts of ₱6,938,599.91 and ₱16,897,195.05 as per the reconciliation below:

	1st Quarter
Sales Amount	₱ 69,385,999.14
10% VAT	6,938,599.91
Total Sales/Receipts	₱ 76,324,599.05
<i>Less: Credit Notes</i>	
No. 5530005883 (<i>Exhibit "YY"</i>)	53,251,350.63
No. 5530005911 (<i>Exhibit "ZZ"</i>)	21,685,528.45
Difference (2% EWT)	₱ 1,387,719.97
	2nd Quarter
Sales Amount	₱ 168,971,950.52
10% VAT	16,897,195.05
Total Sales/Receipts	₱ 185,869,145.57
<i>Less: Credit Notes</i>	
No. 5530005882 (<i>Exhibit "LLL"</i>)	129,680,118.30
No. 5530005910 (<i>Exhibit "MMM"</i>)	52,809,588.23
Difference (2% EWT)	₱ 3,379,439.04

The Court agrees with the ICPA that the increase in input taxes to remedy the eFPS inability to adjust the Sales and Output Tax Payable amount for cancelled sales to Procter & Gamble Distributing (Philippines), Inc. and P&G Philippines, Inc. should be excluded from petitioner's creditable input tax. *fr*

Moreover, the said cancelled sales to Procter & Gamble Distributing (Philippines), Inc. and P&G Philippines, Inc. should be deducted from the sales/receipts subject to ten percent (10%) output VAT, in order to properly reflect the correct amount of 10% output VAT due for the second quarter.

We now proceed to the substantiation of petitioner's input VAT claim on current domestic purchases of capital goods, domestic purchases of goods other than capital goods, and domestic purchases of services for the subject taxable quarters as reflected per petitioner's schedules.

Based on the ICPA report³⁴, the Court disallows the input VAT of ₱2,785,360.39 for non-compliance with the substantiation requirements under Section 4.104-5 in relation to Section 4.104-1 of Revenue Regulations No. 7-95. Below is the breakdown of the input taxes of ₱2,785,360.39:

	FY ended June 30, 2006		Total
	1st Quarter (July to Sept. 2005)	2nd Quarter (Oct. to Dec. 2005)	
<i>Domestic Purchases of Capital Goods</i>			
Input taxes claimed on purchases of capital goods which are supported by TIN VAT invoices not dated within the fiscal year (Annex 77)	₱ 305,875.40		₱ 305,875.40
<i>Domestic Purchases of Goods other than Capital Goods</i>			
Input taxes claimed on purchases of goods which are not dated within the fiscal year:			
a. Supported by VAT REG invoices (Annex 26)	11,530.15	-	11,530.15
b. Supported by TIN VAT invoice (Annex 27 and 28)	101,723.83	₱ 2,896.73	104,620.56
Input taxes claimed on purchases of goods supported by TIN NON VAT invoices (Annex 31 and 32)	2,181.82	8,697.73	10,879.55
Input taxes claimed on purchases of goods supported by photocopied TIN VAT invoice not dated within the quarter but within the period of claim. The ICPA verified that the input VAT was not claimed within the quarter of the invoice date (Annex 33).	-	5,090.92	5,090.92
Input taxes claimed on purchases of goods included in the Schedule of Domestic Purchase of Goods (Annex 19) and Schedule of Goods purchases (Exhibit I) which are not covered by sales invoices (Annexes 34 and 35)	11,758.15	7,040.77	18,798.92

³⁴ Exhibit "V", pp. 19-26 and 29.

Unallocated difference	-	0.03	0.03
<i>Domestic Purchases of Services</i>			
Input taxes claimed on services where official receipts are not dated within the quarter or claim period but within the fiscal year:			
a. Supported by VAT REG TIN official receipts (Annex 47)	-	288,157.63	288,157.63
b. Supported by TIN VAT official receipts (Annex 48)	-	119,285.64	119,285.64
Input taxes claimed on purchase of services supported by VAT REG TIN official receipts which are not dated within the fiscal year (Annex 49)	-	367,036.54	367,036.54
Input taxes claimed on purchase of services supported by NON VAT official receipts (Annex 52 and 53)	18.18	62,204.55	62,222.73
Input taxes claimed on purchases of supported by VAT official receipts with exceptions:			
a. Date of receipt not indicated (Annex 54)	144,637.39	-	144,637.39
b. Date of receipt has corrections (Annex 55)	-	208,065.87	208,065.87
c. Official receipt number was handwritten (Annex 56)	2,512.29	-	2,512.29
d. BIR permit number not indicated (Annex 57)	87,321.82	-	87,321.82
e. (Use of wrong TIN of petitioner (Annex 58)	-	40.00	40.00
f. Not in the registered name of petitioner (Annex 59 and 60)	179,736.49	52,431.70	232,168.19
g. There is correction in petitioner's name (Annex 61)	372,282.22	-	372,282.22
Input taxes claimed on purchase of services supported by VAT official receipts wherein "NON VAT Transaction" was typed on the face of the receipts (Annex 62 and 63)	64,726.41	161,325.43	226,051.84
Input taxes claimed on services supported by photocopied documents (Annex 64 and 65)	65,065.89	2,860.80	67,926.69
Input taxes claimed on purchase of services supported by documents other than VAT official receipts (Annex 66 and 67)	36,187.37	4,485.82	40,673.19
Input taxes claimed on purchase of services supported by documents other than VAT official receipts (Annex 68 and 69)	93,728.27	16,454.55	110,182.82
TOTAL	P 1,479,285.68	P1,306,074.71	P2,785,360.39

JK

In addition, the Court observed that certain invoices and official receipts supporting petitioner's input VAT claim for the months of November and December 2005 do not show the VAT component separately from the purchase amount, which is in violation of Section 113(B)(2)(a) of the NIRC of 1997, as amended by Republic Act No. 9337, which became effective on November 1, 2005³⁵, to wit:

*"SEC. 113. Invoicing and Accounting Requirements
for VAT-Registered Persons. –*

XXX

XXX

XXX

*(B) Information Contained in the VAT Invoice or VAT
Official Receipt. – The following information shall be
indicated in the VAT invoice or VAT official receipt:*

(1) A statement that the seller is a VAT-registered person, followed by his Taxpayer's Identification Number (TIN);

(2) The total amount which the purchaser pays or is obligated to pay to the seller with the indication that such amount includes the value-added tax: *Provided, That:*

(a) The amount of the tax shall be shown as a separate item in the invoice or receipt;" *(Emphasis supplied)*

Therefore, the Court deems it proper to also disallow input VAT in the amount of ₱16,501,420.01 supported by VAT sales invoices and official receipts which are dated November 1, 2005 and onwards and do not separately indicate the amount of input VAT, tabulated hereunder:

Reference	Supplier	Invoice/OR Date	Invoice/OR Number	Input Tax (Per Schedule)
<i>Domestic Purchases of Goods other than Capital Goods</i>				
UU-33	MERCURY DRUG CORP	11/18/2005	18703309	₱ 1,021.73

³⁵ R.A. No. 9337 was supposed to take effect on July 1, 2005 but due to constitutionality issues, it became effective only on November 1, 2005 upon the finality of the Supreme Court's September 1, 2005 Decision upholding the said law's validity.

UU-34	MERCURY DRUG CORP	11/18/2005	18703308	370.93
UU-35	MERCURY DRUG CORP	12/9/2005	18703457	986.59
UU-101	ARMVET COMMERCIAL PRESS	12/13/2005	48353	3,470.90
UU-125	PHILIPPINE VENDING CO	11/8/2005	020670	10,538.55
UU-126	PHILIPPINE VENDING CO	11/9/2005	020691	4,702.00
UU-141	HMK PARTY PACKAGERS INC	11/17/2005	0053	560.00
UU-150	OTT LOUIE PHILS INC	12/19/2005	5014	6,811.82
Subtotal				P 28,462.52
Domestic Purchases of Services				
WW-1	CENTER FOR LEADERSHIP AND CHANGE	12/2/2005	8845	P 9,395.46
WW-3	DIGITELONE	12/12/2005	008856	95.24
WW-5	EASTERN TELECOMMUNICATIONS	11/18/2005	E 313345	2,310.00
WW-6	EASTERN TELECOMMUNICATIONS	11/29/2005	E 312796	987.76
WW-7	EASTERN TELECOMMUNICATIONS	11/29/2005	E 312797	134.76
WW-8	EASTERN TELECOMMUNICATIONS			2,310.00
WW-8	EASTERN TELECOMMUNICATIONS	12/16/2005	E 314207	2,147.23
WW-9	EASTERN TELECOMMUNICATIONS	12/29/2005	E 314567	136.35
WW-10	GLOBE TELECOM	11/9/2005	M 1983606	103.92
WW-11	GLOBE TELECOM			5,600.58
WW-11	GLOBE TELECOM			5,500.00
WW-11	GLOBE TELECOM			5,433.56
WW-11	GLOBE TELECOM			5,500.00
WW-11	GLOBE TELECOM			1,368.97
WW-11	GLOBE TELECOM			832.08
WW-11	GLOBE TELECOM			554.76
WW-11	GLOBE TELECOM	11/10/2005	M 1983405	1,520.79
WW-12	GLOBE TELECOM	11/15/2005	M 1983451	242.00
WW-13	GLOBE TELECOM			1,427.27
WW-13	GLOBE TELECOM			993.42
WW-13	GLOBE TELECOM			242.31
WW-13	GLOBE TELECOM	11/17/2005	M 1983496	335.64
WW-14	GLOBE TELECOM			6,490.71
WW-14	GLOBE TELECOM			5,500.00
WW-14	GLOBE TELECOM			503.26
WW-14	GLOBE TELECOM			2,547.40
WW-14	GLOBE TELECOM			2,750.00
WW-14	GLOBE TELECOM			442.02
WW-14	GLOBE TELECOM			7,039.55
WW-14	GLOBE TELECOM			2,620.21
WW-14	GLOBE TELECOM			690.60
WW-14	GLOBE TELECOM	12/1/2005	M 1984415	681.98
WW-19	GLOBE TELECOM	11/7/2005	M 1983302	1,043.01
WW-20	GLOBE TELECOM			751.23
WW-20	GLOBE TELECOM			5,710.84
WW-20	GLOBE TELECOM	12/6/2005	M 198742	583.36
WW-21	GLOBE TELECOM	12/9/2005	M 1986719	640.01

je

WW-21	GLOBE TELECOM			148.56
WW-21	GLOBE TELECOM			238.28
WW-21	GLOBE TELECOM			4.22
WW-21	GLOBE TELECOM			121.00
WW-22	GLOBE TELECOM	12/13/2005	M 1986558	1,667.31
WW-23	GLOBE TELECOM			589.84
WW-23	GLOBE TELECOM			391.89
WW-23	GLOBE TELECOM	12/15/2005	M 1986833	242.00
WW-24	GLOBE TELECOM			1,508.59
WW-24	GLOBE TELECOM	12/21/2005	M 1987349	285.13
WW-25	GLOBE TELECOM			564.62
WW-25	GLOBE TELECOM			121.00
WW-25	GLOBE TELECOM			9.55
WW-25	GLOBE TELECOM			164.77
WW-25	GLOBE TELECOM	12/28/2005	M 1987601	150.21
WW-27	GLOBE TELECOM			242.91
WW-27	GLOBE TELECOM			248.73
WW-27	GLOBE TELECOM			163.86
WW-27	GLOBE TELECOM			235.72
WW-27	GLOBE TELECOM			288.42
WW-27	GLOBE TELECOM			547.92
WW-27	GLOBE TELECOM	11/24/2005	M 1983897	324.30
WW-28	GLOBE TELECOM			795.51
WW-28	GLOBE TELECOM			425.07
WW-28	GLOBE TELECOM			75.53
WW-28	GLOBE TELECOM			360.25
WW-28	GLOBE TELECOM			201.90
WW-28	GLOBE TELECOM			211.44
WW-28	GLOBE TELECOM			365.91
WW-28	GLOBE TELECOM			26.48
WW-28	GLOBE TELECOM			0.95
WW-28	GLOBE TELECOM			313.41
WW-28	GLOBE TELECOM			1,501.57
WW-28	GLOBE TELECOM			104.00
WW-28	GLOBE TELECOM			261.21
WW-28	GLOBE TELECOM			421.73
WW-28	GLOBE TELECOM			242.00
WW-28	GLOBE TELECOM			152.07
WW-28	GLOBE TELECOM			15.65
WW-28	GLOBE TELECOM	11/7/2005	M 1983303	46.19
WW-33	HEWLETT PACKARD PHILIPPINES CO	12/14/2005	62153	7,133.34
WW-34	HEWLETT PACKARD PHILIPPINES CO			53,909.07
WW-34	HEWLETT PACKARD PHILIPPINES CO			31,208.40
WW-34	HEWLETT PACKARD PHILIPPINES CO			8,916.60
WW-34	HEWLETT PACKARD PHILIPPINES CO			35,869.20
WW-34	HEWLETT PACKARD PHILIPPINES CO			59,662.50
WW-34	HEWLETT PACKARD PHILIPPINES CO			17,934.60
WW-34	HEWLETT PACKARD PHILIPPINES CO	12/14/2005	62154	59,999.50

je

WW-34	HEWLETT PACKARD PHILIPPINES CO			319,742.50
WW-34	HEWLETT PACKARD PHILIPPINES CO			190,861.00
WW-34	HEWLETT PACKARD PHILIPPINES CO			17,833.30
WW-34	HEWLETT PACKARD PHILIPPINES CO			898,005.78
WW-34	HEWLETT PACKARD PHILIPPINES CO			1,349,226.81
WW-35	HEWLETT PACKARD PHILIPPINES CO	12/23/2005	62310	514,927.40
WW-36	HEWLETT PACKARD PHILIPPINES CO			410,122.40
WW-36	HEWLETT PACKARD PHILIPPINES CO			166,701.40
WW-36	HEWLETT PACKARD PHILIPPINES CO			28,600.00
WW-36	HEWLETT PACKARD PHILIPPINES CO			1,790,048.30
WW-36	HEWLETT PACKARD PHILIPPINES CO			4,423,554.10
WW-36	HEWLETT PACKARD PHILIPPINES CO			89,430.00
WW-36	HEWLETT PACKARD PHILIPPINES CO			44,196.40
WW-36	HEWLETT PACKARD PHILIPPINES CO			26,750.00
WW-36	HEWLETT PACKARD PHILIPPINES CO			10,396.10
WW-36	HEWLETT PACKARD PHILIPPINES CO			165,550.00
WW-36	HEWLETT PACKARD PHILIPPINES CO			109,390.90
WW-36	HEWLETT PACKARD PHILIPPINES CO			59,662.50
WW-36	HEWLETT PACKARD PHILIPPINES CO			41,908.40
WW-36	HEWLETT PACKARD PHILIPPINES CO			80,209.60
WW-36	HEWLETT PACKARD PHILIPPINES CO	12/28/2005		41,018.40
WW-37	HEWLETT PACKARD PHILIPPINES CO			77,003.00
WW-37	HEWLETT PACKARD PHILIPPINES CO			4,458.30
WW-37	HEWLETT PACKARD PHILIPPINES CO			59,662.50
WW-37	HEWLETT PACKARD PHILIPPINES CO			71,325.20
WW-37	HEWLETT PACKARD PHILIPPINES CO			56,175.10
WW-37	HEWLETT PACKARD PHILIPPINES CO			136,196.50
WW-37	HEWLETT PACKARD PHILIPPINES CO			28,600.00
WW-37	HEWLETT PACKARD PHILIPPINES CO			17,833.30
WW-37	HEWLETT PACKARD PHILIPPINES CO			77,003.00
WW-37	HEWLETT PACKARD PHILIPPINES CO	11/23/2005	60879	54,659.00
WW-38	HEWLETT PACKARD PHILIPPINES CO			1,759.22
WW-38	HEWLETT PACKARD PHILIPPINES CO	12/9/2005	61540	1,759.22
WW-39	IBM PHILIPPINES INC	12/12/2005	189163	160,019.34
WW-40	IBM PHILIPPINES INC	12/15/2005	189168	430,636.80
WW-41	IBM PHILIPPINES INC	11/8/2005	188497	149,827.30
WW-50	INFORMATION PROFESSIONALS, INC.			8,448.00
WW-50	INFORMATION PROFESSIONALS, INC.			408.02
WW-50	INFORMATION PROFESSIONALS, INC.	11/3/2005	10822	11.29
WW-51	INFORMATION PROFESSIONALS, INC.			16.94
WW-51	INFORMATION PROFESSIONALS, INC.			896.47
WW-51	INFORMATION PROFESSIONALS, INC.	11/8/2005	10839	130.24
WW-52	INFORMATION PROFESSIONALS, INC.			1,219.59
WW-52	INFORMATION PROFESSIONALS, INC.			1,589.98
WW-52	INFORMATION PROFESSIONALS, INC.			1,562.89
WW-52	INFORMATION PROFESSIONALS, INC.	11/10/2005	10841	5,478.00
WW-53	INFORMATION PROFESSIONALS, INC.			1,371.18
WW-53	INFORMATION PROFESSIONALS, INC.	11/17/2005	10883	1,987.14

g

WW-53	INFORMATION PROFESSIONALS, INC.			1,568.29
WW-53	INFORMATION PROFESSIONALS, INC.			1,792.05
WW-53	INFORMATION PROFESSIONALS, INC.			1,447.25
WW-53	INFORMATION PROFESSIONALS, INC.			8,448.00
WW-54	INFORMATION PROFESSIONALS, INC.			3,364.80
WW-54	INFORMATION PROFESSIONALS, INC.	11/22/2005	10908	306.55
WW-55	INFORMATION PROFESSIONALS, INC.	11/24/2005	10918	1,271.28
WW-56	INFORMATION PROFESSIONALS, INC.			16.94
WW-56	INFORMATION PROFESSIONALS, INC.			276.06
WW-56	INFORMATION PROFESSIONALS, INC.			450.27
WW-56	INFORMATION PROFESSIONALS, INC.			1,589.93
WW-56	INFORMATION PROFESSIONALS, INC.			104.69
WW-56	INFORMATION PROFESSIONALS, INC.			1,562.89
WW-56	INFORMATION PROFESSIONALS, INC.			128.10
WW-56	INFORMATION PROFESSIONALS, INC.	12/8/2005	10975	173.48
WW-57	INFORMATION PROFESSIONALS, INC.	12/12/2005	10990	71.44
WW-58	INFORMATION PROFESSIONALS, INC.			106.79
WW-58	INFORMATION PROFESSIONALS, INC.	12/15/2005	11009	1,589.93
WW-59	INFORMATION PROFESSIONALS, INC.			1,987.14
WW-59	INFORMATION PROFESSIONALS, INC.	12/22/2005	11042	1,445.38
WW-60	MANDARIN ORIENTAL MANILA	12/9/2005	1414311	11,454.55
WW-61	PHILIPPINE LONG DISTANCE	11/22/2005	AB 375700	755.23
WW-62	RAF INTERNATIONAL FORWARDING	12/15/2005	162638	100.14
WW-63	THE PENINSULA MANILA	12/9/2005	312462	348.55
WW-64	THE PENINSULA MANILA			581.82
WW-64	THE PENINSULA MANILA	12/16/2005	312763	244.73
WW-70	THE PENINSULA MANILA	11/3/2005	311422	127.27
WW-71	THE PENINSULA MANILA	11/3/2005	311420	155.00
WW-72	THE PENINSULA MANILA	11/3/2005	311421	209.09
WW-73	THE PENINSULA MANILA	11/10/2005	311447	710.00
WW-74	THE PENINSULA MANILA	11/11/2005	311602	3,053.45
WW-75	THE PENINSULA MANILA			402.73
WW-75	THE PENINSULA MANILA			1,315.18
WW-75	THE PENINSULA MANILA			248.55
WW-75	THE PENINSULA MANILA			181.82
WW-75	THE PENINSULA MANILA			104.55
WW-75	THE PENINSULA MANILA			272.73
WW-75	THE PENINSULA MANILA	12/6/2005	311840	240.91
WW-77	TNT EXPRESS WORLDWIDE PHILS INC	12/27/2005	436121	316.16
WW-78	TRIBIZINC			4,057.73
WW-78	TRIBIZINC	12/22/2005	123	16,599.91
WW-79	U-BIX CORP	11/11/2005	A 124642	5,447.37
WW-262	6750 AYALA AVENUE JOINT VENTURE			18,331.20
WW-262	6750 AYALA AVENUE JOINT VENTURE			23,240.45
WW-262	6750 AYALA AVENUE JOINT VENTURE	12/19/2005	15074	6,428.73
WW-87	AIRFREIGHT 2100 INC			5.75
WW-87	AIRFREIGHT 2100 INC			860.50
WW-87	AIRFREIGHT 2100 INC	11/10/2005	061595	673.04

9c

WW-90	ASIA SELECT INC			144.92
WW-90	ASIA SELECT INC			317.07
WW-90	ASIA SELECT INC			115.32
WW-91	ASIA SELECT INC			1,204.41
WW-91	ASIA SELECT INC			1,262.22
WW-91	ASIA SELECT INC	11/10/2005	1942	2,048.61
WW-92	ASIA SELECT INC			13.31
WW-92	ASIA SELECT INC	12/16/2005	2067	2,011.51
WW-93	BAYANTEL INTERNATIONAL			2,447.70
WW-93	BAYANTEL INTERNATIONAL	11/14/2005	349227 E	3,083.64
WW-95	BUSINESS PROCESS OUTSOURCING			2,864.00
WW-95	BUSINESS PROCESS OUTSOURCING			2,092.00
WW-95	BUSINESS PROCESS OUTSOURCING			2,107.09
WW-95	BUSINESS PROCESS OUTSOURCING			3,099.18
WW-95	BUSINESS PROCESS OUTSOURCING			1,799.55
WW-95	BUSINESS PROCESS OUTSOURCING			1,756.36
WW-95	BUSINESS PROCESS OUTSOURCING			1,599.09
WW-95	BUSINESS PROCESS OUTSOURCING			1,599.09
WW-95	BUSINESS PROCESS OUTSOURCING			1,676.18
WW-95	BUSINESS PROCESS OUTSOURCING	11/9/2005	12055	11,394.73
WW-96	BUSINESS PROCESS OUTSOURCING			1,961.64
WW-96	BUSINESS PROCESS OUTSOURCING			2,493.09
WW-96	BUSINESS PROCESS OUTSOURCING			2,922.91
WW-96	BUSINESS PROCESS OUTSOURCING			2,288.91
WW-96	BUSINESS PROCESS OUTSOURCING			1,280.73
WW-96	BUSINESS PROCESS OUTSOURCING			2,158.55
WW-96	BUSINESS PROCESS OUTSOURCING			1,830.00
WW-96	BUSINESS PROCESS OUTSOURCING			11,881.00
WW-96	BUSINESS PROCESS OUTSOURCING	12/9/2005	12469	1,720.00
WW-97	BUSINESS PROCESS OUTSOURCING			1,676.18
WW-97	BUSINESS PROCESS OUTSOURCING			1,676.18
WW-97	BUSINESS PROCESS OUTSOURCING			1,950.00
WW-97	BUSINESS PROCESS OUTSOURCING			1,811.00
WW-97	BUSINESS PROCESS OUTSOURCING			1,800.00
WW-97	BUSINESS PROCESS OUTSOURCING			2,350.00
WW-97	BUSINESS PROCESS OUTSOURCING			1,720.00
WW-97	BUSINESS PROCESS OUTSOURCING			1,602.09
WW-97	BUSINESS PROCESS OUTSOURCING			1,617.00
WW-97	BUSINESS PROCESS OUTSOURCING			1,461.00
WW-97	BUSINESS PROCESS OUTSOURCING			1,483.00
WW-97	BUSINESS PROCESS OUTSOURCING			1,641.00
WW-97	BUSINESS PROCESS OUTSOURCING			1,572.00
WW-97	BUSINESS PROCESS OUTSOURCING			1,641.00
WW-97	BUSINESS PROCESS OUTSOURCING			1,404.00
WW-97	BUSINESS PROCESS OUTSOURCING			1,717.00
WW-97	BUSINESS PROCESS OUTSOURCING			1,760.00
WW-97	BUSINESS PROCESS OUTSOURCING			1,717.00
WW-97	BUSINESS PROCESS OUTSOURCING	12/16/2005	12496	1,409.00

re

WW-97	BUSINESS PROCESS OUTSOURCING			1,760.00
WW-98	BUSINESS PROCESS OUTSOURCING			2,026.00
WW-98	BUSINESS PROCESS OUTSOURCING			1,950.00
WW-98	BUSINESS PROCESS OUTSOURCING			1,771.00
WW-98	BUSINESS PROCESS OUTSOURCING	12/16/2005	12495	1,455.00
WW-99	BUSINESS PROCESS OUTSOURCING			24.73
WW-99	BUSINESS PROCESS OUTSOURCING	11/11/2005	12063	1,720.00
WW-100	BUSINESS PROCESS OUTSOURCING			1,800.00
WW-100	BUSINESS PROCESS OUTSOURCING			1,800.00
WW-100	BUSINESS PROCESS OUTSOURCING			1,800.00
WW-100	BUSINESS PROCESS OUTSOURCING			1,720.00
WW-100	BUSINESS PROCESS OUTSOURCING			1,950.00
WW-100	BUSINESS PROCESS OUTSOURCING			1,800.00
WW-100	BUSINESS PROCESS OUTSOURCING			1,681.00
WW-100	BUSINESS PROCESS OUTSOURCING			1,539.09
WW-100	BUSINESS PROCESS OUTSOURCING			1,695.00
WW-100	BUSINESS PROCESS OUTSOURCING			1,482.73
WW-100	BUSINESS PROCESS OUTSOURCING			1,482.73
WW-100	BUSINESS PROCESS OUTSOURCING			1,640.91
WW-100	BUSINESS PROCESS OUTSOURCING			1,567.18
WW-100	BUSINESS PROCESS OUTSOURCING			1,557.64
WW-100	BUSINESS PROCESS OUTSOURCING			1,501.73
WW-100	BUSINESS PROCESS OUTSOURCING			1,640.91
WW-100	BUSINESS PROCESS OUTSOURCING			1,711.82
WW-100	BUSINESS PROCESS OUTSOURCING			1,599.09
WW-100	BUSINESS PROCESS OUTSOURCING			1,815.55
WW-100	BUSINESS PROCESS OUTSOURCING			2,080.15
WW-100	BUSINESS PROCESS OUTSOURCING			1,958.79
WW-100	BUSINESS PROCESS OUTSOURCING			1,677.71
WW-100	BUSINESS PROCESS OUTSOURCING	11/23/2005	12207	1,881.10
WW-101	COMFACCORP	12/22/2005	30583	251,499.99
WW-104	COMPUTER PROFESSIONALS INC			813.45
WW-104	COMPUTER PROFESSIONALS INC	11/10/2005	2293	2,831.93
WW-105	BUSINESS PROCESS OUTSOURCING	12/9/2005	12468	1,634.55
WW-106	COMPUTER PROFESSIONALS INC	11/15/2005	2301	6,900.00
WW-107	COMPUTER PROFESSIONALS INC			2,500.00
WW-107	COMPUTER PROFESSIONALS INC			2,200.00
WW-107	COMPUTER PROFESSIONALS INC			2,200.00
WW-107	COMPUTER PROFESSIONALS INC			2,800.00
WW-107	COMPUTER PROFESSIONALS INC			16,034.48
WW-107	COMPUTER PROFESSIONALS INC			1,037.24
WW-107	COMPUTER PROFESSIONALS INC	11/17/2005	2305	2,270.11
WW-108	COMPUTER PROFESSIONALS INC	11/30/2005	2326	131.03
WW-109	COMPUTER PROFESSIONALS INC			161.38
WW-109	COMPUTER PROFESSIONALS INC			1,717.24
WW-109	COMPUTER PROFESSIONALS INC			1,631.90
WW-109	COMPUTER PROFESSIONALS INC			53.79
WW-109	COMPUTER PROFESSIONALS INC	12/8/2005	2339	53.79

[Handwritten signature]

WW-109	COMPUTER PROFESSIONALS INC			1,717.24
WW-110	COMPUTER PROFESSIONALS INC			203.45
WW-110	COMPUTER PROFESSIONALS INC			2,417.88
WW-110	COMPUTER PROFESSIONALS INC			448.16
WW-110	COMPUTER PROFESSIONALS INC			1,920.00
WW-110	COMPUTER PROFESSIONALS INC			15,906.93
WW-110	COMPUTER PROFESSIONALS INC	12/16/2005	2403	2,800.00
WW-111	COMPUTER PROFESSIONALS INC			2,200.00
WW-111	COMPUTER PROFESSIONALS INC			2,500.00
WW-111	COMPUTER PROFESSIONALS INC			2,200.00
WW-111	COMPUTER PROFESSIONALS INC	12/22/2005	2409	2,500.00
WW-112	COMPUTER PROFESSIONALS INC	12/28/2005	2418	17,281.62
WW-113	CONGLOW-THAILAND MARKETING	11/11/2005	1394	5,388.81
WW-114	CORNERSTEEL SYSTEMS CORP	12/8/2005	Part of 18044	540,975.47
WW-115	CUSTOMER TOUCHPOINT RESOURCES	11/11/2005	0266	267.48
WW-117	CUSTOMER TOUCHPOINT RESOURCES	11/11/2005	0268	158.67
WW-118	CUSTOMER TOUCHPOINT RESOURCES			253.61
WW-118	CUSTOMER TOUCHPOINT RESOURCES			366.30
WW-118	CUSTOMER TOUCHPOINT RESOURCES	12/14/2005	0015	156.29
WW-119	CUSTOMER TOUCHPOINT RESOURCES			1,352.55
WW-119	CUSTOMER TOUCHPOINT RESOURCES	12//21/2005	0018	2,022.54
WW-121	CUSTOMER TOUCHPOINT RESOURCES			1,207.85
WW-121	CUSTOMER TOUCHPOINT RESOURCES			1,352.55
WW-121	CUSTOMER TOUCHPOINT RESOURCES			106.68
WW-121	CUSTOMER TOUCHPOINT RESOURCES			278.96
WW-121	CUSTOMER TOUCHPOINT RESOURCES	11/11/2005	0267	71.82
WW-123	CUSTOMER TOUCHPOINT RESOURCES			1,352.55
WW-123	CUSTOMER TOUCHPOINT RESOURCES			2,022.54
WW-123	CUSTOMER TOUCHPOINT RESOURCES			2,022.54
WW-123	CUSTOMER TOUCHPOINT RESOURCES			1,654.81
WW-123	CUSTOMER TOUCHPOINT RESOURCES	11/18/2005	0002	275.80
WW-125	DESTINY INC	12/2/2005	0018034	227.09
WW-126	DESTINY INC	12/2/2005	0018035	214.55
WW-127	DNS SHUTTLE SERVICE INC	11/29/2005	5189	545.45
WW-128	DP CASTILLAR MAINTENANCE SERVICES	11/10/2005	0460	5,486.36
WW-130	DP CASTILLAR MAINTENANCE SERVICES			3,636.36
WW-130	DP CASTILLAR MAINTENANCE SERVICES	12/8/2005	0462	1,850.00
WW-131	DP CASTILLAR MAINTENANCE SERVICES	12/27/2005	0463	421.49
WW-132	ELITE TRANSPORT INTERNATIONAL CORP	12/15/2005	5531	116.55
WW-133	F B CONSUMER RESEARCH SERVICES	11/25/2005	3504	2,200.00
WW-135	GLOBAL STAFF RECRUITMENT SEARCH, INC	12/12/2005	0206	32.31
WW-136	GLOBAL ALLIANCE MANPOWER INC			836.97
WW-136	GLOBAL ALLIANCE MANPOWER INC			5,746.11
WW-136	GLOBAL ALLIANCE MANPOWER INC	11/10/2005	0426	788.28
WW-138	JETS TROPHY INC	12/16/2005	84990	272.73

92

WW-139	JETS TROPHY INC	12/16/2005	84991	2,690.91
WW-140	LINK WORTH INTERNATIONAL INC	11/18/2005	25648	54.55
WW-141	M.R. GUBATUN CUSTOMS BROKERAGE	11/9/2005	0009	39.00
WW-142	M.R. GUBATUN CUSTOMS BROKERAGE	12/23/2005	0020	644.38
WW-144	MAXIBUILD INC	11/30/2005	639	814,654.55
WW-144	MAXIBUILD INC			1,117,781.82
WW-148	NEEMDIRECT HOLDINGS INC	1/10/2006	0002	118,506.00
WW-151	NIPPON HOUSING PHILIPPINES INC	11/21/2005	2730	1,140.00
WW-152	NIPPON HOUSING PHILIPPINES INC	11/21/2005	2730	2,280.00
WW-153	NIPPON HOUSING PHILIPPINES INC	11/21/2005	2730	654.21
WW-154	NIPPON HOUSING PHILIPPINES INC	11/26/2005	2731	960.00
WW-155	NIPPON HOUSING PHILIPPINES INC	11/21/2005	2732	124.75
WW-156	NIPPON HOUSING PHILIPPINES INC	11/21/2005	2732	8,120.70
WW-157	NIPPON HOUSING PHILIPPINES INC	11/21/2005	2733	880.17
WW-158	NIPPON HOUSING PHILIPPINES INC	12/13/2005	2775	2,192.88
WW-159	NIPPON HOUSING PHILIPPINES INC	12/13/2005	2775	30.42
WW-160	NIPPON HOUSING PHILIPPINES INC	12/13/2005	2775	875.21
WW-161	NIPPON HOUSING PHILIPPINES INC	12/13/2005	2775	1,052.88
WW-162	NIPPON HOUSING PHILIPPINES INC	12/13/2005	2774	960.00
WW-163	NIPPON HOUSING PHILIPPINES INC	12/13/2005	2776	547.31
WW-164	PLDT	11/30/2005	AB 376365	1,424.94
WW-164	PLDT			18,300.00
WW-164	PLDT			2,400.00
WW-165	PLDT	11/22/2005	AB 375699	5,702.72
WW-165	PLDT			1,951.72
WW-165	PLDT			341.72
WW-165	PLDT			6,884.94
WW-185	PRONTO EXPRESS DISTRIBUTION INC	12/9/2005	62133	90.91
WW-185	PRONTO EXPRESS DISTRIBUTION INC			90.91
WW-186	PRONTO EXPRESS DISTRIBUTION INC			211.81
WW-186	PRONTO EXPRESS DISTRIBUTION INC			159.09
WW-186	PRONTO EXPRESS DISTRIBUTION INC			147.91
WW-186	PRONTO EXPRESS DISTRIBUTION INC			147.91
WW-186	PRONTO EXPRESS DISTRIBUTION INC			90.91
WW-186	PRONTO EXPRESS DISTRIBUTION INC	12/28/2005	62397	249.55
WW-187	PRONTO EXPRESS DISTRIBUTION INC			90.91
WW-187	PRONTO EXPRESS DISTRIBUTION INC			136.36
WW-187	PRONTO EXPRESS DISTRIBUTION INC			119.41
WW-187	PRONTO EXPRESS DISTRIBUTION INC			513.08
WW-187	PRONTO EXPRESS DISTRIBUTION INC			128.91
WW-187	PRONTO EXPRESS DISTRIBUTION INC			63.64
WW-188	PRONTO EXPRESS DISTRIBUTION INC	11/10/2005	61596	316.50
WW-188	PRONTO EXPRESS DISTRIBUTION INC			406.20
WW-188	PRONTO EXPRESS DISTRIBUTION INC			300.00
WW-188	PRONTO EXPRESS DISTRIBUTION INC			136.36
WW-188	PRONTO EXPRESS DISTRIBUTION INC			526.79
WW-188	PRONTO EXPRESS DISTRIBUTION INC			95.45
WW-188	PRONTO EXPRESS DISTRIBUTION INC			238.37

re

WW-189	PRONTO EXPRESS DISTRIBUTION INC	11/11/2005	61654	93.61
WW-190	PRONTO EXPRESS DISTRIBUTION INC			195.50
WW-190	PRONTO EXPRESS DISTRIBUTION INC			198.15
WW-190	PRONTO EXPRESS DISTRIBUTION INC			432.15
WW-190	PRONTO EXPRESS DISTRIBUTION INC			646.88
WW-190	PRONTO EXPRESS DISTRIBUTION INC	11/25/2005	61849	123.79
WW-191	PRONTO EXPRESS DISTRIBUTION INC	11/25/2005	61891	90.91
WW-192	PTS CORP	11/11/2005	12785	35.00
WW-192	PTS CORP			35.00
WW-193	REUTERS LTD	11/9/2005	28927	31,428.90
WW-198	R.M. ENGINEERING SERVICES CO.	12/27/2005	1337	1,344.00
WW-202	TELECOMMUNICATION & COMPUTER TECHNOLOGIES INC	12/8/2005	17588	3,769.09
WW-203	TNT EXPRESS WORLDWIDE PHILS INC	11/30/2005	433657	246.86
WW-206	VETERANS PHILIPPINE SCOUT SECURITY AGENCY	11/7/2005	51583	4,070.23
WW-206	VETERANS PHILIPPINE SCOUT SECURITY AGENCY			4,070.23
WW-207	VETERANS PHILIPPINE SCOUT SECURITY AGENCY	11/7/2005	51583	4,070.23
WW-208	VETERANS PHILIPPINE SCOUT SECURITY AGENCY	11/8/2005	51584	4,070.23
WW-209	VETERANS PHILIPPINE SCOUT SECURITY AGENCY	11/16/2005	51851	246.17
WW-210	VETERANS PHILIPPINE SCOUT SECURITY AGENCY	12/7/2005	52024	4,070.23
WW-210	VETERANS PHILIPPINE SCOUT SECURITY AGENCY			4,070.23
WW-210	VETERANS PHILIPPINE SCOUT SECURITY AGENCY			4,070.23
WW-210	VETERANS PHILIPPINE SCOUT SECURITY AGENCY			4,070.23
WW-211	VETERANS PHILIPPINE SCOUT SECURITY AGENCY	12/16/2005	52066	4,070.23
WW-212	VETERANS PHILIPPINE SCOUT SECURITY AGENCY	12/23/2005	52154	376.09
WW-213	VETERANS PHILIPPINE SCOUT SECURITY AGENCY	12/29/2005	52163	1,603.45
WW-213	VETERANS PHILIPPINE SCOUT SECURITY AGENCY			1,603.45
WW-213	VETERANS PHILIPPINE SCOUT SECURITY AGENCY			21.78
WW-213	VETERANS PHILIPPINE SCOUT SECURITY AGENCY			1,603.45
WW-214	VINTEL LOGISTICS INC	11/9/2005	852	875.35
WW-215	YUTIVO CORP	11/24/2005	D 53477	2,250.00
WW-216	JONES LANG LASALLE PHILS INC	12/20/2005	2060	2,442.63
WW-217	JONES LANG LASALLE PHILS INC	12/19/2005	2056	19,135.24
WW-218	JONES LANG LASALLE PHILS INC	12/7/2005	2049	2,870.30
WW-219	JONES LANG LASALLE PHILS INC	12/7/2005	2048	19,135.24
WW-220	JONES LANG LASALLE PHILS INC	11/23/2005	2032	189.20
WW-221	JONES LANG LASALLE PHILS INC	11/23/2005	2033	9,863.24
WW-222	JONES LANG LASALLE PHILS INC	12/29/2005	2070	19,135.25
WW-223	JONES LANG LASALLE PHILS INC	12/29/2005	2071	2,382.63
WW-224	JONES LANG LASALLE PHILS INC	12/29/2005	2074	2,352.63
WW-225	JONES LANG LASALLE PHILS INC	12/29/2005	2072	9,863.24

Handwritten signature

WW-226	JONES LANG LASALLE PHILS INC	12/29/2005	2075	189.20
WW-227	JONES LANG LASALLE PHILS INC	12/19/2005	2055	144,271.90
WW-228	JONES LANG LASALLE PHILS INC	12/29/2005	2073	131,154.94
WW-229	YUTIVO CORP	12/6/2005	53493	2,250.00
WW-230	YUTIVO CORP	12/28/2005	53426	2,250.00
WW-231	YUTIVO CORP	12/28/2005	53426	1,800.00
VV-59	PLDT	11/22/2005	AB 375697	18,572.20
VV-236	PLDT	11/22/2005	AB 375696	21,582.47
VV-237	PLDT	11/22/2005	AB 375698	16,600.00
VV-240	BASES CONVERSION DEVELOPMENT	11/10/2005	8119683 D	137,192.73
VV-160	KALAYAAN ENGINEERING CO INC	11/11/2005	12145	1,174.05
VV-160	KALAYAAN ENGINEERING CO INC			1,893.47
Subtotal				P 16,472,957.49
Total				P 16,501,420.01

Considering all the aforesaid disallowances, out of petitioner's reported input tax of ₱87,341,820.12 arising from current domestic purchases of capital goods, domestic purchases of goods other than capital goods and domestic purchases of services, only the amount of ₱44,134,162.27 represents petitioner's valid input VAT, computed as follows:

	FY ended June 30, 2006		Total
	1 st Quarter (July to Sept 2005)	2 nd Quarter (Oct to Dec. 2005)	
Input Tax from Current Purchases Per VAT Returns			
Domestic Purchases - Capital Goods	₱ 872,916.35		₱ 872,916.35
Domestic Purchases - Goods other than Capital Goods	586,248.76	₱ 1,936,816.11	2,523,064.87
Domestic Purchases – Services	32,922,990.23	51,022,848.67	83,945,838.90
Total	₱ 34,382,155.34	₱ 52,959,664.78	₱ 87,341,820.12
<i>Less: Output VAT adjustments added to input VAT</i>			
a. Deductible adjustment to sales/receipts to Procter & Gamble Distributing (Philippines), Inc.		(6,938,599.91)	(6,938,599.91)
b. Deductible adjustment to sales/receipts to Procter & Gamble Philippines, Inc.		(16,897,195.05)	(16,897,195.05)
Input VAT from Current Purchases Per VAT Returns, as Adjusted	₱ 34,382,155.34	₱ 29,123,869.82	₱ 63,506,025.16
<i>Less: Disallowances</i>			
Per ICPA report:			
Input VAT not included per schedule but included in the return			

82

a. Input VAT on importation supported only by broker's statement of account and supplier's commercial invoice	(49,568.99)		(49,568.99)
b. Input VAT on stale checks supported only by system-generated journal voucher		(35,513.50)	(35,513.50)
Input VAT per petitioner's schedule but not properly supported by VAT invoices (in cases of purchases of goods) or official receipts (in cases of purchases of services)	(1,479,285.68)	(1,306,074.71)	(2,785,360.39)
Per this Court's further verification:			
Input VAT supported by VAT invoices or official receipts which are dated November 1, 2005 and onwards and do not separately show the input VAT		(16,501,420.01)	(16,501,420.01)
Valid Input VAT	P 32,853,300.67	P 11,280,861.60	P 44,134,162.27

However, considering that petitioner is engaged both in taxable sales subject to zero percent (0%) and ten percent (10%) rates, and its input VAT cannot be directly or entirely attributed to specific sales, the Court shall allocate the valid input VAT proportionately on the basis of the volume of petitioner's sales pursuant to Section 112(A) of the NIRC of 1997, as amended, computed as follows:

	FY ended June 30, 2006		Total
	1 st Quarter- (July 1, 2005 to Sept 30, 2005)	2 nd Quarter (Oct. 1, 2005 to Dec. 31, 2005)	
	(Exhibit "D")	(Exhibit "F")	
VATable Sales/Receipts Per Returns	P134,148,561.30	P249,187,466.40	P 383,336,027.70
Less: Adjustments for cancelled sales to:			
Procter & Gamble Distributing (Philippines), Inc.	(8,227,835.91)	(61,158,163.23)	(69,385,999.14)
P&G Philippines, Inc.	(20,036,801.39)	(148,935,149.13)	(168,971,950.52)
VATable Sales/Receipts, as adjusted	P105,883,924.00	P 39,094,154.04	P 144,978,078.04
Zero-Rated Sales/Receipts	675,481,646.57	456,679,079.46	1,132,160,726.03
Total Sales/Receipts, as adjusted	P781,365,570.57	P495,773,233.50	P1,277,138,804.07
<i>Allocation Factor (Percentage of each type of sales to total sales):</i>			
VATable Sales	13.551138%	7.885491%	
Zero-Rated Sales	86.448862%	92.114509%	
Total	100.000000%	100.000000%	
Valid Input VAT	P32,853,300.67	P 11,280,861.60	P44,134,162.27

<i>Input VAT Allocation Per Each Type of Sales (Allocation Factor multiplied by Valid Input VAT):</i>			
VATable Sales	₱ 4,451,996.11	₱ 889,551.33	₱ 5,341,547.33
Zero-Rated Sales	28,401,304.56	10,391,310.27	38,792,614.94
Total	₱32,853,300.67	₱11,280,861.60	₱44,134,162.27

Since the input VAT allocated to VATable sales/receipts is not enough to cover petitioner's output tax due for each quarter, the input VAT allocated to zero-rated sales/receipts for the period July 1, 2005 to September 30, 2005 shall be utilized to pay for the remaining output tax, as shown below:

<i>1st Quarter – July 1, 2005 to Sept. 30, 2005</i>		
VATable Sales/Receipts, as adjusted		₱ 105,883,924.00
Output VAT due, as adjusted		₱ 10,588,392.40
Less: Input VAT allocated to VATable sales/receipts		4,451,996.00
Balance of Output VAT due		₱ 6,136,396.40
Less: Input VAT allocated to zero-rated sales/receipts		28,401,304.56
Excess Input VAT allocated to zero-rated sales/receipts		₱ 22,264,908.16
Less: Amount being claimed		19,496,365.57
Excess Input VAT not claimed		₱ 2,768,542.59
<i>2nd Quarter – Oct. 1, 2005 to Dec. 31, 2005</i>		
VATable Sales/Receipts, as adjusted		₱ 39,094,154.04
Output VAT due		₱ 3,909,415.40
Less: Payment during the quarter (<i>Exhibit "O"</i>)		2,215,225.66
Input VAT that needed to be applied		₱ 1,694,189.74
Input VAT carry-over from previous quarter -input VAT allocable to zero-rated sales/receipts not claimed for refund	₱ 2,768,542.59	
Input VAT allocated to VATable sales/receipts for the quarter	889,551.33	
Less: Amount applied this quarter	1,694,189.74	1,694,189.74
Input VAT carry-over to next quarter	₱ 1,963,904.18	₱ -
Excess Input VAT allocated to zero-rated sales/receipts		₱ 10,391,310.27

It must be noted that while petitioner reported in its Quarterly VAT Return for the first quarter of FY ended June 30, 2006 an input tax carried over from previous quarter in the amount of ₱2,400,984.13³⁶, petitioner failed to present VAT invoices or official receipts to prove the existence of such amount. Hence, the input tax carry-over of ₱2,400,984.13 cannot be applied against petitioner's *je*

³⁶ Exhibit "D", Line 23C.

output tax for the first quarter of FY ended June 30, 2006 pursuant to Section 110(A) and (B) of the NIRC of 1997, as amended, which states:

"SEC. 110. *Tax Credits.* –

(A) *Creditable Input Tax.* –

(1) Any input tax evidenced by a VAT invoice or official receipt issued in accordance with Section 113 hereof on the following transactions shall be creditable against the output tax:

xxx

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-registered person. If the input tax exceeds the output tax, the excess shall be carried over to the succeeding quarter or quarters: xxx."

Consequently, petitioner's refundable excess input VAT for the first and second quarters of FY ended June 30, 2006 amounted to ₱26,066,581.28, computed as follows:

Particulars	FY ended June 30, 2006		Total
	1 st Quarter- (July 1 to Sept 30, 2005)	2 nd Quarter (Oct. 1 to Dec. 31, 2005)	
Excess Input VAT	₱ 19,496,365.57	₱ 10,391,310.27	₱ 29,887,675.84
Valid Zero-Rated Sales	₱ 592,131,849.27	₱ 394,475,853.38	₱ 986,607,702.65
Total Declared Zero-Rated Sales	₱ 675,481,646.57	₱ 456,679,079.46	₱ 1,132,160,726.03
% of Valid Zero-Rated Sales to Total Declared Zero-Rated Sales	87.660687%	86.379226%	
Excess Input VAT Attributable to Valid Zero-Rated Sales	₱ 17,090,647.92	₱ 8,975,933.36	₱ 26,066,581.28

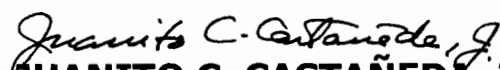
Finally, it was established that the aforesaid excess input VAT was not carried over in the succeeding quarters. Records show that petitioner's entire excess input VAT claims for the periods July 1, 2005 to September 30, 2005 and October 1, 2005 to December 31, 2005 in *xx*

the respective amounts of ₱19,496,365.57³⁷ and ₱34,128,061.57³⁸ were deducted as "VAT Refund/TCC claimed" in the Quarterly VAT Returns for the same taxable quarters preventing the carry-over or application of such input taxes in the next taxable quarters.

In fine, petitioner has sufficiently proven its entitlement to a refund or issuance of tax credit certificate in the amount of ₱26,066,581.28 representing its unutilized excess input VAT for the periods covering July 1, 2005 to September 30, 2005 and October 1, 2005 to December 31, 2005, which is attributable to its zero-rated sales/receipts for the same period.

WHEREFORE, premises considered, the instant Petition for Review is **PARTIALLY GRANTED**. Accordingly, respondent is **ORDERED TO REFUND OR ISSUE A TAX CREDIT CERTIFICATE** in favor of petitioner in the reduced amount of **₱26,066,581.28** representing its unutilized excess input VAT attributable to zero-rated sales/receipts for the periods of July 1, 2005 to September 30, 2005 and October 1, 2005 to December 31, 2005.

SO ORDERED.


JUANITO C. CASTAÑEDA, JR.
Associate Justice

WE CONCUR:


CAESAR A. CASANOVA
Associate Justice


CIELITO N. MINDARO-GRULLA
Associate Justice

³⁷ Exhibit "D", Line 25A.

³⁸ Exhibit "F", Line 23D.

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.

Juanito C. Castañeda, Jr.
JUANITO C. CASTAÑEDA, JR.
Acting Presiding Justice