

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

**MATSUSHITA BUSINESS MACHINE  
CORPORATION OF THE PHILIPPINES,**  
Petitioner,

-versus-

**COMMISSIONER OF INTERNAL REVENUE,**  
Respondent.

C.T.A. Case No. 5896

Promulgated:

**OCT 17 2001**

*M. Polinano*  
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**DECISION**

This is a Petition for Review filed by herein Petitioner on June 30, 1999 which seeks for the refund or tax credit in the aggregate amount of **NINE MILLION TWENTY FIVE THOUSAND SIX HUNDRED SEVENTY THREE & 71/100 (P9,025,673.71)** allegedly representing the unutilized input VAT paid on domestic purchases of goods/services directly attributable to zero-rated sales for the period covering April 1, 1997 to March 31, 1998.

The facts of the case are as follows:

Petitioner is a corporation duly organized and existing under and by virtue of Philippine laws with principal office at Bo. Mapandan, Ortigas Avenue Extension, Taytay, Rizal. It is registered with the BIR as a VAT taxpayer under Certificate of Registration No. 95-460-001266 (*Joint Stipulation of Facts, item Nos. 1 & 3, respectively, CTA records, page 43*).

Petitioner is duly registered with the BOI in accordance with the provisions of the Omnibus Investment Code of 1987 as a preferred pioneer enterprise for the production and export of plain paper copiers, sub-assemblies, parts and components with Certificate of Registration No. EP 95-216 dated October 2, 1995 (*Joint Stipulation of Facts, item no.4, CTA records page 43*). Under the specific terms and conditions of its BOI registration, Petitioner is entitled to among other incentives, a six-year income tax holiday starting from April 1996 or actual start of commercial operations, whichever comes first but not earlier than the date of its registration (*4<sup>th</sup> page of Exhibit A, CTA records, page 142*).

Records reveal that on various dates from July 21, 1997 to April 27, 1998, Petitioner filed its quarterly VAT returns for FY 1997 covering the period of April 1, 1997 to March 31, 1998 (Exhibits C to F, inclusive), declaring an aggregate amount of P884,289,909.38 zero-rated sales, total taxable sales of P1,558,263.90 with the corresponding output VAT of P155,826.39 and accumulated input VAT payments of P9,182,111.83 on its domestic purchases of goods/services broken down as follows:

| <u>Exh</u>                                                                                    | <u>FY</u><br><u>1997</u> | <u>Period</u><br><u>Covered</u> | <u>Zero-rated</u><br><u>Sales</u> | <u>Taxable</u><br><u>Sales</u> | <u>Output VAT</u>   | <u>Input VAT</u>    |
|-----------------------------------------------------------------------------------------------|--------------------------|---------------------------------|-----------------------------------|--------------------------------|---------------------|---------------------|
| C                                                                                             | 1st qtr                  | Apr 1-Jun 30 '97                | P156,697,129.46                   | -                              | -                   | P 3,556,501.88      |
| D                                                                                             | 2nd qtr                  | Jul 1-Sept 30 '97               | 138,485,124.54                    | -                              | -                   | 1,125,239.67        |
| E                                                                                             | 3rd qtr                  | Oct 1-Dec 31 '97                | 281,749,672.89                    | -                              | -                   | 2,637,372.63        |
| F                                                                                             | 4th qtr                  | Jan 1-Mar 31 '98                | <u>307,357,982.49</u>             | <u>P 1,558,263.90</u>          | <u>P 155,826.39</u> | <u>1,862,997.65</u> |
| Total: <u>P884,289,909.38</u> <u>P 1,558,263.90</u> <u>P 155,826.39</u> <u>P 9,182,111.83</u> |                          |                                 |                                   |                                |                     |                     |

After offsetting the output VAT of P155,826.39 against the total input VAT payments of P9,182,111.83, Petitioner reflected in its FY 1997 fourth quarterly VAT

return (Exhibit F) the amount of P9,025,673.71 as excess input VAT payments for FY 1997.

On September 10, 1998, Petitioner filed an application for tax credit/refund of its reported excess input VAT payments of P9,025,673.71 for the period of April 1, 1997 to March 31, 1998 which were allegedly directly attributable to its zero-rated sales for the same period.

Due to the Respondent's inaction on the aforementioned claim, Petitioner filed a Petition for Review with this Court on June 30, 1999.

In answer to the instant Petition for Review, Respondent raised the following Special and Affirmative Defenses:

1. Petitioner's alleged claim for refund is subject to administrative routinary investigation/examination by the Respondent's Bureau;
2. In a claim for refund, the burden of proof is on the taxpayer to establish its right to refund, and failure to sustain the burden is fatal to the claim for refund;
3. Rudimentary is the rule that claims for refund are construed in *strictissimi juris* against the taxpayer for they partake the nature of exemption from tax;
4. Moreover, Petitioner must prove that it has complied with the governing rules with reference to tax refund, which are found in Sections 204 and 229 of the Tax Code, as amended.

Petitioner for its part, introduced the following documentary evidence to substantiate its claim for refund, thus:

| EXHIBIT       | DESCRIPTION                                                                                                                    |
|---------------|--------------------------------------------------------------------------------------------------------------------------------|
| A             | Certificate of Registration No. EP 95-216 issued by the Bureau of Investments                                                  |
| B             | VAT Certificate of Registration No. 95-460-001266                                                                              |
| C, D, E, F    | Quarterly VAT Return for 1 <sup>st</sup> , 2 <sup>nd</sup> , 3 <sup>rd</sup> and 4 <sup>th</sup> quarters of taxable year 1997 |
| G, H          | Quarterly VAT Return for 1 <sup>st</sup> and 2 <sup>nd</sup> quarters of taxable year 1998                                     |
| I             | Certificate issued by Security Bank Corporation                                                                                |
| J and J-1     | Letter-application for refund filed with the BIR                                                                               |
| L             | Certification issued by the Personnel Manager of MEPCO                                                                         |
| M             | Amended Quarterly VAT Return for 2 <sup>nd</sup> Quarter of 1998                                                               |
| N, Y          | Report of SGV & Co on Petitioner's Excess Input Tax as well as its addendum thereto                                            |
| O-1 to O-19   | Summary of Input Tax                                                                                                           |
| P-1 to P-30   | Summary of Export Sales                                                                                                        |
| Q-1 to T-720  | Various ORs and invoices issued to Petitioner for its domestic purchase of goods and services                                  |
| U-1 to X-506  | Various export sales invoices and bank credit memos                                                                            |
| Z-1 to CC-529 | Various Airway bills/ Bills of Lading and Export Declarations                                                                  |
| DD-1 to DD-34 | Supporting Export Sales Schedule for the 2 <sup>nd</sup> Quarter of 1997 to 1 <sup>st</sup> Quarter of 1998                    |

As jointly stipulated by the parties, the issues to be resolved by this Court are as follows (Joint Stipulation of Facts & Issues, CTA records, pp. 43-44):

- 1.) Whether or not Petitioner's sales of its goods are zero-rated for VAT purposes.
- 2.) Whether or not Petitioner's input VAT, subject matter of the instant judicial claim for refund, is attributable to its zero-rated sales.
- 3.) Whether or not Petitioner's input VAT was not utilized or applied against its output VAT liabilities in subsequent quarters.

4.) Whether or not Petitioner is entitled to the refund of the amount of P9,025,673.71 representing unutilized input VAT for the period April 1, 1997 to March 31, 1998.

In asseverating that its sales of goods for the period April 1, 1997 to March 31, 1998 is zero-rated for VAT purposes, Petitioner cited as its legal basis Section 100(A)(2)(a)(i) of the Tax Code which provides:

Section 100. Value added tax on sale of goods or properties. –

(a) Rate and Base of Tax. x x x

(2) The following sales by VAT-registered persons shall be subject to zero percent (0%) rate:

(A) Export Sales. – The term Export Sales means

(i) The sale and actual shipment of goods from the Philippines to a foreign country, irrespective of any shipping arrangement that may be agreed upon which may influence or determine the transfer of ownership of the goods so exported and paid for in acceptable foreign currency or its equivalent in goods or services, and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas;

Corollarily, Section 4.100-2 of Revenue Regulations No. 7-95 also provides:

Section 4.100-2. Zero rated sales. – (a) In general. – A zero-rated sale by a VAT registered person, which is a taxable transaction for VAT purposes, shall not result in any output tax. However, the input tax on his purchases of goods, properties or services related to such zero-rated sale shall be available as tax credit or refund in accordance with these regulations.

On the basis of the testimonial and documentary evidence introduced to this Court, Petitioner was able to prove that its export sales from April 1, 1997 to March 31, 1998

qualify for zero-rating under Section 100(a)(2)(A)(i) [now 106(A)(2)(a)(I)] of the Tax Code]. During the course of the hearing, witness for the Petitioner testified that the company exported its products and such sales were classified as zero-rated sales, thus:

- Atty. Agan: Mr. Witness, for the Quarter Ended June 30, 1997, how much input VAT was paid by the Petitioner?
- Mr. Asis: As shown in the Tax return, the company paid the amount of P3,586,501.88.
- Atty. Agan: For the same period, how much output VAT liability was incurred by the company as shown in Exhibit C?
- Mr. Asis: The company did not incur any output VAT liability for this period since the company exported its product and the company's export sales was classified as zero-rated sales. (*TSN, January 11, 2000, page 17*)

True enough, for the period of April 1, 1997 to March 1, 1998, Petitioner actually generated export sales amounting to P883,781,681.14 (page 3 of Exhibit Y) as evidenced by various export documents for the same period such as export invoices (Exhibits U-1 to U-487, V-1 to V-561, W-1 to W-551 & X-1 to X-506, inclusive), airway bills, bills of lading and export declarations (Exhibits Z-1 to Z-287, Z-289 to Z-528, AA-1 to AA-257, AA-259 to AA-267, AA-269 to AA-367, AA-369 to AA-602, BB-1 to BB-557, CC-1 to CC-529 & DD-1 to DD-34, inclusive). Likewise, the said export sales were paid for in US dollars, inwardly remitted and accounted for in accordance with the rules and regulations of the Bangko Sentral ng Pilipinas as shown by the Security Bank Certification (Exhibit I) and various bank credit memoranda (Exhibits U-1 to U-487, V-1 to V-561, W-1 to W-551 & X-1 to X-506, inclusive).

Considering that its export sales are zero-rated, Petitioner is not liable to pay output VAT thereon and it can claim tax credit/refund of the unutilized input VAT payments directly attributable to such zero-rated sales as provided under Sections 104(b) [now 110 B] and 106(a) [now 112(A)] of the Tax Code.

However, in order to be entitled to a refund/tax credit of the alleged unutilized input VAT payment of P9,025,673.71, Petitioner must prove that:

- 1.) the claimed creditable input taxes are duly supported by VAT invoices or official receipts in accordance with Section 4.104-5 of Revenue Regulations No. 7-95 in relation to Sections 108 [now 113] and 238 [now 237] of the Tax Code;
- 2.) the claimed creditable input taxes are directly attributable to zero-rated sales;
- 3.) the claimed creditable input taxes have not been applied against any output tax nor carried over to the succeeding months/quarters; and
- 4.) both the administrative and judicial claims for refund were filed within two-years after the filing of the quarterly VAT return as provided under Section 4.106-2(c) of Revenue Regulations No. 7-95.

Whether or not Petitioner complied with the second and third requisites is similar to the second and third issues raised by both parties.

Section 4.104-5 of Revenue Regulations No. 7-95 explicitly provides for the requisites in order to establish that a taxpayer is indeed entitled to the input tax credit being claimed. It provides thus:

(a) Input taxes shall be allowed only if the domestic purchase of goods, properties or services is made in the course of trade or business. The input tax should be supported by an invoice or receipt showing the information as required under Section 108(a) and 238 of the Code.

A review of the records of the case reveals an attempt on Petitioner's part to comply with the aforesaid requirement. However, the commissioned auditing firm discovered some unsubstantiated amount. In its report (Exhibit N), SGV & Co. found, that out of the total claimed input taxes of P9,025,673.71 for the period of April 1, 1997 to March 31, 1998, the amount of P72,771.19 (CTA records, pp. 166-167) was not properly supported by VAT invoices or official receipts. A further verification by this Court of Petitioner's Summary of Input Tax (Exhibits O-1 to O-90) suppliers' invoices/official receipts (Exhibits Q-1 to Q-756, R-1 to R-622, S-1 to S-653 & T-1 to T-720, inclusive) disclosed that aside from the exceptions noted by SGV & Co of P72,771.19, the input taxes of P1,956,719.58 (see Annex A) were not also properly substantiated by VAT invoices or official receipts resulting to a total disallowance of P2,029,490.77 from Petitioner's total claim of P9,025,673.71. Hence, Petitioner was able to present valid VAT invoices or official receipts only for the remaining claim of P6,996,182.94.

With respect to the second requirement, Petitioner's FY 1997 quarterly VAT returns covering the period April 1 to March 31, 1998 (Exhibits C to F, inclusive) show that the claimed excess input taxes of P9,025,673.71 were already net of Petitioner's output VAT liability of P155,826.39 for the same period and are therefore all attributable to its zero-rated sales.

With reference to the third requirement, it was established that although the claimed excess input taxes of P9,025,673.71 were carried over to Petitioner's first and second quarters of fiscal year 1998 as shown in its quarterly returns for said periods, (Exhibits G & M), the same were deducted as "Any VAT Refund/TCC Claimed" (Exhibit M-1) from the "Total Available Input Tax" of P13,862,841.61 indicated in Petitioner's FY 1998 amended second quarterly VAT return (Exhibit M). Thus, the resulting net excess creditable input taxes of P4,837,167.90 to be carried over to the succeeding third quarter of FY 1998, pertain only to Petitioner's declared excess input VAT payments for FY 1998 first and second quarters and did not include the claimed amount of P9,025,673.71.

Finally, counting from the respective dates when the quarterly VAT returns for the period April 1, 1997 to March 31, 1998 were filed (Exhibits C to F, inclusive), both the administrative and judicial claims filed by Petitioner on September 10, 1998 (Exhibit J) and June 30, 1999, respectively, fall within the two-year prescriptive period provided under Section 4.106-2(c) of Revenue Regulations No.7-95.

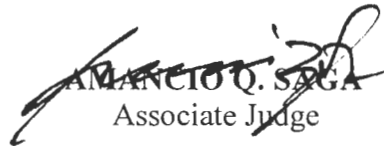
In sum, Petitioner sufficiently proved that it is entitled to a refund/tax credit of excess input VAT payments for the period April 1, 1997 to March 31, 1998 which are directly attributable to its zero-rated sales for the same period but in a reduced amount of P6,996,182.94 computed as follows:

|                                                            |                     |                       |
|------------------------------------------------------------|---------------------|-----------------------|
| Claimed Excess Input Taxes                                 |                     | P 9,025,673.71        |
| Less: Disallowances                                        |                     |                       |
| 1.) Per SGV Report (Exhibit N)                             | P 72,771.19         |                       |
| 2.) Per this Court's Further<br>Verification (see Annex A) | <u>1,956,719.58</u> | <u>2,029,490.77</u>   |
| Refundable Excess Input Taxes                              |                     | <u>P 6,996,182.94</u> |

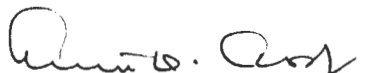
In view of the above findings, this Court finds that Petitioner is entitled to the refund but only up to the extent of P6,996,182.94.

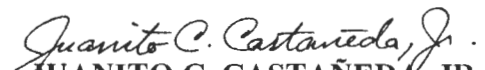
**WHEREFORE**, the instant Petition for Review is **PARTIALLY GRANTED**. Respondent is hereby **ORDERED** to **REFUND** or issue a Tax Credit Certificate in favor of Petitioner the reduced amount of SIX MILLION NINE HUNDRED NINETY SIX THOUSAND ONE HUNDRED EIGHTY TWO & 94/100 (P6,996,182.94) representing the excess and unutilized input tax for the period of April 1, 1997 to March 31, 1998.

**SO ORDERED.**

  
AMANCIO O. SOGA  
Associate Judge

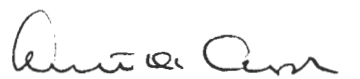
**WE CONCUR:**

  
ERNESTO D. ACOSTA  
Presiding Judge

  
JUANITO C. CASTAÑEDA, JR.  
Associate Judge

### **CERTIFICATION**

I hereby certify that the above decision was reached after due consultation with the members of the Court of Tax Appeals in accordance with Section 13, Article VIII of the Constitution.

  
ERNESTO D. ACOSTA  
Presiding Judge

CTA CASE NO. 5896  
 SCHEDULE OF ADDITIONAL DISALLOWANCES  
 ON CLAIMED INPUT VAT  
 FOR THE PERIOD APRIL 1, 1997 - MARCH 31, 1998  
 PER THIS COURT'S VERIFICATION

| <u>Month Covered</u>                                                                                                          | <u>Supplier</u>            | <u>Exhibit</u> | <u>Ref. #</u> |   | <u>Invoice Amount</u> | <u>Disallowed Input VAT</u> |
|-------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------|---------------|---|-----------------------|-----------------------------|
| <b>1.) Invoices and/or Official Receipts not under the name of Matsushita Business Machine Corporation of the Philippines</b> |                            |                |               |   |                       |                             |
| Apr. '97                                                                                                                      | Manila Emroidery           | Q-130          | 10610         | P | 223.30                | P 20.30                     |
| Apr. '97                                                                                                                      | Jacinto Kyung-In Chemical  | Q-54           | 1736          |   | 819.00                | 74.46                       |
| Apr. '97                                                                                                                      | Jacinto Kyung-In Chemical  | Q-55           | 1824          |   | 7,650.00              | 695.46                      |
| May '97                                                                                                                       | Robinson's Dept. Store     | Q-330          | 37826         |   | 297.00                | 27.00                       |
| May '97                                                                                                                       | National Bookstore         | Q-360          | 18613         |   | 189.00                | 17.18                       |
| June '97                                                                                                                      | Northgate Technologies     | Q-570          | 18335         |   | 2,600.00              | 236.36                      |
| June '97                                                                                                                      | Cardinal Santos Center     | Q-576          | 197041467     |   | 2,803.85              | 254.89                      |
| June '97                                                                                                                      | Cardcraft Phils.           | Q-579          | 7915          |   | 1,900.00              | 172.73                      |
| June '97                                                                                                                      | Odyssey Records            | Q-599          | 1074          |   | 560.00                | 50.91                       |
| June '97                                                                                                                      | Northgate Technologies     | Q-754          | 18335         |   | 28,500.00             | 2,590.91                    |
| July '97                                                                                                                      | East Garden Restaurant     | R-49           | 17189         |   | 6,000.00              | 545.45                      |
| July '97                                                                                                                      | Nandau Restaurant          | R-50           | 18787         |   | 3,333.00              | 303.00                      |
| Sept. '97                                                                                                                     | Steelite Construction      | R-425          | 0800          |   | 21,000.00             | 1,909.09                    |
| Oct. '97                                                                                                                      | Takamura Japanese Rest.    | S-193          | 879           |   | 2,064.00              | 187.64                      |
| Oct. '97                                                                                                                      | Fit-Walk Shoes             | S-30           | 21936         |   | 132.75                | 12.07                       |
| Nov. '97                                                                                                                      | Cainta Trading Co.         | S-293          | 200982        |   | 47.00                 | 4.27                        |
| Jan '98                                                                                                                       | Electroworld               | T-39           | 4877          |   | 10,995.00             | 999.55                      |
| Feb. '98                                                                                                                      | Allbba                     | T-224          | 3432          |   | 7,900.00              | 718.18                      |
| Feb. '98                                                                                                                      | National Bookstore         | T-242          | 39940         |   | 129.89                | 11.81                       |
| Feb. '98                                                                                                                      | National Bookstore         | T-258          | 2548          |   | 4,095.70              | 372.34                      |
| Feb. '98                                                                                                                      | National Bookstore         | T-262          | 41111         |   | 66.75                 | 6.07                        |
| Feb. '98                                                                                                                      | National Bookstore         | T-262          | 41176         |   | 842.25                | 76.57                       |
| Mar. '98                                                                                                                      | D 'Rey Printing Corp.      | T-447          | 2959          |   | 1,000.00              | 90.91                       |
| Mar. '98                                                                                                                      | Tropical Hut               | T-489          | 24057         |   | 95.00                 | 8.64                        |
| Mar. '98                                                                                                                      | Steelite Construction      | T-648          | 1052          |   | 7,200.00              | 654.55                      |
|                                                                                                                               |                            |                |               |   | <b>subtotal</b>       | <b>P 10,040.33</b>          |
| <b>2.) Invoices and/or Official Receipts not within the period of claim</b>                                                   |                            |                |               |   |                       |                             |
| Apr. '97                                                                                                                      | Gemini Customs Services    | Q-138          | 957           | P | 2,800.00              | P 254.55                    |
| Apr. '97                                                                                                                      | National Bookstore         | Q-86           | 477298        |   | 106.75                | 9.70                        |
| Apr. '97                                                                                                                      | Tropical Hut               | Q-87           | 20551         |   | 39.75                 | 3.61                        |
| Apr. '97                                                                                                                      | Foto World Sales           | Q-87           | 16246         |   | 154.50                | 14.05                       |
| May '97                                                                                                                       | Rapid Air Freight          | Q-382          | 97599         |   | 1,084.45              | 98.59                       |
| May '97                                                                                                                       | NYK Fil-Japan Shipping Cor | Q-383          | MNL-97-00028  |   | 24,046.56             | 2,186.05                    |
| June '97                                                                                                                      | New Trading Paint Center   | Q-575          | 1683          |   | 300.00                | 27.27                       |
| Mar. '98                                                                                                                      | Lep Int'l Inc.             | T-691          | 174806        |   | 5,123.00              | 465.73                      |
| Mar. '98                                                                                                                      | Kaizenfreight Inc.         | T-695          | 183           |   | 63,500.00             | 5,772.73                    |
|                                                                                                                               |                            |                |               |   | <b>subtotal</b>       | <b>P 8,832.27</b>           |
| <b>3.) Without supporting documents</b>                                                                                       |                            |                |               |   |                       |                             |
| July '97                                                                                                                      | Pola Von Transport         |                | 1632          | P | 23,980.00             | P 2,180.00                  |

CTA CASE NO. 5896  
 SCHEDULE OF ADDITIONAL DISALLOWANCES  
 ON CLAIMED INPUT VAT  
 FOR THE PERIOD APRIL 1, 1997 - MARCH 31, 1998  
 PER THIS COURT'S VERIFICATION

| <u>Month Covered</u>                                                                                                        | <u>Supplier</u>           | <u>Exhibit</u> | <u>Ref. #</u> |   | <u>Invoice Amount</u> | <u>Disallowed Input VAT</u> |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------|---------------|---|-----------------------|-----------------------------|
| Dec. '97                                                                                                                    | B.I.R.                    |                |               |   | 10,698,685.36         | 972,607.76                  |
| Mar. '98                                                                                                                    | Yerco Packaging Prod.     |                |               |   | 9,043.98              | 822.18                      |
|                                                                                                                             |                           |                |               |   | <b>subtotal</b>       | <b>P 973,429.94</b>         |
| 4.) Supported by documents other than Invoices and/or Official Receipts such as provisional receipt, delivery receipt, etc. |                           |                |               |   |                       |                             |
| May '97                                                                                                                     | Kim-Len Merchandise       | Q-361          | 1402          | P | 200.00                | P 18.18                     |
| Aug. '97                                                                                                                    | Everlasting Photo Express | R-212          | 898           |   | 151.00                | 13.73                       |
|                                                                                                                             |                           |                |               |   | <b>subtotal</b>       | <b>P 31.91</b>              |
| 5.) Invoices and/or Official Receipts printed prior to July 31, 1991 with only TAN#/VAT#                                    |                           |                |               |   |                       |                             |
| Apr. '97                                                                                                                    | Esh & Mock-up Fabrication | Q-100          | 358           | P | 3,225.00              | P 293.18                    |
| Apr. '97                                                                                                                    | Encargo                   | Q-198          | 780           |   | 76,389.96             | 6,944.54                    |
| June '97                                                                                                                    | Manuel Metal Industries   | Q-588          | 87            |   | 1,200.00              | 109.09                      |
| June '97                                                                                                                    | Encargo                   | Q-652          | SA14          |   | 6,236.80              | 566.98                      |
| June '97                                                                                                                    | Encargo                   | Q-652          | SA16          |   | 10,373.90             | 943.08                      |
| Feb. '98                                                                                                                    | Tropical Hut              | T-261          | 23330         |   | 80.85                 | 7.36                        |
|                                                                                                                             |                           |                |               |   | <b>subtotal</b>       | <b>P 1,626.51</b>           |
| 6.) Invoices and/or Official Receipts printed after July 31, 1991 without V/VAT after TIN; TIN-V/VAT                        |                           |                |               |   |                       |                             |
| May '97                                                                                                                     | Sta. Lucia East           | Q-330          | 5584          | P | 265.00                | P 24.09                     |
| May '97                                                                                                                     | Sta. Lucia East           | Q-331          | 9682          |   | 449.50                | 40.86                       |
| June '97                                                                                                                    | Hapag-Lloyd Phils.        | Q-640          | 27495         |   | 1,721.20              | 156.47                      |
| June '97                                                                                                                    | Hapag-Lloyd Phils.        | Q-641          | 28190         |   | 1,720.50              | 156.41                      |
| Mar. '98                                                                                                                    | DCM Interior & Supply     | T-495          | 345           |   | 18,720.00             | 1,701.82                    |
|                                                                                                                             |                           |                |               |   | <b>subtotal</b>       | <b>P 2,014.70</b>           |
| 7.) Invoices printed after July 31, 1991 with only stamped TIN/V                                                            |                           |                |               |   |                       |                             |
| May '97                                                                                                                     | J.A. Burgos Store         | Q-350          | 0350          | P | 2,535.00              | P 230.45                    |
| Aug. '97                                                                                                                    | J.A. Burgos Store         | R-193          | 361           |   | 290.00                | 26.38                       |
| Aug. '97                                                                                                                    | J.A. Burgos Store         | R-194          | 389           |   | 290.00                | 26.36                       |
| Aug. '97                                                                                                                    | J.A. Burgos Store         | R-226          | 294           |   | 399.00                | 36.27                       |
| Feb. '98                                                                                                                    | J.A. Burgos Store         | T-230          | 443           |   | 1,000.00              | 90.91                       |
|                                                                                                                             |                           |                |               |   | <b>subtotal</b>       | <b>P 410.36</b>             |

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| <u>Month Covered</u>                           | <u>Supplier</u>         | <u>Exhibit</u> | <u>Ref. #</u> |   | <u>Invoice Amount</u> |          | <u>Disallowed Input VAT</u> |
|------------------------------------------------|-------------------------|----------------|---------------|---|-----------------------|----------|-----------------------------|
| <b>8.) Non-VAT Official Receipt</b>            |                         |                |               |   |                       |          |                             |
| Jan. '98                                       | Nancy Padilla           | T-146          | 0003          | P | 921,291.36            | P        | 83,753.76                   |
|                                                |                         |                |               |   | <b>subtotal</b>       | <b>P</b> | <b>83,753.76</b>            |
| <b>9.) Invoice twice reported</b>              |                         |                |               |   |                       |          |                             |
| July '97                                       | Pola Von Transport      | R-3            | 1671          | P | 23,980.00             | P        | 2,180.00                    |
|                                                |                         |                |               |   | <b>subtotal</b>       | <b>P</b> | <b>2,180.00</b>             |
| <b>10.) Claimed amount is not an input VAT</b> |                         |                |               |   |                       |          |                             |
| May '97                                        | MEI Royalty - Tech. Fee | Q-461 to Q-463 |               | P | 9,618,397.75          | P        | 874,399.80                  |
|                                                |                         |                |               |   | <b>subtotal</b>       | <b>P</b> | <b>874,399.80</b>           |
|                                                |                         |                |               |   | <b>T o t a l</b>      | <b>P</b> | <b>1,956,719.58</b>         |