

FIRST DIVISION

[G.R. No. 177127, October 11, 2010]

**J.R.A. PHILIPPINES, INC., PETITIONER, VS. COMMISSIONER OF
INTERNAL REVENUE, RESPONDENT.**

D E C I S I O N

DEL CASTILLO, J.:

Stare decisis et non quieta movere.

Courts are bound by prior decisions. Thus, once a case has been decided one way, courts have no choice but to resolve subsequent cases involving the same issue in the same manner.^[1] We ruled then, as we rule now, that failure to print the word "zero-rated" in the invoices/receipts is fatal to a claim for credit/refund of input value-added tax (VAT) on zero-rated sales.

This Petition for Review on *Certiorari* under Rule 45 of the Rules of Court seeks to set aside the January 15, 2007 Decision^[2] and the March 16, 2007

Resolution^[3] of the Court of Tax Appeals (CTA) *En Banc*.

Factual Antecedents

Petitioner J.R.A. Philippines, Inc., a domestic corporation, is engaged in the manufacture and wholesale export of jackets, pants, trousers, overalls, shirts, polo shirts, ladies' wear, dresses and other wearing apparel.^[4] It is registered with the Bureau of Internal Revenue (BIR) as a VAT taxpayer^[5] and as an Ecozone Export Enterprise with the Philippine Economic Zone Authority (PEZA).^[6]

On separate dates, petitioner filed with the Revenue District Office (RDO) No. 54 of the BIR, Trece Martires City, applications for tax credit/refund of unutilized input VAT on its zero-rated sales for the taxable quarters of 2000 in the total amount of P8,228,276.34, broken down as follows:

1 st quarter	P 2,369,060.97
2 nd quarter	2,528,126.02
3 rd quarter	1,918,015.38
4 th quarter	1,413,073.97 ^[7]

The claim for credit/refund, however, remained unacted by the respondent. Hence, petitioner was constrained to file a petition before the CTA.

Proceedings before the Second Division of the Court of Tax Appeals

On April 16, 2002, petitioner filed a Petition for Review^[8] with the CTA for the refund/credit of the same input VAT which was docketed as CTA Case No.

6454 and raffled to the Second Division of the CTA.

In his Answer,^[9] respondent interposed the following special and affirmative defenses, to wit:

4. Petitioner's alleged claim for refund is subject to administrative routinary investigation/examination by the Bureau;

5. Being allegedly registered with the Philippine Economic Zone Authority as an export enterprise, petitioner's business is not subject to VAT pursuant to Section 24 of R.A. No. 7916 in relation to Section 109 (q) of the Tax Code. Hence, it is not entitled to tax credit of input taxes pursuant to Section 4.103-1 of Revenue Regulations No. 7-95;

6. The amount of P8,228,276.34 being claimed by petitioner as alleged unutilized VAT input taxes for the year 2000 was not properly documented;

7. In an action for refund, the burden of proof is on the taxpayer to establish its right to refund, and failure to [do so] is fatal to the claim for refund/ credit;

8. Petitioner must show that it has complied with the provisions of Section 204 (c) and 229 of the Tax Code on the prescriptive period for claiming tax refund/credit;

9. Claims for refund are construed strictly against the claimant for the same partake the nature of exemption from taxation.^[10]

After trial, the Second Division of the CTA rendered a Decision^[11] denying petitioner's claim for refund/credit of input VAT attributable to its zero-rated sales due to the failure of petitioner to indicate its Taxpayer's Identification Number-VAT (TIN-V) and the word "zero-rated" on its invoices.^[12] Thus, the *fallo* reads:

WHEREFORE, premises considered, the instant petition is hereby **DENIED DUE COURSE,** and, accordingly, **DISMISSED** for lack of merit.

SO ORDERED.^[13]

Aggrieved by the Decision, petitioner filed a Motion for Reconsideration^[14] to which respondent filed an Opposition.^[15] Petitioner, in turn, tendered a Reply.^[16]

The Second Division of the CTA, however, stood firm on its Decision and denied petitioner's Motion for lack of merit in a Resolution^[17] dated October 5, 2005. This prompted petitioner to elevate the matter to the CTA *En Banc*.^[18]

Ruling of the CTA En Banc

On January 15, 2007, the CTA *En Banc* denied the petition, reiterating that failure to comply with invoicing requirements results in the denial of a claim for refund.^[19] Hence, it disposed of the petition as follows:

WHEREFORE, the petition for review is **DENIED** for lack of merit. **ACCORDINGLY**, the Decision dated June 30, 2005 and Resolution dated October 5, 2005 of Second Division of the Court of Tax Appeals in C.T.A Case No. 6454 are hereby **AFFIRMED**.

SO ORDERED.^[20]

Presiding Justice Ernesto D. Acosta (Presiding Justice Acosta) concurred with the findings of the majority that there was failure on the part of petitioner to comply with the invoicing requirements;^[21] he dissented, however, to the outright denial of petitioner's claim since there are other pieces of evidence proving petitioner's transactions and VAT status.^[22]

Petitioner sought reconsideration^[23] of the Decision but the CTA *En Banc* denied the same in a Resolution^[24] dated March 16, 2007. Presiding Justice Acosta maintained his dissent.

Issue

Hence, the instant Petition with the solitary issue of whether the failure to print the word "zero-rated" on the invoices/receipts is fatal to a claim for credit/ refund of input VAT on zero-rated sales.

Petitioner's Arguments

Petitioner submits that:

THE COURT OF TAX APPEALS ERRED BY DECIDING QUESTIONS OF SUBSTANCE IN A MANNER THAT IS NOT IN ACCORD WITH LAW AND JURISPRUDENCE, IN THAT:

A. THE INVOICING REQUIREMENTS UNDER THE 1997 TAX CODE DO NOT REQUIRE THAT INVOICES AND/OR RECEIPTS ISSUED BY A VAT-REGISTERED TAXPAYER, SUCH AS THE PETITIONER, SHOULD BE IMPRINTED WITH THE WORD "ZERO-RATED."

- B. THE INVOICING REQUIREMENTS PRESCRIBED BY THE 1997 TAX CODE AND THE REQUIREMENT THAT THE WORDS "ZERO-RATED" BE IMPRINTED ON THE SALES INVOICES/OFFICIAL RECEIPTS UNDER REVENUE REGULATIONS NO. 7-95 ARE NOT EVIDENTIARY RULES AND THE ABSENCE THEREOF IS NOT FATAL TO A TAXPAYER'S CLAIM FOR REFUND.
- C. RESPONDENT'S REGULATIONS ARE INVALID BECAUSE THEY DO NOT IMPLEMENT THE 1997 TAX CODE BUT INSTEAD, [EXCEED] THE LIMITATIONS OF THE LAW.
- D. PETITIONER PRESENTED SUBSTANTIAL EVIDENCE THAT UNEQUIVOCALLY PROVED PETITIONER'S ZERO-RATED TRANSACTIONS FOR THE YEAR 2000.
- E. NO PREJUDICE CAN RESULT TO THE GOVERNMENT BY REASON OF THE FAILURE OF PETITIONER TO IMPRINT THE WORD "ZERO-RATED" ON ITS INVOICES. PETITIONER'S CLIENTS FOR ITS ZERO-RATED TRANSACTIONS CANNOT UNDULY BENEFIT FROM ITS "OMISSION" CONSIDERING THAT THEY ARE NON-RESIDENT FOREIGN CORPORATIONS [that] ARE NOT COVERED BY THE PHILIPPINE VAT SYSTEM.
- F. IN CIVIL CASE[S], SUCH AS CLAIMS FOR REFUND, STRICT COMPLIANCE WITH TECHNICAL RULES OF EVIDENCE IS NOT REQUIRED. MOREOVER, A MERE PREPONDERANCE OF EVIDENCE WILL SUFFICE TO JUSTIFY THE GRANT OF A CLAIM.^[25]

Respondent's Arguments

Emphasizing that tax refunds are in the nature of tax exemptions which are strictly construed against the claimant, respondent seeks the affirmance of the assailed Decision and Resolution of the CTA *En Banc*.^[26] He insists that the denial of petitioner's claim for tax credit/refund is justified because it failed to comply with the invoicing requirements under Section 4.108-1^[27] of Revenue Regulations No. 7-95.

Our Ruling

The petition is bereft of merit.

The absence of the word "zero-rated" on the invoices/receipts is fatal to a claim for credit/refund of input VAT

The question of whether the absence of the word "zero-rated" on the invoices/receipts is fatal to a claim for credit/refund of input VAT is not novel. This has been squarely resolved in *Panasonic Communications Imaging Corporation of the Philippines (formerly Matsushita Business Machine Corporation of the Philippines) v. Commissioner of Internal Revenue*.^[28] In that case, we sustained the denial of petitioner's claim for tax credit/refund for non-compliance with Section