REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

PROCTER & GAMBLE INTERNATIONAL OPERATIONS SA-ROHQ,
Petitioner,

-versus-

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

CTA *EB* NO. 2638
(CTA Case No. 9485 & 9526)

Present:

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

Promulgated:
AUG 14 2023 4:01 pm

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DECISION

CUI-DAVID, J.:

Before the Court *En Banc* is a *Petition for Review* filed by Procter & Gamble International Operations SA-ROHQ ("**Petitioner**"),[1] under Section 3(b), Rule 8,[2] in relation to Section 2(a)(1), Rule 4[3] of the Revised Rules of the Court of Tax Appeals ("**RRCTA**").[4] It seeks the reversal of the *Decision* of the

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[1] Dated June 24, 2022, received by the Court on June 24, 2022; *EB* Docket, pp. 6-46.
[2] *Section 3. Who May Appeal; Period to File Petition.* — (a) x x
(b) A party adversely affected by a decision or resolution of a Division of the Court on a motion for reconsideration or new trial may appeal to the Court by filing before it a petition for review within fifteen days from receipt of a copy of the questioned decision or resolution. Upon proper motion and the payment of the full amount of the docket and other lawful fees and deposit for costs before the expiration of the reglementary period herein fixed, the Court may grant an additional period not exceeding fifteen days from the expiration of the original period within which to file the petition for review.
[3] *Section 2. Cases Within the Jurisdiction of the Court En Banc.* — The Court *En Banc* shall exercise exclusive appellate jurisdiction to review by appeal the following:
(a) Decisions or resolutions on motions for reconsideration or new trial of the Court in Divisions in the exercise of its exclusive appellate jurisdiction over:
(1) Cases arising from administrative agencies — Bureau of Internal Revenue, Bureau of Customs, Department of Finance, Department of Trade and Industry, Department of Agriculture.
[4] A.M. No. 05-11-07-CTA.

Third Division dated January 3, 2022 ("**assailed Decision**"),[5] and *Resolution* dated May 11, 2022 ("**assailed Resolution**"),[6] in CTA Case No. 9485 & 9526 entitled *Procter & Gamble International Operations SA-ROHQ v. Commissioner of Internal Revenue.*

THE PARTIES

Petitioner is a Regional Operating Headquarters ("**ROHQ**") licensed by the Securities and Exchange Commission ("**SEC**") to transact business in the Philippines under SEC Registration No. FS201104304, dated March 24, 2011.[7] It is also registered with the Bureau of Internal Revenue ("**BIR**") as a value-added tax ("**VAT**") taxpayer under Tax Identification Number ("**TIN**") 406-931-778-000, with office address at 11/F Net Park, 5th Avenue, Crescent Park West, Bonifacio Global City, Taguig City.[8]

Respondent, on the other hand, is the Commissioner of Internal Revenue ("**CIR**"), with the power to decide disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties imposed in relation thereto, or other matters arising under the National Internal Revenue Code ("**NIRC**"), or other laws or portions thereof administered by the BIR.[9] He holds office at the BIR National Office Building, Agham Road, Diliman, Quezon City.

THE FACTS

The facts, as found by the Court in Division, are as follows:

> On June 01, 2016, Petitioner filed with the BIR the letter dated May 17, 2016 and an *Application for Tax Credits / Refunds* (BIR Form No. 1914), for the refund or tax credit of input tax, covering the quarter from July 01, 2014 to September 30, 2014, in the amount of Php23,841,096.68, pursuant to Section 112(A) of the NIRC of 1997, as amended. The claim was denied by the BIR, through Ms. Teresita M. Angeles, OIC-Assistant Commissioner, Large Taxpayers Service of the BIR, in the letter dated January 26, 2017, for failure to submit requirements within one hundred twenty

[5] *EB* Docket, pp. 52-78; penned by Associate Justice Ma. Belen M. Ringpis-Liban, with Associate Justice Erlinda P. Uy and Associate Justice Maria Rowena Modesto-San Pedro, concurring.
[6] *Id.*, pp. 80-88.
[7] Division Docket (CTA Case No. 9485) – Vol. 5, Exhibit "P-1", pp. 2178 to 2189.
[8] Division Docket (CTA Case No. 9485) – Vol. 5, Exhibit "P-2", p. 2217.
[9] Division Docket (CTA Case No. 9485) – Vol. 4, Joint Stipulation of Facts and Issues (JSFI), Stipulated Facts, Par. 1, p. 1673.

(120) days, pursuant to Revenue Memorandum Circular (RMC) No. 54-2014.

In the meantime, on August 30, 2016, Petitioner likewise filed with the BIR the letter dated August 25, 2016 and an *Application for Tax Credits / Refunds* (BIR Form No. 1914), for the refund or tax credit of input tax, covering the quarter from October 01, 2014 to December 31, 2014, in the amount of Php23,841,096.68, pursuant to Section 112(A) of the NIRC of 1997, as amended. The claim was likewise denied by the BIR, through OIC-Assistant Commissioner Teresita M. Angeles, in an undated letter, for failure to submit complete documents and for lack of factual basis.

CTA Case No. 9485

On October 20, 2016, Petitioner filed a *Petition for Review*, praying for the refund, or issuance of a tax credit certificate in the amount, of Php23,841,096.68, allegedly representing its excess and unutilized input VAT on the purchases of goods and services, and importations, attributable to zero-rated sales for the period covering July 01, 2014 to September 30, 2014 ("the 1st quarter of FY 2015"). The case was docketed as CTA Case No. 9485 and was initially raffled with the Third Division of this Court.

Respondent filed his *Answer* on February 20, 2017, interposing, *inter alia*, the following special and affirmative defenses, to wit: (1) taxpayer is charged with the heavy burden of providing that he has complied with and satisfied all the statutory and administrative requirements to be entitled to the tax refund; (2) the amount of Php23,841,096.68 being claimed for refund by Petitioner was not properly documented; hence, the instant claim for refund or credit must fail; (3) the instant petition is prematurely filed; and (4) nowhere is it indicated in the claim for refund and in this petition that Petitioner has submitted its "complete" documents in support of the claim for refund.

Respondent transmitted to this Court the *BIR Records* for the case on March 24, 2018.

The Pre-Trial Conference was initially scheduled on May 09, 2017, but was later cancelled, and was reset to July 25, 2017, in the Resolution dated May 05, 2017.

On May 04, 2017, Petitioner filed an *Omnibus Motion*, praying for: (1) the consolidation of CTA Case No. 9485, with CTA Case No. 9526, and (2) deferment of the Pre-Trial Conference.

Petitioner's Pre-Trial Brief was filed on May 05, 2017.

In the Resolution dated May 10, 2017, the Court considered Petitioner's *Motion to Defer Pre-Trial Conference* moot in view of the Resolution dated May 05, 2017, and ordered Respondent to comment on Petitioner's *Motion to Consolidate*. In compliance thereto, Respondent filed, on May 23, 2017, a *Manifestation* submitting the resolution of Petitioner's *Motion to Consolidate* to the sound discretion of the Court.

CTA Case No. 9526

On the other hand, in January 20, 2017, Petitioner filed another *Petition for Review*, praying for the refund, or issuance of a tax credit certificate in the amount, of Php23,123,319.83, allegedly representing its excess and unutilized input tax on the purchases of goods and services, and importations, attributable to zero-rated sales for the 2nd quarter of FY 2015, covering October 01, 2014 to December 30, 2014. The case was docketed as CTA Case No. 9526, and was initially raffled with the First Division of this Court.

Respondent filed his *Answer* on February 27, 2017, interposing, *inter alia*, the following special and affirmative defenses, to wit: (1) Petitioner's alleged claim for refund is subject to administrative routinary investigation/examination by the BIR; (2) the amount being refunded was not properly documented; (3) Petitioner merely substantiated that it had rendered services to foreign entities outside the Philippines, but did not present evidence that these foreign entities are not doing business in the Philippines; (4) Petitioner's failure to comply with the duly mandated legal requirements in such claims for refund/tax credit warranted the denial by inaction of the administrative claim; (5) Petitioner has the burden of proving that the right to such tax refund indubitably exists and well-founded doubt is fatal to the claim; and (6) without a validly and duly filed administrative claim for refund, the Court is without jurisdiction to entertain the *Petition for Review*.

The Pre-Trial Conference was initially set on June 01, 2017. Prior thereto, *Respondent's Pre-Trial Brief* was filed on March 08, 2017.

On May 04, 2017, Petitioner filed a *Motion to Consolidate*, praying for the consolidation of this case with CTA Case No. 9485.

The *BIR Records* for the case were transmitted to the Court on May 05, 2017.

In the Resolution dated May 22, 2017, the First Division of this Court granted Petitioner's *Motion to Consolidate*, and ordered the consolidation of CTA Case No. 9526, with CTA Case No. 9485, subject to the conformity of the Third Division of this Court.

Consolidation of Case Nos. 9485 and 9526

In the Resolution dated May 31, 2017, the Third Division of this Court stated that it has no objection to the First Division's Resolution dated May 22, 2017, and thus, ordered the consolidation of CTA Case No. 9526 with CTA Case No. 9485. In the same Resolution, the Court decreed that the Pre-Trial Conference previously scheduled on July 25, 2017 shall proceed as scheduled.

Thus, the Pre-Trial Conference was held on July 25, 2017. Prior thereto, Respondent filed his *Consolidated Pre-Trial Brief* on July 17, 2017, while Petitioner's *Pre-Trial Brief* was received by the Court on July 21, 2017.

On August 29, 2017, the parties submitted their *Joint Stipulation of Facts and Issues*. Subsequently, the Pre-Trial Order dated September 14, 2017 was issued, deeming the termination of the Pre-Trial Conference.

As trial ensued, Petitioner presented its testimonial and documentary evidence. It offered the testimonies of the following individuals, namely: (1) Mr. Carlos Ben C. Ignacio, Petitioner's Procure to Pay Global Service Manager and former Comptroller and Compliance Manager; and (2) Mr. Jay A. Ballesteros, the Court-commissioned Independent Certified Public Accountant ("ICPA").

The ICPA *Report* was submitted to the Court on March 09, 2018.

Petitioner filed its *Formal Offer of Evidence* (FOE) on May 22, 2018. Subsequently, Respondent filed his *Comment Re: Petitioner's Formal Offer of Evidence* on May 31, 2018.

In the Resolution dated November 15, 2018, the Court admitted the offered exhibits of Petitioner, *except* for the following: ... .

Petitioner then filed an *Omnibus Motion (i) Motion for Reconsideration (Re: Resolution dated November 15, 2018); (ii) Motion to Set Commissioner's Hearing; and (iii) Motion for Leave of Court to Recall Witness* on December 03, 2018. Respondent did not file his comment to the said *Omnibus Motion*. In the Resolution dated March 15, 2019, the Court granted Petitioner's *Motion to Set Commissioner's Hearings* and *Motion*

for Leave of Court to Recall Witness, while the *Motion for Reconsideration* was held in abeyance. Petitioner then recalled, and presented the testimonies of, Mr. Carlos Ben C. Ignacio, and Mr. Jay A. Ballesteros.

Subsequently, Petitioner filed a *Motion for Clarification* on August 13, 2019, seeking clarification on the whether or not the Court has admitted or denied Exhibits "P-6.25" and "P-6.26". In Resolution dated August 29, 2019, the Court granted the said *Motion for Clarification*, and admitted the said exhibits.

In the meantime, Petitioner filed its *Supplemental Formal Offer of Evidence* on August 23, 2019. Respondent, however, did not file his comment thereon. In the Resolution dated October 15, 2019, the Court admitted certain exhibits of Petitioner, and still *denied* the following: ... .

On November 05, 2019, Petitioner filed a *Motion for Reconsideration (Re: Resolution dated October 15, 2019).* Respondent did not file his comment thereon. In the Resolution dated February 21, 2020, the Court granted Petitioner's *Motion for Reconsideration*, and admitted Exhibits "P-20.4", "P-20.5", "P-20.6", "P-20.11", "P-20.12", "P-21.6", "P-21.15", "P-21.23", and "P-21.24".

For his part, Respondent likewise presented his testimonial and documentary evidence. Respondent offered the testimonies of (1) Revenue Officer Rosario A. Arriola, and (2) OIC - Assistant Chief Wilfredo Reyes.

Respondent's Formal Offer of Evidence was posted on September 28, 2020. Petitioner then filed its *Comment (Re: Respondent's Formal Offer of Evidence* dated September 23, 2020) on October 26, 2020. In Resolution dated November 11, 2020, the Court admitted Respondent's exhibits.

On December 28, 2020, Respondent filed his *Memorandum*; and on January 22, 2021, Petitioner's *Memorandum* was filed.

These consolidated cases were considered submitted for decision on January 28, 2021.

On January 3, 2022, the Court in Division rendered the assailed Decision[10] denying petitioner's *Petition for Review*, the dispositive portion of which reads:

[10] *Supra* at note 5.

> **WHEREFORE**, in light of the foregoing considerations, the consolidated *Petitions for Review* are **DENIED** for lack of merit.
>
> **SO ORDERED**.

On February 28, 2022, petitioner filed a *Motion for Reconsideration with Motion to Reopen Case,* to which respondent filed his *Opposition (Re: Motion for Reconsideration with Motion to Reopen Case)* on March 18, 2022.

On May 11, 2022, the Court in Division denied petitioner's *Motion for Reconsideration with Motion to Reopen Case.* The dispositive portion of the assailed Resolution,[11] which petitioner received on May 27, 2022, reads:

> **WHEREFORE**, premises considered, petitioner's Motion for Reconsideration with Motion to Reopen Case is **DENIED** for lack of merit.
>
> **SO ORDERED**.

PROCEEDINGS BEFORE THE COURT *EN BANC*

On June 10, 2022,[12] petitioner filed a *Motion for Extension of Time to File Petition for Review,* which was granted in a *Minute Resolution* dated June 14, 2022.[13]

Petitioner filed a *Petition for Review* on June 24, 2022,[14] and a *Submission* on July 5, 2022.[15]

The Court promulgated a *Resolution* on August 4, 2022, noting petitioner's *Submission* and ordering respondent to comment on petitioner's *Petition for Review.*[16] Pursuant thereto, respondent filed his *Comment (Re: Petition for Review)* on August 11, 2022.[17]

The case was submitted for decision on August 30, 2022.[18]

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[11] *Supra* at note 6.
[12] *EB* Docket, pp. 1-3.
[13] *Id.*, p. 5.
[14] *Id.*, pp. 6-46.
[15] *Id.*, pp. 281-283.
[16] *Id.*, pp. 288-289.
[17] *Id.*, pp. 290-296.
[18] *Id.*, pp. 299-300.

ISSUES

Petitioner assigns the following errors allegedly committed by the Court in Division:

> 11. Petitioner respectfully submits that the CTA-Division gravely erred in partially denying Petitioner's claim for refund or issuance of tax credit certificate for excess or unutilized input VAT in the aggregate amount of Php46,964,416.51 for the 1st and 2nd quarters of FY 2015 based on the following grounds:
>
> > 11.1. Petitioner proved, by preponderant evidence, that the recipient of the services are persons engaged in business conducted outside the Philippines when the services were performed.
> >
> > 11.2. Petitioner sufficiently established that the subject services were performed within the Philippines.
> >
> > 11.3. The higher interest of substantial justice dictates that the CTA-Division should have allowed the reopening of trial for the admission of additional documents that would have enabled Petitioner to comply with the CTA-Division's strict documentary requirements, which are neither mandated nor sanctioned by the law and regulations.

PETITIONER'S ARGUMENTS

Petitioner argues that it had sufficiently presented evidence to establish that the recipients of its services are non-resident foreign entities engaged in business conducted outside the Philippines as required under Section 108(B)(2) of the NIRC of 1997, as amended,[19] and that the findings of the ICPA corroborate this argument.[20]

Petitioner adds that it went beyond substantial compliance and provided additional proof, such as the authenticated affidavit from a responsible officer of the foreign affiliate, screenshots of the list of foreign affiliates on the US SEC Website, and Service Agreements between petitioner and each of its non-resident clients.[21] According to petitioner, the indicated addresses of its clients in the Service Agreements

[19] *Petition for Review*, par. 15.
[20] *Id.*, par. 17.
[21] *Id.*, par. 21.

prove that these entities conduct business outside the Philippines.[22]

Petitioner also avers that the Court in Division failed to consider that some of petitioner's clients have abbreviated or other names.[23]

Concerning the requisite pertaining to the performance of services within the Philippines, petitioner argues that the mere fact that the Service Agreements failed to indicate where the services are to be performed does not automatically mean that the same were not performed within the Philippines.[24] Petitioner asserts that the Court in Division failed to consider the nature of petitioner's business as an ROHQ.[25] Petitioner likewise points to the unrebutted testimony of the commissioned ICPA in establishing that the services are rendered in the Philippines.[26]

Finally, petitioner prays for the reversal of the Court in Division's ruling denying its *Motion to Reopen,* maintaining that the higher interest of substantial justice dictates the reopening of the case [27] so that petitioner may be able to present consularized or apostilled foreign registration documents of petitioner's foreign affiliates, SEC Certification of Non-Registration, among others. [28] Petitioner alleges that the supplemental evidence falls within the purview of "newly discovered evidence."[29] Petitioner avers that it tried to procure authenticated business registration documents of its clients as soon as they were needed, but considering that it has 68 clients in various foreign jurisdictions, it had to rely on the assistance and cooperation of its clients in securing the said documents.[30]

RESPONDENT'S ARGUMENTS

Respondent argues that petitioner was not able to prove, by preponderance of evidence, that the entities to whom it rendered services are non-resident foreign corporations ("**NRFC**") doing business outside the Philippines. Respondent

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[22] *Id.*, par. 22.
[23] *Id.*, par. 28.
[24] *Id.*, par. 31.
[25] *Id.*, par. 32.
[26] *Id.*, par. 37.
[27] Id., par. 46.
[28] *Id.*, par. 49.
[29] *Id.*, par. 52.
[30] *Id.*, par. 55.

proceeds to quote *Deutsche Knowledge Services Pte. Ltd. vs. Commissioner of Internal Revenue.*[31]

In closing, respondent states that the claimant has the burden of proof to establish the factual basis of its claim for tax credit or refund and that tax refunds, like tax exemptions, are strictly construed against the claimant.

THE RULING OF THE COURT *EN BANC*

The instant *Petition for Review* is *not* impressed with merit.

The Court En Banc has jurisdiction over the instant Petition.

Before proceeding to the merits of the case, We shall first determine whether the present Petition is timely filed.

On May 11, 2022, petitioner's *Motion for Reconsideration with Motion to Reopen Case* was denied by the Court in Division through the assailed Resolution,[32] which petitioner received on May 27, 2022.

Accordingly, under Section 3(b), Rule 8[33] of RRCTA, petitioner had fifteen (15) days from receipt of the assailed Resolution, or until June 11, 2022, to file a *Petition for Review.*

On June 10, 2022, petitioner filed a *Motion for Extension of Time to File Petition for Review,*[34] which was granted in a *Minute Resolution* dated June 14, 2022,[35] giving petitioner until June 26, 2022 to file a *Petition for Review.*

On June 24, 2022, petitioner timely filed a *Petition for Review.*[36]

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[31] G.R. No. 234445, July 15, 2020.
[32] *Supra* at note 6.
[33] *Supra* at note 2.
[34] *EB* Docket, pp. 1-3.
[35] *Id.*, p. 5.
[36] *Id.*, pp. 6-46.

Having settled that the *Petition* was timely filed, We likewise rule that the Court *En Banc* has jurisdiction to take cognizance of this case under Section 2(a)(1), Rule 4[37] of the RRCTA.

Requisites for a valid claim for refund or tax credit of input VAT attributable to zero-rated sales.

Section 112(A) and (C) of the NIRC of 1997,[38] as amended, provides:

> *Section 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.
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> (B) ... ...

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[37] *Section 2. Cases Within the Jurisdiction of the Court En Banc.* — The Court *En Banc* shall exercise exclusive appellate jurisdiction to review by appeal the following:
(a) Decisions or resolutions on motions for reconsideration or new trial of the Court in Divisions in the exercise of its exclusive appellate jurisdiction over:
(1) Cases arising from administrative agencies — Bureau of Internal Revenue, Bureau of Customs, Department of Finance, Department of Trade and Industry, Department of Agriculture; xxx.

[38] Provision quoted is the wording prior to the amendment of the Tax Reform for Acceleration and Inclusion (TRAIN) Law, which is not yet effective and applicable on the instant claim for refund.

> (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 Subsections (A) and (B) 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.

Comprehensively, as culled from the foregoing provision and jurisprudence, particularly *Commissioner of Internal Revenue vs. Toledo Power Co.*,[39] the requisites for claiming a refund or tax credit of unutilized or excess input VAT under Section 112 of the NIRC of 1997, as amended, are as follows:

> As to the timeliness of the filing of the administrative and judicial claims:
>
> 1. The claim is filed with the BIR within two years after the close of the taxable quarter when the sales were made;[40]
>
> 2. In case of full or partial denial of the refund claim, or the failure on the part of the Commissioner to act on the said claim within a period of 120 days, the judicial claim has been filed with this Court, within 30 days from receipt of the decision or after the expiration of the said 120-day period;[41]
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> With reference to the taxpayer's registration with the BIR:
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> 3. The taxpayer is a VAT-registered person;[42]
>
> In relation to the taxpayer's output VAT:
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> 4. The taxpayer is engaged in zero-rated or effectively zero-rated sales;[43]

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[39] G.R. Nos. 195175 & 199645, August 10, 2015, 766 SCRA 20-33.
[40] *Intel Technology Philippines, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 166732, April 27, 2007; *San Roque Power Corporation vs. Commissioner of Internal Revenue*, G.R. No. 180345, November 25, 2009; and *AT&T Communications Services Philippines, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 182364, August 3, 2010.
[41] *Steag State Power, Inc. (Formerly State Power Development Corporation) vs. Commissioner of Internal Revenue*, G.R. No. 205282, January 14, 2019; *Rohm Apollo Semiconductor Philippines vs. Commissioner of Internal Revenue*, G.R. No. 168950, January 14, 2015.
[42] *Supra at note 40.*
[43] *Id.*

> 5. For zero-rated sales under Sections 106 (A) (2) (1) and (2); 106 (B); and 108 (B) (1) and (2), the acceptable foreign currency exchange proceeds have been duly accounted for in accordance with BSP rules and regulations;[44]

As regards the taxpayer's input VAT being refunded:

> 6. The input taxes are not transitional;[45]
>
> 7. The input taxes are due or paid;[46]
>
> 8. The input taxes claimed are attributable to zero-rated or effectively zero-rated sales. However, where there are both zero-rated or effectively zero-rated sales and taxable or exempt sales, and the input taxes cannot be directly and entirely attributable to any of these sales, the input taxes shall be proportionately allocated on the basis of sales volume;[47] and
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> 9. The input taxes have not been applied against output taxes during and in the succeeding quarters.[48]

Being uncontroverted, the findings of the Court in Division as to the *first*, *second*, and *third* requisites are adopted by this Court. Accordingly, We affirm the conclusion of the Court in Division that the administrative and judicial claims have been timely filed and that petitioner is a VAT-registered taxpayer.

Fourth requisite: Petitioner failed to establish that it had valid zero-rated or effectively zero-rated sales.

Petitioner argues that it had sufficiently presented evidence to establish that the recipients of petitioner's services are non-resident foreign entities engaged in business conducted outside the Philippines as required under Section 108(B)(2) of the NIRC of 1997, as amended,[49] and that the findings of the ICPA corroborate this claim.[50]

We are not convinced.

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[44] *Id.*
[45] *Id.*
[46] *Id.*
[47] *Supra* at note 40.
[48] *Supra* at note 40.
[49] *Petition for Review*, par. 15.
[50] *Id.*, par. 17.

Section 108(B)(2) of the NIRC of 1997, as amended, provides:

> SEC. 108. Value-added Tax on Sale of Services and Use or Lease of Properties. –
>
> ... ...
>
> (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:
>
> ... ...
>
> (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);

Under Section 108(B)(2) of the NIRC of 1997, as amended, the following *essential elements* must be present for a sale or supply of services to be subject to the VAT rate of zero percent (0%), to wit:

> 1. The recipient of the services is a foreign corporation, and the said corporation is doing business outside the Philippines, or is a non-resident person not engaged in business who is outside the Philippines when the services were performed;[51]
>
> 2. The services fall under any of the categories under Section 108 (B) (2),[52] or simply, the services rendered should be other than "*processing, manufacturing or repacking goods*";[53] and,
>
> 3. The services must be performed in the Philippines by a VAT-registered person.[54]

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[51] *Sitel Philippines Corporation (Formerly Clientlogic Phils., Inc.) vs. Commissioner of Internal Revenue*, G.R. No. 201326, February 8, 2017.
[52] *Commissioner of Internal Revenue vs. American Express International, Inc. (Philippine Branch)*, G.R. No. 152609, June 29, 2005.
[53] *Commissioner of Internal Revenue vs. Burmeister and Wain Scandinavian Contractor Mindanao, Inc.*, G.R. No. 153205, January 22, 2007.
[54] Sec. 108 (B), NIRC of 1997, as amended.

> 4. The payment for such services was made in acceptable foreign currency accounted for in accordance with the BSP rules;[55]

First element: Petitioner failed to prove that its clients are NRFCs doing business outside the Philippines.

To be considered as an NRFC doing business outside the Philippines, each entity must be supported, at the very least, by **both**: (1) a SEC Certification of Non-Registration of Corporation /Partnership; **and** (2) proof of registration/incorporation in a foreign country, *i.e.,* an Articles of Foreign Incorporation/Association.[56] The first document proves that the entity is not doing business in the Philippines, while the latter document shows that the entity is doing business outside the Philippines. Taken together, the said documents establish that the entity is an NRFC not engaged in business in the Philippines.[57]

In the case of *Commissioner of Internal Revenue vs. Deutsche Knowledge Services Pte. Ltd.,*[58] the Supreme Court said:

> The Court accords the CTA's factual findings with utmost respect, if not finality, because the Court recognizes that it has necessarily developed an expertise on tax matters. Significantly, both the CTA Division and CTA *En Banc* gave credence to the aforementioned documents as sufficient proof of NRFC status. The Court shall not disturb its findings without any showing of grave abuse of discretion considering that the members of the tax court are in the best position to analyze the documents presented by the parties.
>
> In any case, after a judicious review of the records, the Court still do not find any reason to deviate from the court a quo's findings. To the Court's mind, the SEC Certifications of Non-Registration show that these affiliates [clients] are foreign corporations. On the other hand, the articles of association/certificates of incorporation stating that these affiliates [clients] are registered to operate in their respective home countries, outside the Philippines are prima facie

[55] *Supra* at note 52.
[56] *Commissioner of Internal Revenue vs. CITCO International Support Services Limited-Philippines ROHQ,* CTA *EB* No. 2015, November 29, 2019.
[57] Resolution, *Maxima Machineries, Inc. vs. Commissioner of Internal Revenue,* CTA Case No. 9453, March 16, 2022.
[58] *Supra* at note 31.

evidence that their clients are not engaged in trade or business in the Philippines.

With this, the Court in Division found that petitioner was able to prove compliance with the *first* element, but only with respect to the following foreign clients:

Client's Name	**SEC Certification of Non-Registration of Company**	**Certificate/ Articles of Incorporation/ Registration**
The Procter & Gamble Company	"P-5"	"P-6"
Detergent Products Sarl (Detergent Products GmbH/Detergent Products LLC)	"P-5.23"	"P-6.11"
Procter & Gamble Europe SA Singapore Branch	"P-5.37"	"P-6.14"
P&G K.K.	"P-5.45"	"P-6.15"
P&G Korea S&D Co.	"P-5.46-1"	"P-6.16"
Procter & Gamble International Operations SA Singapore Branch	"P-5.48"	"P-6.18"/"P-6.18-1"
Procter & Gamble Distribution SRL	"P-5.52"	"P-6.19"
Procter & Gamble Hong Kong Limited	"P-5.8"	"P-6.2"
Procter & Gamble Japan K.K.	"P-5.58"	"P-6.20"
P&G Innovation Godo Kaisha	"P-5.63"	"P-6.22"
Procter & Gamble Taiwan Limited	"P-5.24"	"P-6.29"
Procter & Gamble Manufacturing (Thailand) Limited	"P-5.25-1"	"P-6.30"
Procter & Gamble Gulf FZE	"P-5.44"	"P-6.35"
Procter & Gamble Taiwan Sales Company Limited	"P-5.67"	"P-6.37"
P.T. Procter & Gamble Operations Indonesia	"P-5.66"	"P-6.39"
P&G Max Factor Godo Kaisha	"P-5.12"	"P-6.4"
Procter & Gamble Pakistan (Private) Limited	"P-5.18"	"P-6.41"
Procter & Gamble Tuketim Mallari Sanayi Anonim Sirketi	"P-5.27-1"	"P-6.45"
Procter & Gamble Korea	"P-5.28-1"	"P-6.6"

Accordingly, the Court in Division found that the sale of services to the following clients **failed** to satisfy the *first* element for such sales to be qualified for zero-rating under Section 108(B)(2) of the NIRC of 1997, as amended:

Client's Name	**SEC Certification of Non-Registration of Company (Exhibit No.)**	**Certificate/ Articles of Incorporation/ Registration (Exhibit No.)**
Procter & Gamble South African Trading (Pty) Ltd	"P-5.1"	**NONE**
Procter & Gamble Magyarorszag Nagykereskedelmi Kkt	"P-5.10"	**NONE**
Procter & Gamble Levant S.A.L.	"P-5.13"	**NONE**
Procter & Gamble (Malaysia) SDN BHD	"P-5.14"	**NONE**
Industries Marocaines Modernes SA	"P-5.15"	**NONE**
Industries Marocaines Modernes	"P-5.15-1"	**NONE**
Procter & Gamble Maroc	"P-5.16"	**NONE**
Procter & Gamble Distributing New Zealand Limited	"P-5.17"	**NONE**
Procter and Gamble Polska Sp. z o.o.	"P-5.19"	**NONE**
P & G Distribution Morocco s.a.s	"P-5.2"	**NONE**
Modern Industries Company-Dammam	"P-5.20"	**NONE**
Modern Products Company	"P-5.21"	**NONE**
P&G Distribution Morocco	"P-5.2-1"	**NONE**
Procter & Gamble Manufacturing (Thailand) Ltd	"P-5.25"	**NONE**
Procter & Gamble Trading (Thailand) Ltd	"P-5.26"	**NONE**
Procter & Gamble Tuketim Mallari Sanayi AS	"P-5.27"	**NONE**
Procter & Gamble Korea, Inc.	"P-5.28"	**NONE**
Procter and Gamble Operations Polska Sp. z o.o.	"P-5.29"	**NONE**
Gillette Pakistan Limited (formerly: Interpak Shaving Products Ltd.)	"P-5.3"/"P-5.3-1"	**NONE**
Procter & Gamble, spol s.r.o.	"P-5.30"	**NONE**
Procter and Gamble SA (Pty) Ltd	"P-5.32"	**NONE**
Procter & Gamble Marketing	"P-5.33"	**NONE**
Detergenti SA	"P-5.34"	**NONE**
Procter & Gamble SA Bulgaria EOOD	"P-5.35"	**NONE**
PT. Procter & Gamble Home Products Indonesia	"P-5.36"	**NONE**
Procter & Gamble Vietnam Co. Ltd.	"P-5.38"	**NONE**
Procter & Gamble Vietnam Ltd.	"P-5.38-1"	**NONE**
Procter & Gamble Marketing Latvia Ltd., SIA	"P-5.39"	**NONE**
Procter & Gamble Australia, Pty Ltd	"P-5.4"	**NONE**
Procter & Gamble Technical Centers Ltd	"P-5.40"	**NONE**
Procter & Gamble Indochina Company Limited	"P-5.41"	**NONE**
Procter & Gamble Indochina	"P-5.41-1"	**NONE**
Procter & Gamble d.o.o. za trgovinu	"P-5.42"	**NONE**

Client's Name	**SEC Certification of Non-Registration of Company (Exhibit No.)**	**Certificate/ Articles of Incorporation/ Registration (Exhibit No.)**
Procter & Gamble Pet Care (Australia) Pty Ltd	"P-5.43"	**NONE**
Procter & Gamble Korea S&D, Co.	"P-5.46"	**NONE**
Procter & Gamble Korea, IE, Co.	"P-5.47"	**NONE**
P&G Israel M.D.O. Ltd	"P-5.49"/ "P-5.49-1"	**NONE**
Wella India Hair Cosmetics Pvt Ltd	"P-5.5"	**NONE**
Procter & Gamble Czech Republic s.r.o.	"P-5.50"	**NONE**
Procter & Gamble RSC Regi	"P-5.51"	**NONE**
Gillette Diversified Operations Pvt Ltd	"P-5.53"	**NONE**
Gillette Poland S.A.	"P-5.55"	**NONE**
Procter and Gamble DS Polska Sp. z.o.o	"P-5.56"	**NONE**
Gillette Poland International Sp. z.o.o.	"P-5.57"	**NONE**
Procter & Gamble Export Operations SARL, Taiwan Branch	"P-5.59"	**NONE**
Procter & Gamble - Rakona s.r.o.	"P-5.6"	**NONE**
Procter & Gamble Egypt Distribution	"P-5.60"	**NONE**
Procter & Gamble Egypt Distribution Ltd.	"P-5.60-1"	**NONE**
Procter & Gamble Egypt Supplies	"P-5.61"	**NONE**
Procter & Gamble Egypt Supplies Ltd.	"P-5.61-1"	**NONE**
Procter & Gamble Manufacturing SA	"P-5.62"	**NONE**
Cosmetic Suppliers Pty Ltd	"P-5.64"	**NONE**
Procter and Gamble Manufacturing SA (Pty) Ltd	"P-5.68"	**NONE**
Procter & Gamble Egypt	"P-5.7"	**NONE**
Procter & Gamble Egypt Ltd.	"P-5.7-1"	**NONE**
Hyginett Kft	"P-5.9"	**NONE**
Interpak Shaving Products Ltd.	**NONE**	**NONE**
Procter & Gamble Australia Pty Limited (formerly: Vick Products (Pty.) Limited to Richardson-Merrell Pty. Limited to Richardson-Vicks Pty Limited)	**NONE**	"P-6.40"
Procter & Gamble Holding (HK) Limited	**NONE**	**NONE**
Hyginett Magyar-Amerikai Higieniai Cikkeket Gyarto Kft	**NONE**	**NONE**
Richardson-Vicks SDN. Berhad (formerly: Richardson-Merrell SDN. Berhad)	**NONE**	"P-6.25"
Procter & Gamble Maroc SA	**NONE**	**NONE**
Procter & Gamble Distributing (New Zealand) Ltd	**NONE**	**NONE**
Modern Industries Company	**NONE**	**NONE**
Detergent Products AG	**NONE**	**NONE**

Client's Name	**SEC Certification of Non-Registration of Company (Exhibit No.)**	**Certificate/ Articles of Incorporation/ Registration (Exhibit No.)**
Procter & Gamble Home Products Limited	**NONE**	**NONE**
Procter & Gamble South Africa Pty Ltd	**NONE**	**NONE**
Procter and Gamble SA (Proprietary) Limited (formerly: Vick International (Proprietary) Limited to R-M Pharmaceuticals (Proprietary) Limited to Richardson-Vicks (Proprietary) Limited to Permark International (Proprietary) Limited)	**NONE**	"P-6.32"
Procter & Gamble Marketing Romania SRL	**NONE**	"P-6.9"
Detergenti SRL	**NONE**	**NONE**
Procter & Gamble Bulgaria EOOD	**NONE**	"P-6.13"
Procter & Gamble Europe SA (Procter & Gamble Europe AG/Procter & Gamble Europe Ltd)	**NONE**	"P-6.12"
SIA Procter & Gamble Marketing Latvia Ltd.	**NONE**	**NONE**
P & G Indochina/Procter and Gamble International S.A.R.L.- without English Translation	**NONE**	**NONE**
Procter & Gamble Indochina Ltd	**NONE**	**NONE**
Procter & Gamble Korea IE Yuhan Hoesa (Procter & Gamble Korea, IE, Co.)	**NONE**	"P-6.17"
Procter & Gamble Israel M.D.O. Ltd	**NONE**	"P-6.48"
Procter & Gamble Regionalis Szolgaltato Kft	**NONE**	**NONE**
Gillette India Ltd	**NONE**	**NONE**
Procter & Gamble Export Operations SARL (Procter & Gamble Export Operations GmbH/Procter & Gamble Export Operations LLC)	**NONE**	"P-6.21"
Procter & Gamble Manufacturing South Africa Pty Ltd	**NONE**	**NONE**
Cosmetic Suppliers Pty Limited (formerly: Hairdressing Suppliers Pty. Limited)	**NONE**	"P-6.23"
Procter & Gamble Vietnam Ltd. - without English Translations	**NONE**	"P-6.33"

Upon review of the records, the Court *En Banc* sees no cogent reason to depart from the findings of the Court in Division. The other documents, such as the Service Agreement, which purportedly contain the address of its NRFC clients, and the affidavit from a responsible officer of the foreign affiliate, which petitioner has presented, were either incomplete, self-serving, or unauthenticated in accordance with the Rules on Evidence.

Petitioner also avers that the Court in Division failed to consider that some of petitioner's clients have abbreviated or other names.[59] However, We rule that the abbreviated or other names cannot be simply correlated with their alleged official names in the absence of any official document which proves that the two names pertain to the same corporate entity.

In another case involving petitioner,[60] the Court's Special Second Division ruled:

> Notably, the SEC employs a matching process to determine whether a specific entity is not registered to conduct business in the Philippines. During the matching process, the SEC checks its database to determine if the entity in question is already registered. A discrepancy in the corporate name, such as the addition of the words "S.A.S.," "Inc." or "Singapore Branch," may alter the verification result. Considering the possibility of a "registered" verification result under a shorter or longer corporate name and absent any clear evidence to prove that each of the above pairs are one and the same, it remains necessary for the Court to treat them as separate and distinct entities.

We find the above reasoning equally applicable in this case. Hence, We affirm the Court in Division's finding as to the *first* requisite.

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[59] *Id.*, par. 28.
[60] *Procter & Gamble International Operations SA-ROHQ v. Commissioner of Internal Revenue*, CTA Case No. 9897 (Resolution), June 5, 2023.

Second element: Certain services of petitioner fall under Section 108 (B) (2). i.e., that the services rendered should be other than "processing, manufacturing or repacking goods."

Anent the *second* element, the Court in Division discussed:

> Relative to the *second* essential element, of the foregoing clients considered as non-resident foreign corporations doing business outside the Philippines, only the following have Service Agreements with Petitioner, to wit:

Client's Name	**Exhibits (Service Agreements)**
Procter & Gamble Europe SA Singapore Branch	"P-4.34"
P&G K.K.	"P-4.41"
Procter & Gamble International Operations SA Singapore Branch	"P-4.44"
Procter & Gamble Distribution SRL	"P-4.48"
Procter & Gamble Japan K.K.	"P-4.54"
P&G Innovation Godo Kaisha	"P-4.59"
Procter & Gamble Taiwan Limited	"P-4.21"
Procter & Gamble Manufacturing (Thailand) Limited	"P-4.22"
P.T. Procter & Gamble Operations Indonesia	"P-4.62"
P&G Max Factor Godo Kaisha	"P-4.10"

> Notably, the said Service Agreements reveal that Petitioner must provide Financial Service & Solutions Services and Employee Services to the above-stated clients. Thus, since the said services are not in the same category as "*processing, manufacturing or repacking of goods*," only the same complies with the *second* essential element.

We see no compelling reason to reverse the above finding of the Court in Division.

Third element: Petitioner failed to prove that the services were rendered in the Philippines.

The *third* element requires that petitioner render the services in the Philippines to be considered zero-rated under Section 108(B)(2) of the NIRC of 1997, as amended.

The Court in Division thus found non-compliance with this requisite. We quote:

> However, for the purpose of the *third* essential element, there is no indication that the subject services were performed in the Philippines. In fact, **in the said Service Agreements, it was provided that Petitioner shall render the services from all or any of its operational location but it was not clearly indicated or defined where any or all of its operational locations are.** Moreover, it was also provided that Petitioner may enter into specific agreement **with any third party and with any affiliated P&G company**, with the purpose of sub-contracting the services or activities that Petitioner deems it appropriate or necessary to render the purported services. Consequently, such stipulations cast doubt that the services were actually performed in the Philippines. Such being the case, the *third* essential element was not complied with. [*Emphasis supplied*]

Petitioner argues that the mere fact that the Service Agreements failed to indicate the place where the services are to be performed does not automatically mean that the same were not performed within the Philippines.[61] According to petitioner, the Court in Division failed to consider the nature of petitioner's business as an ROHQ.[62]

Petitioner's arguments fail to inspire assent.

While it is true that the mere fact that the Service Agreements failed to indicate the place where the services are to be performed does not automatically mean that the same were not performed within the Philippines, the reverse is likewise true, *i.e.*, it does not likewise automatically mean that the same were performed within the Philippines. As correctly observed by the Court in Division, the provisions in the Service Agreements that petitioner shall render services from *all or any of its*

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[61] *Id.*, par. 31.
[62] *Id.*, par. 32.

operational locations and may enter into specific agreements with *any third party* and *with any affiliated P&G company*, cast doubt that the services were performed in the Philippines.

Neither can this Court rely on the nature of an ROHQ. The place of performance of the services is a factual matter which requires proof, and such cannot rely on mere conjectures, surmises, and speculations. These, certainly, cannot take the place of evidence.

Petitioner asks the Court to rely on the unrebutted testimony of the commissioned ICPA in establishing that the services are rendered in the Philippines.[63]

We disagree.

Rule 13, Section 3 of the RRCTA provides:

> SECTION 3. Findings of Independent CPA. — The submission by the independent CPA of pre-marked documentary exhibits shall be subject to verification and comparison with the original documents, the availability of which shall be the primary responsibility of the party possessing such documents and, secondarily, by the independent CPA. **The findings and conclusions of the independent CPA** may be challenged by the parties and **shall not be conclusive upon the Court, which may, in whole or in part, adopt such findings and conclusions subject to verification**. [*Emphasis and underscoring supplied.*]

As such, this Court ought to make its independent findings as to the compliance of petitioner's sales to the requisites provided by law for zero-rating.

At this point, none of petitioner's sales has complied with all the requisites of a valid zero-rated sale under Section 108(B)(2) of the NIRC of 1997, as amended. Therefore, the Court *En Banc* finds it apropos to no longer discuss compliance with the remaining *fourth* element for valid zero-rating of petitioner's sales under Section 108(B)(2), and by extension, the remaining *fifth* to *ninth* requisites for petitioner's entitlement to refund or tax credit of its alleged unutilized input VAT under Section 112 of the NIRC of 1997, as amended.

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[63] *Id.*, par. 37.

An applicant for a refund or tax credit must not only prove entitlement to the claim but also comply with all the documentary and evidentiary requirements, such as VAT invoicing requirements provided by tax laws and regulations.[64] Well-settled is the rule that refunds or tax credits are strictly construed against the taxpayer, just like tax exemptions. The burden is on the taxpayer to show that he has strictly complied with the conditions for the grant of the tax refund or credit.[65]

The Court in Division did not err in denying petitioner's Motion to Reopen.

By way of recall, petitioner prays for the reversal of the Court in Division's ruling denying its *Motion to Reopen.* Petitioner claims that the higher interest of substantial justice dictates the reopening of the case[66] so that petitioner may present consularized or apostilled foreign registration documents of petitioner's foreign affiliates, SEC Certification of Non-Registration, among others.[67] Petitioner alleges that the supplemental evidence falls within the purview of "newly discovered evidence."[68] Petitioner avers that it tried to procure authenticated business registration documents of its clients as soon as they were needed, but considering that it has 68 clients in various foreign jurisdictions, it had to rely on the assistance and cooperation of its clients in securing the said documents.[69]

Anent petitioner's *Motion to Reopen*, the Court in Division discussed:[70]

> Verily, a motion to reopen may properly be presented only after either or both parties have formally offered, and closed their evidence, but before judgment. On the other hand, a motion for new trial is proper only after rendition or promulgation of judgment. A motion for reopening, unlike a motion for new trial, is not specifically mentioned and prescribed as a remedy by the Rules of Court. There is no specific provision in the Rules of Court governing motions to reopen. It is albeit a recognized procedural recourse or device,

[64] *Philippine Gold Processing and Refining Corp. v. Commissioner of Internal Revenue*, G.R. No. 222904 (Notice), July 15, 2020.
[65] *Commissioner of Internal Revenue v. San Roque Power Corp.*, G.R. Nos. 187485, 196113 & 197156, February 12, 2013, 703 SCRA 310-434.
[66] *Id.*, par. 46.
[67] *Id.*, par. 49.
[68] *Id.*, par. 52.
[69] *Id.*, par. 55.
[70] *Supra* at note 6.

> deriving validity and acceptance from long, established usage. xxx The reopening of a case for the reception of additional evidence after a case has been submitted for decision but before judgment is actually rendered is, it has been said, controlled by no other rule than that of the paramount interests of justice, resting entirely in the sound judicial discretion of the Court; and its concession, or denial, by said Court in the exercise of that discretion will not be reviewed on appeal unless a clear abuse thereof is shown.
>
> ... ...
>
> The Supreme Court held in the case of *Lolita R. Alamayri v. Rommel Pabale et al.* that "parties must diligently and conscientiously present all arguments and available evidences in support of their respective positions to the court before the case is deemed submitted for judgment. Only under exceptional circumstances may the court receive new evidence after having rendered judgment; otherwise, its judgment may never attain finality since the parties may continually refute the findings therein with further evidence."
>
> Herein, petitioner did not raise any compelling reason that would justify the reopening of the case. Petitioner's presentation of supplemental evidence to prove that its affiliates are doing business outside the Philippines does not fall under exceptional circumstances. In fact, the documents that petitioner would like to present are not newly discovered evidence but are readily available and already in existence even before or during a trial and could have been presented and offered in a seasonable manner, had it exercised ordinary prudence and diligence. Again, it is an accepted tenet that rules of procedure must be faithfully followed except only when, for persuasive and weighting reasons, they may be relaxed to relieve a litigant of an injustice commensurate with his failure to comply with the prescribed procedure. [*Citations and boldfacing omitted.*]

We find the ruling of the Court in Division to be in accordance with prevailing rules and jurisprudence regarding the grant of a *Motion to Reopen.* As emphatically said by the Court in Division, while every party-litigant must be afforded the *complete* opportunity for the proper and just determination of his cause, free from the unacceptable plea of technicalities, petitioner must still bear in mind that it had been given every chance to pursue and prove its case. Hence:

> Procedural rules are not to be belittled or dismissed simply because their nonobservance may have resulted in prejudice to a party's substantive rights. Like all rules, they are required to be followed except only for the most persuasive of reasons when they may be relaxed to relieve a litigant of an injustice not commensurate with the degree of his thoughtlessness in not complying with the procedure prescribed. Nor should the rules of procedure be held to be for the benefit of only one side of the litigation, for they have been instituted for the sake of all.[71]

Considering all the foregoing, We find no compelling justification to disturb the ruling of the Court in Division.

WHEREFORE, premises considered, the instant *Petition for Review* is **DENIED** for lack of merit. Accordingly, the *Decision* dated January 3, 2022, and the *Resolution* dated May 11, 2022, of the Court's Third Division in CTA Case Nos. 9485 & 9526 are **AFFIRMED**.

SO ORDERED.

LANEE S. CUI-DAVID
Associate Justice

WE CONCUR:

ROMAN G. DEL ROSARIO
Presiding Justice

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

[71] Assailed Resolution, citing *Juanito Magsino v. Elena de Ocampo, et al.*, G.R. No. 166944, August 18, 2014.

CATHERINE T. MANAHAN
Associate Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

ON LEAVE
MARIAN IVY F. REYES-FAJARDO
Associate Justice

CORAZON G. FERRER-FLORES
Associate Justice

CERTIFICATION

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

ROMAN G. DEL ROSARIO
Presiding Justice