



REPUBLIC OF THE PHILIPPINES
 SUPREME COURT
 Baguio City
 SECOND DIVISION

SUPREME COURT OF THE PHILIPPINES
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NOTICE

Sirs/Mesdames:

Please take notice that the Court, Second Division, issued a Resolution dated **10 April 2019** which reads as follows:

G.R. No. 238775 – Deutsche Knowledge Services, Pte. Ltd. versus Commissioner of Internal Revenue

G.R. No. 238821 – Republic of the Philippines, represented by the Commissioner of Internal Revenue versus Deutsche Knowledge Services, Pte. Ltd.

X-----X

Upon a careful review of the Petition and the Court of Tax Appeals (CTA) *En Banc* Decision¹ dated May 18, 2017 and Resolution² dated April 10, 2018 in the consolidated cases, CTA EB No. 1297 and CTA EB No. 1302, the Court resolves to **DENY** the Petition in G.R. No. 238775.³

The CTA *En Banc* did not commit any error in denying the petition for review filed before it. Tax refunds or credits are in the nature of tax exemptions. Thus, they are strictly construed against the taxpayers. As claimants, the taxpayers have the burden of proving strict compliance with the conditions for the grant of the tax refund or credit.⁴

Moreover, the Court accords findings and conclusions of the CTA with the highest respect.⁵ As a specialized court dedicated exclusively to the resolution of tax problems, the CTA has accordingly developed an expertise on the subject of taxation.⁶ Thus, its decisions are presumed valid in every aspect and will not be overturned on appeal, unless the Court finds that the

¹ *Rollo*, pp. 43-65. Penned by Associate Justice Esperanza R. Fabon-Victorino, with Associate Justices Juanito C. Castañeda, Jr., Lovell R. Bautista, Erlinda P. Uy, Caesar A. Casanova, Cielito N. Mindaro-Grulla and Ma. Belen Ringpis-Liban concurring; Presiding Justice Roman G. Del Rosario with Concurring and Dissenting Opinion, id. at 66-71; Associate Justice Catherine T. Manahan concurred in Presiding Justice Del Rosario’s Concurring and Dissenting Opinion.

² Id. at 72-78. Penned by Associate Justice Esperanza R. Fabon-Victorino, with Presiding Justice Roman G. Del Rosario (with Concurring Opinion, id. at 79-80) and Associate Justices Juanito C. Castañeda, Jr., Lovell R. Bautista, Erlinda P. Uy, Caesar A. Casanova, Cielito N. Mindaro-Grulla, Ma. Belen M. Ringpis-Liban and Catherine T. Manahan concurring.

³ Deutsche Knowledge Services, Pte. Ltd. had filed a Petition for Review docketed as G.R. No. 238775 on June 8, 2018 while the Commissioner of Internal Revenue (CIR), represented by the Office of the Solicitor General (OSG), had filed a Motion for Extension of Time to File Petition on May 11, 2018 docketed as G.R. No. 238821. The two cases were consolidated in a Resolution of the Court, Second Division on June 20, 2018. However, on June 8, 2018, the OSG filed a Manifestation and Motion that it was withdrawing as counsel for the OSG and that it would not be filing a Petition. The CIR, on its own, likewise did not file any Petition.

⁴ *Applied Food Ingredients Co., Inc. v. Commissioner of Internal Revenue*, 720 Phil. 782, 789 (2013).

⁵ *Barcelon, Roxas Securities, Inc. v. Commissioner of Internal Revenue*, 529 Phil. 785, 794 (2006).

⁶ *Rizal Commercial Banking Corp. v. Commissioner of Internal Revenue*, 672 Phil. 514, 530 (2011), citing *Commissioner of Internal Revenue v. Court of Appeals*, 363 Phil. 239, 246 (1999), further citing *Commissioner of Internal Revenue v. Wander Philippines, Inc.*, 243 Phil. 717, 724 (1988).

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questioned decision is not supported by substantial evidence or there has been an abuse or improvident exercise of authority on the part of the tax court.⁷

The Court will no longer disturb the factual findings of the courts *a quo*. As correctly held by the CTA *En Banc*, petitioner failed to strictly comply with the invoicing requirements for a value-added tax refund. As well, petitioner was unable to prove that all the recipients of its services are foreign entities doing business outside the Philippines.

Considering that petitioner in **G.R. No. 238821** has not filed the intended petition for review on certiorari within the extension granted in the Resolution dated June 20, 2018, the Court resolves to **INFORM** the parties that no petition for review has been filed in this case, and to **DECLARE G.R. No. 238821 CLOSED and TERMINATED**.

SO ORDERED. (PERLAS-BERNABE, J., on leave)"

Very truly yours,


MARIA LOURDES C. PERFECTO
Division Clerk of Court *7/15*

05 JUL 2019

By:

TERESITA AQUINO TUAZON
Deputy Division Clerk of Court

⁷ Id. at 530, citing *Toshiba Information Equipment (Phils.), Inc. v. Commissioner of Internal Revenue*, 628 Phil. 430, 467 (2010).

OFFICE OF THE SOLICITOR GENERAL (reg)
134 Amorsolo Street
1229 Legaspi Village
Makati City

SALVADOR LLANILLO & BERNARDO (reg)
Counsel for Deutsche Knowledge Services, Pte. Ltd.
8th Floor, Tower One & Exchange Plaza
Ayala Triangle, Ayala Avenue
1226 Makati City

ATTY. ALBERTO R. BOMEDIANO, JR. (reg)
ATTY. ALBERT C. ARPON (reg)
Special Counsels for CIR
BIR Legal Division, Region 8
2nd Floor, BIR Regional Office Building
No. 313 Gil Puyat Avenue, Makati City

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National Government Center
Agham Road, 1104 Diliman, Quezon City
(CTA EB Case Nos. 1297 & 1302)/
(CTA Case No. 8165)

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GR238775 & GR238821. 04/10/2019(361)URES

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