REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL THIRD DIVISION

SAMSUNG SDS GLOBAL SCL PHILIPPINES CO., LTD. INC., *Petitioner,* -versus- **COMMISSIONER OF INTERNAL REVENUE,** *Respondent.*	**CTA Case No. 10890** Members: **REYES-FAJARDO**, *Acting Chairperson*, and **ANGELES**, *JJ.* Promulgated: JAN 20 2026 3:52 p.m.

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operating as an international air and freight forwarding provider.[3] It is registered with the Bureau of Internal Revenue (BIR), with Taxpayer Identification Number 008-135-008-00000.[4]

Respondent Commissioner of Internal Revenue (CIR) is a government agency empowered, among others, to decide disputed assessments, refunds of internal revenue taxes, fees and other charges, penalties in relation thereto, and other matters arising from the implementation of the National Internal Revenue Code (NIRC) of 1997, as amended, and other laws administered by the BIR. Its address is at the BIR National Office Building, BIR Road, Diliman, Quezon City.[5]

FACTS

On August 7, 2020, petitioner filed with the BIR an *Application for Tax Credits/Refunds* (BIR Form No. 1914),[6] and the letter dated July 29, 2020,[7] requesting for the refund of its unutilized CWTs for CY 2019, in the amount of ₱38,244,243.00. However, said *Application* was not acted upon by the BIR.

On June 14, 2022, petitioner filed the present *Petition for Review*.[8]

On September 2, 2022, within the period granted by the Court,[9], respondent posted his *Answer (with Motion to Dismiss)*,[10] interposing his special and affirmative defenses.

On September 13, 2022, respondent transmitted to this Court the entire *BIR Records* for this case, consisting of 463 pages.[11]

On October 4, 2022, petitioner filed its *Comment/Opposition (to the Motion to Dismiss dated September 2, 2022)*.[12] In the Resolution

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3 Par. A.3, JSFI, Docket – Vol. 1, pp. 323 to 324.
4 Par. A.4, JSFI, Docket – Vol. 1, p. 324; Exhibit "P-3", Docket – Vol. II, pp. 512 to 514.
5 Par. A.2, JSFI, Docket – Vol. 1, p. 323.
6 Exhibit "P-18", Docket – Vol. 1, p. 199.
7 Exhibit "P-20", Docket – Vol. 1, pp. 200 to 201.
8 Docket – Vol. 1, pp. 6 to 27.
9 Respondent's *Motion for Additional Time to File Answer* dated July 28, 2022, Docket – Vol. 1, pp. 223 to 225; Resolution dated September 7, 2022, Docket – Vol. 1, pp. 229 to 230.
10 Docket – Vol. 1, pp. 231 to 237.
11 *Compliance* (undated), Docket – Vol. 1, p. 240.

dated December 13, 2022, the Court denied respondent's *Motion to Dismiss*.[13]

On March 29, 2023, the Pre-Trial Conference was held.[14]

On April 13, 2023, the parties submitted their *Joint Stipulation of Facts and Issues*,[15] which was approved by the Court in a Resolution dated May 9, 2023,[16] thereby terminating the Pre-Trial. Accordingly, on July 7, 2023, the Pre-Trial Order was issued.[17]

Trial ensued.

Petitioner presented its witnesses, namely: (1) Ms. Sheena Lyn Ching,[18] its Finance Manager; and (2) Ms. Mae Cristina Galanza,[19] the Court-commissioned Independent Certified Public Accountant (ICPA).[20]

On December 5, 2023, the ICPA Report was posted.[21]

On March 4, 2024, petitioner filed its *Formal Offer of Evidence*,[22] to which respondent posted his *Comment (To Petitioner's Formal Offer of Evidence)* on March 12, 2024.[23] In the Resolution dated June 27, 2024,[24] petitioner's offered exhibits were admitted, except Exhibits "P-64-1" to "P-64-11," for not being found in the records of the case.

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12 Docket – Vol. 1, pp. 243 to 246.
13 Docket – Vol. 1, pp. 249 to 252.
14 Notice of Resetting dated February 21, 2023, Docket – Vol. 1, p. 305; Minutes of the hearing held on, and Order dated, March 29, 2023, Docket – Vol. 1, pp. 310 to 312, and 317 to 319, respectively.
15 Docket – Vol. 1, pp. 323 to 333.
16 Docket – Vol. 1, p. 338.
17 Docket – Vol. 1, pp. 342 to 350.
18 Exhibit "P-24", Docket – Vol. 1, pp. 283 to 295, and 398 (for the corrected Attestation); Minutes of the hearing held on, and Order dated, October 11, 2023, Docket – Vol. 1, pp. 378, and 380 to 382, respectively.
19 Exhibit "P-68", Docket – Vol. 1, pp. 460 to 478; Minutes of the hearing held on, and Order dated, February 6, 2024, Docket – Vol. 1, pp. 483 to 485.
20 *Oath of Commission* dated October 11, 2023, Docket – Vol. 1, p. 379; Minutes of the hearing held on, and Order dated, October 11, 2023, Docket – Vol. 1, pp. 378, and 380 to 382, respectively.
21 Exhibits "P-23", Docket – Vol. 1, pp. 433 to 454.
22 Docket – Vol. II, pp. 489 to 498.
23 Docket – Vol. II, pp. 647 to 648.
24 Docket – Vol. II, pp. 655 to 656.

On July 12, 2024, petitioner filed its *Motion for Reconsideration to the Resolution dated June 27, 2024.*[25] Respondent failed to file his comment thereon.[26] In the Resolution dated November 13, 2024,[27] the Court granted petitioner's *Motion.* Accordingly, Exhibits "P-64-1" to "P-64-11" were admitted as evidence.

On the other hand, respondent's counsel informed the Court that she will no longer present any witness.[28]

On December 11, 2024, the *Memorandum for Respondent* was posted,[29] while on December 12, 2024, petitioner's *Memorandum* was posted.[30]

On January 20, 2025, the case was submitted for decision.[31]

THE ISSUE

Is petitioner is entitled for tax refund of its excess and unutilized CWT for CY 2019 amounting to Thirty-Eight Million Two Hundred Forty-Four Thousand Two Hundred Forty-Three Pesos (₱38,244,243.00)?[32]

Petitioner's argument:

Petitioner argues that the claim for refund should be granted because all the elements necessary are present.

Respondent's counter-arguments:

Respondent contends that: 1) petitioner failed to demonstrate that the tax, which is the subject of this case, was erroneously or

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25 Docket – Vol. II, pp. 658 to 659.
26 Records Verification dated September 10, 2024, issued by the Judicial Records Division of this Court, Docket – Vol. II, p. 664.
27 Docket – Vol. II, pp. 668 to 669.
28 Minutes of the hearing held on, and Order dated, November 13, 2024, Docket – Vol. II, pp. 670 to 672.
29 Docket – Vol. II, pp. 675 to 682.
30 Docket – Vol. II, pp. 687 to 711.
31 Minute Resolution dated January 20, 2025, Docket – Vol. II, p. 714.
32 Par. B, JSFI, Docket – Vol. 1, p. 324.

illegally collected; 2) the judicial claim was filed beyond the period allowed by law; and 3) the instant claim for refund is tainted with procedural infirmity because petitioner failed to submit complete documents in support of its administrative claim for refund.

THE COURT'S RULING

The *Petition for Review* is denied.

Petitioner's administrative and judicial claims for refund were timely filed. Hence, the Court has jurisdiction over the case.

Section 7(a)(2) of Republic Act (R.A.) No. 1125,[33] as amended by R.A. No. 9282, in relation to Section 3(a)(2), Rule 4 of the Revised Rules of the Court of Tax Appeals (RRCTA)[34] clothes the Court with jurisdiction over inaction of respondent involving refund of internal revenue taxes, among others.

Among the recognized claims for credit or refund of internal revenue taxes are those arising from the erroneous or excessive collection thereof, as expressly provided under Sections 204(C) and 229 of the NIRC of 1997, as amended, *viz.*:

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33 Sec. 7. Jurisdiction. – The CTA shall exercise:

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

. . .

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

34 SEC. 3. Cases within the jurisdiction of the Court in Division. – The **Court in Division** shall exercise:

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

. . .

(2) **Inaction by the Commissioner of Internal Revenue in cases involving** disputed assessments, **refunds of internal revenue taxes,** fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other Laws, administered by the Bureau of Internal Revenue . . .

> SEC. 204. Authority of the Commissioner to Compromise, Abate and Refund or Credit Taxes. – The Commissioner may –
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> . . .
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> (c) Credit or refund taxes erroneously or illegally received or penalties imposed without authority, refund the value of internal revenue stamps when they are returned in good condition by the purchaser, and, in his discretion, redeem or change unused stamps that have been rendered unfit for use and refund their value upon proof of destruction. **No credit or refund of taxes or penalties shall be allowed unless the taxpayer files in writing with the Commissioner a claim for credit or refund within two (2) years after the payment of the tax or penalty**: Provided, however, That a return filed showing an overpayment shall be considered as a written claim for credit or refund.[35]
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> . . .
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> Sec. 229. Recovery of Tax Erroneously or Illegally Collected. – No suit or proceeding shall be maintained in any court for the recovery of any national internal revenue tax hereafter alleged to have been erroneously or illegally assessed or collected, or of any penalty claimed to have been collected without authority, of any sum alleged to have been excessively or in any manner wrongfully collected without authority, or of any sum alleged to have been excessively or in any manner wrongfully collected, until a claim for refund or credit has been duly filed with the Commissioner; but such suit or proceeding may be maintained, whether or not such tax, penalty, or sum has been paid under protest or duress.
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> **In any case, no such suit or proceeding shall be filed after the expiration of two (2) years from the date of payment of the tax or penalty regardless of any supervening cause that may arise after payment.** Provided, however, That the Commissioner may, even without a written claim therefor, refund or credit any tax, where on the face of the return upon which payment was made, such payment appears clearly to have been erroneously paid.[36]

Under the foregoing provisions, claims for refund of taxes erroneously or excessively paid—whether administrative or judicial—must be filed within two (2) years from the date of payment of taxes.

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35 Emphasis supplied.
36 Emphasis supplied.

It is well settled that the two (2)-year prescriptive period for claiming a refund of overpaid income tax or CWTs begins to run from the date of filing of the Final Adjustment Return (FAR) or Annual Income Tax Return (ITR), as it is only upon such filing that the taxpayer can finally determine—based on the adjusted and audited figures—whether a tax is still due or an overpayment exists subject to refund or tax credit.[37]

Here, petitioner filed its original Annual ITR for 2019 on June 15, 2020.[38] Counting two (2) years from October 15, 2018, petitioner had until June 15, 2022, within which to file both its administrative and judicial claims.

Considering that petitioner filed its administrative claim for refund with the BIR on August 7, 2020,[39] while the present judicial claim was filed on June 14, 2022,[40] both claims for refund of unutilized/excess CWTs for CY 2019 were seasonably filed within the two (2)-year prescriptive period. Consequently, the Court properly acquired jurisdiction over the case.

Petitioner complied with Section 76 of the NIRC of 1997, as amended.

Section 76 of the NIRC of 1997, as amended, gives a taxable corporation two (2) options on how to treat any excess total quarterly income tax payments over total income tax due in a given taxable year, to wit:

> SEC. 76. Final Adjustment Return. - Every corporation liable to tax under Section 27 shall file a final adjustment return covering the total taxable income for the preceding calendar or fiscal year. **If the sum of the quarterly tax payments made during the said taxable year is not equal to the total tax due on the entire taxable income of that year, the corporation shall either**:
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> (A) Pay the balance of the tax still due; or

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37 *Commissioner of Internal Revenue v. Carrier Air Conditioning Philippines, Inc.*, G.R. No. 226592, July 27, 2021; *Commissioner of Internal Revenue v. Univation Motor Philippines, Inc.*, G.R. No. 231581, April 10, 2019; *Metropolitan Bank & Trust Co. v. Commissioner of Internal Revenue*, G.R. No. 182582, April 17, 2017.

38 Exhibit "P-4", Docket - Vol. II, pp. 515 to 522.

39 Exhibits "P-18", "P-19" and "P-20", Docket - Vol. 1, pp. 198 to 201.

40 Docket - Vol. 1, pp. 6 to 27.

> (B) **Carry-over the excess credit**; or
> (C) **Be credited or refunded with the excess amount paid**, as the case may be.
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> In case the corporation is entitled to a tax credit or refund of the excess estimated quarterly income taxes paid, the excess amount shown on its final adjustment return may be carried over and credited against the estimated quarterly income tax liabilities for the taxable quarters of the succeeding taxable years. **Once the option to carry-over and apply the excess quarterly income tax against income tax due for the taxable quarters of the succeeding taxable years has been made, such option shall be considered irrevocable** for that taxable period and no application for cash refund or issuance of a tax credit certificate shall be allowed therefor.[41]

Thus, a taxpayer may either: (1) carry-over the excess amount to the succeeding taxable quarters/years until it is fully utilized, or (2) file a claim for refund in the form of cash or tax credit certificate (TCC). Once the carry-over option is actually or constructively exercised, it becomes irrevocable for the taxable year concerned.[42] The choice must be indicated in the Annual ITR, and since the remedies are alternative, the exercise of one precludes the other.[43]

Here, petitioner has a total CWTs for CY 2019 amounting to ₱38,244,243.59, summarized as follows:[44]

Period	Reference	Amount
1st Quarter	Exhibits "P-29" and "P-30-1"	₱8,908,216.55
2nd Quarter		8,392,476.14
3rd Quarter		6,042,894.64
4th Quarter		14,900,656.26
	TOTAL	**₱38,244,243.59**

A perusal of petitioner's amended Annual ITR for CY 2019 shows that petitioner had income tax credits in the total amount of ₱116,338,371.00,[45] consisting of the following details:

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41 Emphasis supplied.

42 *Rhombus Energy, Inc. v. Commissioner of Internal Revenue*, G.R. No. 206362, August 1, 2018, citing the case of *Republic of the Philippines, represented by the Commissioner of Internal Revenue v. Team (Phils.) Energy Corporation (formerly Mirant (Phils.) Energy Corporation*, G.R. No. 188016, January 14, 2015; *Philam Asset Management, Inc. v. Commissioner of Internal Revenue*, G.R. Nos. 156637 & 162004, December 14, 2005; *Systra Philippines, Inc v. Commissioner of Internal Revenue*, G.R. No. 176290, September 21, 2007.

43 Refer to *Philippine Bank of Communications v. Commissioner of Internal Revenue, et al.*, G.R. No. 112024, January 28, 1999.

44 Exhibit "P-23", Docket - Vol. 1, at p. 444.

Prior Year's Excess Credits other than Minimum Corporate Income Tax (MCIT)		₱78,094,128.00
Add: Creditable Taxes Withheld - Taxable Year 2019		
Creditable tax withheld for the first three quarters per BIR Form 2307	₱23,343,587.00	
Creditable tax withheld per BIR Form 2307 for the fourth quarter	14,900,656.00	38,244,243.00
Total Tax Credits		**₱116,338,371.00**

Petitioner claims that it applied its prior year's excess credits in the amount of ₱78,094,128.00 to pay for its MCIT due for CY 2019 in the amount of ₱6,076,100.00, leaving a balance of its prior year's excess credits of ₱72,018,028.00, and CWTs during the CY 2019 in the amount of ₱38,244,243.00. Thus, petitioner has a total unutilized tax credit of ₱110,262,271.00 as of December 31, 2019, as shown below:[46]

Income Tax Due other than MCIT	₱ 0.00
MCIT	6,076,100.00
Total Income Tax Due	₱ 6,076,100.00
Less: Total Tax Credits/Payments	116,338,371.00
Net Tax Payable (Overpayment) as of December 31, 2019	**₱ (110,262,271.00)**

Pursuant to Section 2.58.3 of Revenue Regulations (RR) No. 2-98, the submission of petitioner's Annual ITR for CY 2018 is sufficient to prove its prior year's excess credits[47] other than MCIT in the amount of ₱78,094,128.00, *viz.*:

> Sec. 2.58.3. Claim for tax credit or refund. –
>
> . . .
>
> (C) Excess Credits. – An individual or corporate taxpayer's **excess expanded withholding tax credits** for the taxable quarter/year shall automatically be allowed as a credit against his [or her] income tax due for the taxable quarters/years immediately succeeding the taxable quarters/years in which the excess credit arose, provided he **[or she] submits with his income tax return, a copy of the first page of his income tax return for the previous taxable period showing the amount of his [or her] excess**

45 Exhibit "P-5-1", Docket - Vol. II, p. 528.
46 Exhibits "P-5-2" and "P-5-4", Docket - Vol. II, pp. 523 to 524.
47 *Commissioner of Internal Revenue v. Philippine National Bank*, G.R. No. 212699, March 13, 2019; *Winebrenner & Iñigo Insurance Brokers, Inc. v. Commissioner of Internal Revenue*, G.R. No. 206526, January 28, 2015.

> **withholding tax credits**, and on which return he [or she] has not opted for a cash refund or tax credit certificate.[48]

Under said provision, excess CWTs validly carried over from one taxable year automatically become credits against the income tax due of the succeeding taxable year, provided such excess is evidenced by the Annual ITR for the year when the credits arose and the taxpayer did not opt for a cash refund or TCC.

Here, petitioner presented its Annual ITR for CY 2018 showing the excess tax credits amounting to ₱78,094,128.00, as shown below:[49]

Prior Year's Excess Credits other than MCIT	₱ 44,601,946.00
Add: Creditable Taxes Withheld - CY 2018	
For the First Three Quarters	11,728,635.00
For the 4th Quarter	22,531,346.00
Total Tax Credits	**₱78,861,927.00**
Less: MCIT due	767,799.00
Excess Tax Credits as of Dec. 31, 2018	**₱78,094,128.00**

Clearly, the prior year's excess tax credits of ₱78,094,128.00 appearing in petitioner's 2018 Annual ITR are more than enough to cover petitioner's MCIT due for CY 2019 amounting to ₱6,076,100.00. Thus, the reported CWTs for CY 2019 in the amount of ₱38,244,243.00 remained unutilized at the end of CY 2019.

As indicated on the face of its original and amended Annual ITR for CY 2019,[50] petitioner marked the box corresponding to the option *"To be refunded"*, clearly manifesting its intention to claim for refund of its excess/unutilized CWTs for CY 2019. Correspondingly, the CWTs for CY 2019 in the amount of ₱38,244,243.00 *may* be the subject of a tax credit or refund claim, under Section 76 of the NIRC of 1997, as amended.

This refund option was further affirmed by petitioner when it carried over only the amount of ₱72,018,028.00 as prior year's excess tax credits in its Annual ITR for CY 2020.[51] Said amount excludes the

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48 Emphasis supplied.

49 Line 16 and 20, Part II - Total Tax Payable, and Schedule 7 - Tax Credits/Payments, Exhibit "P-17", Docket - Vol. II, pp. 624 and 629, respectively.

50 Line 21, Exhibit "P-4", Docket - Vol. II, p. 515; Exhibit "P-5-3", Docket - Vol. II, p. 523.

51 Line 44, Exhibit "P-10", Docket - Vol. II, p. 587.

CWTs being claimed for refund in this case amounting to ₱38,244,243.00.

With the above-stated findings, the Court shall now proceed to determine petitioner's compliance with the requisites for claiming a tax credit or refund of excess and unutilized CWTs.

Petitioner failed to prove compliance with all three (3) requisites to claim a tax credit or refund of excess and unutilized CWT.

Commissioner of Internal Revenue v. Univation Motor Philippines, Inc. (Formerly Nissan Motor Philippines, Inc.),[52] laid down the basic requirements for a taxpayer to be entitled to a refund or an issuance of TCC for unutilized excess CWTs, thus:

1. The claim for refund must be filed within the two (2)-year prescriptive period as provided under Sections 204(C) and 229 of the NIRC of 1997, as amended;

2. The fact of withholding must be established by a copy of a statement duly issued by the payor (withholding agent) to the payee, showing the amount paid and the amount of tax withheld therefrom; and

3. The income upon which the taxes were withheld must be included in the return of the recipient.[53]

Thus, it is incumbent upon petitioner to establish **all** the foregoing requisites. However, petitioner failed to do so.

First requisite: *Petitioner timely filed both its administrative and judicial claims for issuance of TCC.*

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52 G.R. No. 231581, April 10, 2019.

53 *Republic of the Philippines, represented by the Commissioner of Internal Revenue v. Team (Phils.) Energy Corporation (formerly Mirant (Phils.) Energy Corporation)*, supra; *United International Pictures AB v. Commissioner of Internal Revenue*, G.R. No. 168331, October 11, 2012; *Citibank N.A. v. Court of Appeals, et al.*, G.R. No. 107434, October 10, 1997; *ACCRA Investments Corporation v. The Honorable Court of Appeals, et al.*, G.R. No. 96322, December 20, 1991; Section 2.58, Revenue Regulations (RR) No. 2-98, as amended.

As already discussed above, the Court found that petitioner's administrative claim on August 7, 2020,[54] and judicial claim on June 14, 2022,[55] were timely filed within the two (2)-year prescriptive period required under Sections 204(C) and 229 of the NIRC of 1997, as amended. Thus, petitioner has complied with the first requisite.

Second requisite: Petitioner established the fact of withholding to the extent of ₱38,129,660.78.

With regard to the *second* and *third* requisites, the basis thereof is Section 2.58.3(B) of RR No. 2-98, as amended, which states:

> Sec. 2.58.3. *Claim for Tax Credit or Refund.* –
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> . . .
>
> (B) Claims for tax credit or refund of any creditable income tax which was deducted and withheld on income payments shall be given due course **only when it is shown that the income payment has been declared as part of the gross income and the fact of withholding is established by a copy of the withholding tax statement duly issued by the payor to the payee showing the amount paid and the amount of tax withheld therefrom.**[56]

The *second* requisite mandates petitioner to prove the fact of withholding of the claimed CWTs through a copy of the statement duly issued by the payor (withholding agent) to the payee showing the names of the payor and payee, the income payment and the amount of tax withheld therefrom.

In *Commissioner of Internal Revenue vs. Philippine National Bank,*[57] the Supreme Court held that the *Certificate of Creditable Tax Withheld at Source* (BIR Form No. 2307) is the competent proof to establish the fact that taxes are withheld, to wit:

> **The certificate of creditable tax withheld at source is the competent proof to establish the fact that taxes are withheld.** It is not necessary for the person who executed and prepared the

54 Exhibits "P-18", "P-19" and "P-20", Docket – Vol. 1, pp. 198 to 201.
55 Docket – Vol. 1, pp. 6 to 27.
56 Emphasis supplied.
57 G.R. No. 180290, September 29, 2014.

certificate of creditable tax withheld at source to be presented and to testify personally to prove the authenticity of the certificates.[58]

Thus, to establish compliance with the *second* requisite, petitioner presented various BIR Form No. 2307 issued to it by its clients for CY 2019, which reflected CWTs in the total amount of ₱38,244,243.59 with related income payments of ₱1,782,375,324.89, detailed as follows:

Payor	Period Covered	Income Payments	CWT (1%/2%/15%)	Exhibit No(s).
HONDA TRADING PHILIPPINES CORPORATION / HONDA TRADING PHILS CORP	1st Quarter	₱ 122,234.67	₱ 5,915.20	"P-30-1-11"
	2nd Quarter	100,500.00	2,010.00	"P-30-1-19"
	Subtotal	**₱ 222,734.67**	**₱ 7,925.20**	
HONDA TRADING PHILIPPINES ECOZONE CORPORATION / HONDA TRADING PHILS ECO CORP	1st Quarter	₱ 367,800.00	₱ 13,978.00	"P-30-1-7", "P-30-1-8", "P-30-1-9", "P-30-1-10", "P-30-1-12"
	2nd Quarter	350,400.00	10,360.00	"P-30-1-16", "P-30-1-17", "P-30-1-20", "P-30-1-22", "P-30-1-24", "P-30-1-25"
	Subtotal	**₱ 718,200.00**	**₱ 24,338.00**	
LOTTE LOGISTICS PHILIPPINES, INC. / LOTTE GLOBAL LOGISTICS PHILIPPINES, INC.	1st Quarter	₱ 365,704.00	₱ 7,314.08	"P-30-1-3", "P-30-1-4", "P-30-1-5"
	4th Quarter	5,604,552.83	112,091.06	"P-30-1-47"
	Subtotal	**₱ 5,970,256.83**	**₱ 119,405.14**	
PACIFIC CONCORD CONTAINER LINES, INC.	1st Quarter	₱ 33,000.00	₱ 660.00	"P-30-1-13"
	4th Quarter	22,000.00	440.00	"P-30-1-48"
	Subtotal	**₱ 55,000.00**	**₱ 1,100.00**	
PREMIERE WINE AND SPIRITS, INC. / PREMIER WINE AND SPIRITS, INC.	1st Quarter	₱ 1,371,915.20	₱ 29,524.00	"P-30-1-6"
	4th Quarter	3,509,744.91	74,900.58	"P-30-1-34", "P-30-1-35", "P-30-1-36", "P-30-1-38", "P-30-1-39", "P-30-1-40", "P-30-1-41", "P-30-1-43", "P-30-1-44", "P-30-1-45", "P-30-1-46"
	Subtotal	**₱ 4,881,660.11**	**₱ 104,424.58**	
SAMSUNG ELECTRO-MECHANICS PHILIPPINES CORPORATION	1st Quarter	₱ 227,163,176.50	₱ 4,543,263.53	"P-30-1-1", "P-30-1-2", "P-30-1-55"
	2nd Quarter	127,649,104.50	2,552,982.09	"P-30-1-27", "P-30-1-28",

[58] Emphasis supplied.

				"P-30-1-29"
	3rd Quarter	140,128,486.00	2,802,569.72	"P-30-1-52", "P-30-1-53", "P-30-1-54"
	4th Quarter	173,390,920.00	3,467,818.40	"P-30-1-49", "P-30-1-50", "P-30-1-51"
	Subtotal	**₱ 668,331,687.00**	**₱ 13,366,633.74**	
SAMSUNG ELECTRONICS PHILIPPINES CORPORATION	1st Quarter	₱ 258,584,274.29	₱ 5,741,995.49	"P-30-1-14"
	2nd Quarter	254,394,041.06	5,742,209.82	"P-30-1-26"
	3rd Quarter	265,795,287.10	5,987,420.74	"P-30-1-30"
	4th Quarter	314,465,705.95	6,895,309.12	"P-30-1-33"
	Subtotal	**₱ 1,093,239,308.40**	**₱ 24,366,935.17**	
SUNNIES BY CHARLIE, INC.	1st Quarter	₱ 939,025.06	₱ 27,078.86	"P-30-1-15"
	2nd Quarter	3,125,515.94	87,405.39	"P-30-1-18", "P-30-1-21", "P-30-1-23", "P-30-1-58"
	3rd Quarter	2,910,885.27	83,001.76	"P-30-1-31", "P-30-1-32", "P-30-156", "P-30-1-57"
	4th Quarter	1,981,051.61	55,995.75	"P-30-1-37", "P-30-1-42"
	Subtotal	**₱ 8,956,477.88**	**₱ 253,481.76**	
	TOTAL	**₱ 1,782,375,324.89**	**₱ 38,244,243.59**	

However, upon further examination of the above and review of the findings of the ICPA,[59] the Court finds that the CWTs in the aggregate amount of ₱114,582.22, should be disallowed based on the following grounds:

Exhibit No.	Client Name	Income Payment	Tax Withheld
1. CWT Certificate in which the name and designation of the payor's authorized signatory are not indicated			
"P-30-1-47"	Lotte Global Logistics Philippines, Inc.	₱ 5,604,552.93	₱ 112,091.06
	Subtotal	**₱ 5,604,552.93**	**₱ 112,091.06**
2. CWT Certificate issued to a different payee (DHL Express Philippines Corporation) instead of the petitioner			
"P-30-1-58"	Sunnies by Charlie Inc.	₱ 124,558.18	₱ 2,491.16
	Subtotal	**₱ 124,558.18**	**₱ 2,491.16**
	Total	**₱ 5,729,111.01**	**₱ 114,582.22**

Consequently, petitioner has shown compliance with the *second* requisite, *i.e.*, the establishment of the fact of withholding, but only to

59 Exhibit "P-23", Docket – Vol. 1, at pp. 449 to 450.

the extent of the claimed amount of ₱38,129,660.78, as computed below:

Amount of CWT claim per petitioner's 2019 Annual ITR/*Petition for Review*	₱ 38,244,243.00
Less: CWT with noted exceptions	114,582.22
CWT claim properly supported with BIR Forms No. 2307	**₱38,129,660.78**[60]

Third requisite: *Petitioner failed to prove that the income payments subjected to CWTs were reported as part of its gross income in its Annual ITR.*

The *third* requisite requires petitioner to establish that the income payments subjected to creditable withholding tax were reported as part of its gross income in its Annual ITR.

To prove that the income payments related to the claimed CWTs were declared as part of the reported sales in its 2019 Annual ITR, petitioner submitted, among others, the following documents as evidence, to wit: (1) originally filed Annual ITR for CY 2019,[61] (2) amended Annual ITR for CY 2019,[62] (3) Audited Financial Statements (AFS) for CY 2019,[63] (4) Systems, Applications, and Products in Data Processing (SAP) extracted Trial Balance for taxable year 2019,[64] (5) SAP extracted Income Statement for CY 2019,[65] (6) SAP extracted Sales,[66] (7) Cello System extracted Freight Billing Invoice - Samsung Electronics Philippines Co. (SEPCO),[67] (8) Cello System extracted data (SEC),[68] (9) Cello System extracted data (NSEC),[69] (10) Cello System Extracted Freight Billing Invoice - Samsung Electro-

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60 The ₱0.59 discrepancy between the CWT indicated in BIR Forms No. 2307 and the CWT reflected in the Annual ITR and *Petition for Review* resulted from the rounding-off requirements in preparing the Annual ITR, pursuant to RR No. 2-2014, Item 4.2, Exhibit "P-23", Docket - Vol. 1, p. 446.

61 Exhibit "P-4", Docket - Vol. II, pp. 515 to 522; Exhibit "P-52", USB (Exhibit "P-23-3").

62 Exhibit "P-5", Docket - Vol. II, pp. 523 to 530; Exhibit "P-53", USB (Exhibit "P-23-3").

63 Exhibit "P-6", Docket - Vol. II, pp. 531 to 579; Exhibit "P-54", USB (Exhibit "P-23-3").

64 Exhibit "P-34", USB (Exhibit "P-23-3").

65 Exhibit "P-35", USB (Exhibit "P-23-3").

66 Exhibits "P-36-1" to "P-36-14", USB (Exhibit "P-23-3").

67 Exhibits "P-37-1" to "P-37-12", USB (Exhibit "P-23-3").

68 Exhibits "P-38-1" to "P-38-12", USB (Exhibit "P-23-3").

69 Exhibits "P-39-1" to "P-39-9", USB (Exhibit "P-23-3").

Mechanics Philippines Corporation (SEMPHIL),[70] (11) Cello System extracted Freight Billing Invoice - Sunnies by Charlie Inc.,[71] (12) SEPCO provided schedule of income payments from which taxes were withheld,[72] (13) Cello System Extracted Data - Withholding SCL - 2115033,[73] which were all examined by the Court-commissioned ICPA.

According to the ICPA, petitioner utilizes an integrated logistics solution known as the "Cello Billing Management System" (Cello System),[74] which was developed based on logistics business, that integrates the SAP version 6.0.[75] The Cello System manages petitioner's accounts receivable and payable related to logistics transactions. The ICPA further explained that freight billing invoices are generated upon posting of transactions from the Cello System,[76] and are subsequently integrated into the financial books in SAP.[77] Additionally, the ICPA noted that the income payment indicated in the *Certificate of Creditable Tax Withheld At Source* (BIR Form No. 2307)[78] is based on the month in which the freight billing invoices are charged and issued to the customer, that is, when the income is reported as sales in the petitioner's books.[79]

An examination of petitioner's Annual ITR and AFS for CY 2019 shows that its reported total service revenue amounted to ₱2,261,576,524.00 as reflected both in its Annual ITR[80] and in its AFS[81] for CY 2019, broken down as follows:

Particulars	Amount
Transportation Services	
Importation	₱ 709,945,709.00
Exportation	623,874,469.00
Local Distribution	596,430,964.00
Warehousing Services	330,288,365.00
Others	1,037,017.00
Total	**₱ 2,261,576,524.00**

70 Exhibits "P-65-1" to "P-65-12", USB (Exhibit "P-23-3").
71 Exhibits "P-66-1" to "P-66-8", USB (Exhibit "P-23-3").
72 Exhibit "P-42", USB (Exhibit "P-23-3").
73 Exhibit "P-43", USB (Exhibit "P-23-3").
74 Exhibits "P-38-1" to "P-38-12", USB (Exhibit "P-23-3").
75 Exhibits "P-27", "P-36-1" to "P-36-14", USB (Exhibit "P-23-3").
76 Item 5.1, Exhibit "P-23", Docket - Vol. 1, p. 448.
77 Exhibit "P-23", Docket - Vol. 1, at p. 443.
78 Exhibits "P-30-1-1" to "P-30-1-58", USB (Exhibit "P-23-3").
79 Exhibit "P-23", Docket - Vol. 1, at p. 444.
80 Line 30, Part IV - Computation of Tax, Exhibit "P-5-4", Docket - Vol. II, p. 524.
81 Note 13, Exhibit "P-6", Docket - Vol. II, p. 554; Exhibit "P-54", USB (Exhibit "P-23-3").

The ICPA presented a comparison of petitioner's revenues per books *vis-à-vis* revenues per AFS[82] to determine whether the actual income was properly carried forward into the books, as follows:

Comparison between revenues from logistics services per Cello System and per SAP Books

Account No.	Account Name	Cello		SAP GL	
		Amount	Reference	Amount	Reference
0041014205	Sales-Warehouse-VAS	₱13,206,489.22	"P-38-8"	(₱7,226,187.51)	"P-36-10"
0041014203	Sales-Warehouse-Product Management	140,600,734.76	"P-38-7" and "P-39-8"	162,295,286.31	"P-36-9"
0041014201	Sales-Warehouse-Storage	200,029,870.94	"P-38-6" and "P-39-7"	175,219,266.36	"P-36-8"
0041014301	Sales-Inland-Truck Transportation	507,455,555.45	"P-38-9" and "P-39-9"	496,324,419.17	"P-36-11"
0041014303	Sales-Inland-Shipment	21,067,761.12	"P-38-10"	22,076,991.40	"P-36-12"
0041014305	Sales-Inland-Air Transportation	68,821,361.19	"P-38-11"	76,505,347.89	"P-36-13"
0041014309	Sales Revenue - Inland - Courier	1,296,740.20	"P-38-12"	1,524,205.35	"P-36-14"
0041014111	Sales-Import Amount-Subcontractors	3,240,436.85	"P-38-5" and "P-39-6"	3,165,310.37	"P-36-7"
0041014105	Sales-Import Amount-Air Transportation	318,785,361.05	"P-38-4" and "P-39-5"	316,796,874.87	"P-36-6"
0041014103	Sales-Import Amount-Marine Transportation	299,502,327.56	"P-38-3" and "P-39-4"	303,912,283.53	"P-36-5"
0041013905	Sales-Export Amount-Air Transportation	633,982,228.23	"P-38-2" and "P-39-3"	703,761,364.16	"P-36-4"
0041013903	Sales-Export Amount-Marine Transportation	6,288,442.77	"P-38-1" and "P-39-2"	5,949,601.10	"P-36-3"
0041013901	Sales-Export-Truck Transportation	229,394.00	"P-39-1"	234,744.00	"P-36-2"
	TOTAL	₱2,214,506,703.34		₱2,260,539,507.00	

Notably, there is a difference of ₱46,032,803.66 between the revenue reported by Cello System and the revenue reported by SAP General Ledger (GL). The ICPA then explained that this discrepancy pertains to the accrued revenues[83] that were directly recorded in the SAP Books.

To verify whether the revenues reflected in the SAP books were properly reported in the AFS, the ICPA compared the total revenue

82 Annex 2, Exhibit "P-23", USB (Exhibit "P-23-3").
83 Annex 3, Exhibit "P-23", USB (Exhibit "P-23-3").

from logistics services per SAP Books with the corresponding total reflected in the AFS for the CY 2019,[84] to wit:

Particulars	Reference	Amount
Revenues per SAP Books	Annex 4[85]	₱2,260,539,507.00
Service Revenues per AFS *(Income Statement Section)*	Exhibit "P-6"[86]	2,261,576,524.00
Difference		**(₱1,037,017.00)**

According to the ICPA, the ₱1,037,017.00 difference reflected as "Others" in the AFS pertains to consulting services rendered by petitioner to Samsung SDS Asia Pacific Pte. Ltd., a company incorporated and domiciled in Singapore. Accordingly, only income derived from transportation and warehousing (logistics) services is subject to CWT by domestic customers.[87]

However, while the ICPA presented a comparative analysis of the Cello System, SAP GL, and the AFS and explained the discrepancy, such analysis failed to clearly establish that the income payments on which the CWT was claimed were actually reported as part of petitioner's gross income. The Court cannot simply presume that because the adjusted totals in the Cello System and SAP GL tally with the revenue reported in the AFS, the income subject of the claimed CWT necessarily formed part of petitioner's gross income. What is required is a clear and specific showing that such income payments were indeed included therein.

Moreover, the tracing is rendered ineffective since petitioner's exhibits—namely, (1) Cello System – SEC,[88] (2) Cello System – NSEC,[89] (3) SAP extracted Sales,[90] —do not reflect itemized summations, preventing verification of whether their totals correspond to the ₱2,261,576,524.00 gross income reported in the AFS. Consequently, petitioner failed to establish that the income upon which taxes were withheld was included in its return.

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84 Item 5.1, Exhibit "P-23", Docket – Vol. 1, p. 448.
85 USB (Exhibit "P-23-3").
86 Docket – Vol. II, pp. 531 to 579.
87 Item 1 and 5.1, Exhibit "P-23", Docket – Vol. 1, pp. 444 and 448, respectively.
88 Exhibits "P-38-1" to "P-38-12", USB (Exhibit "P-23-3").
89 Exhibits "P-39-1" to "P-39-9", USB (Exhibit "P-23-3").
90 Exhibits "P-36-1" to "P-36-14", USB (Exhibit "P-23-3").

In *Tullett Prebon (Philippines), Inc. v. Commissioner of Internal Revenue ("TPPI")*,[91] the Supreme Court held that while no rigid standard exists as to the evidence required to prove entitlement to a CWT refund, taxpayers must still substantiate every material aspect of their claim. Thus, they must present evidence clearly linking the income payments subjected to withholding tax to the revenues reported in their ITRs, *viz*:

> Indisputably, **there exists no hard and fast standards as to the kind of evidence needed to prove the third requisite.**
>
> . . .
>
> Evidently, unlike the second requisite, i.e., the fact of withholding – which is proved by 'a copy of the withholding tax statement duly issued by the payor to the payee showing the amount paid and the amount of tax withheld therefrom' – **there is no prescribed evidence to prove that the income payment has been declared as part of the gross income.**
>
> . . .
>
> Similarly, **the Court is not inclined to adopt as doctrine that the third requisite may be proved by the mere fact that the income from which CWT is withheld is *less* than the total income reported by the taxpayer-claimant. This goes against the elementary principle that cases before the CTA are litigated *de* novo and that parties 'should prove every minute aspect of their cases.' This is particularly true in refund cases as tax refunds are strictly construed against the taxpayer.** Even so, while not absolutely determinative of the third requisite, **when the total reported sales/income is greater than the income corresponding to the CWT withheld, this should prompt the CTA to be more circumspect in its valuation of the evidence on record, especially when there is other evidence that could point to the breakdown of the gross income reported,** as in this case.
>
> . . .
>
> Accordingly, the case should be remanded and Tullett Prebon should be allowed to **present and submit the expanded general ledger as evidence to prove the third requisite. The Court leaves the determination of the extent of the effects thereof on the amount of CWT to be refunded to the CTA.**[92]

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91 G.R. No. 257219 [Formerly UDK No. 16941], July 15, 2024.

92 Emphasis supplied.

Indeed, *TPPI* ordained that to satisfy the *third* requisite for a CWT refund, taxpayers must submit an expanded GL or any other detailed documentation linking specific income payments subjected to withholding directly to the amounts reported in their ITRs, as presenting only summary figures like total revenue or net sales is insufficient.

Consequently, due to its failure to establish compliance with the *third* requisite, petitioner has not sufficiently proven its entitlement to the present refund claim.

The burden of proof rests on the taxpayer to establish the factual basis for a tax credit or refund.[93] Since tax refunds are in the nature of tax exemptions in derogation of sovereign authority, they are strictly construed against the claimant.[94] Therefore, a taxpayer must demonstrate both entitlement and full compliance with all documentary and evidentiary requirements.[95]

WHEREFORE, in light of the foregoing considerations, the present *Petition for Review* is **DENIED** for lack of merit.

SO ORDERED.

MARIAN IVY F. REYES-FAJARDO
Associate Justice

I CONCUR:

HENRY S. ANGELES
Associate Justice

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93 *Citibank N.A. v. Court of Appeals, et al.*, supra.

94 *Commissioner of Internal Revenue v. S.C. Johnson and Son, Inc., et al.*, G.R. No. 127105, June 25, 1999.

95 *Eastern Telecommunications Philippines, Inc. v. Commissioner of Internal Revenue*, G.R. No. 183531, March 25, 2015, citing *J.R.A. Philippines, Inc. v. Commissioner of Internal Revenue*, G.R. No. 171307, August 28,2013.

ATTESTATION

I attest 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.

MARIAN IVY F. REYES-FAJARDO
Associate Justice
Acting Chairperson

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.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice