Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

N O T I C E

Sirs/Mesdames:

Please take notice that the Court, First Division, issued a Resolution dated **March 15, 2022** *which reads as follows:*

"G.R. Nos. 242647 & 243814 (*Philippine National Bank v. Commissioner of Internal Revenue*); G.R. Nos. 242842-43 (*Commissioner of Internal Revenue v. Philippine National Bank*). – Before Us are two consolidated petitions for review on *certiorari* under Rule 45 of the Rules of Court, as amended, assailing the Decision[1] dated April 25, 2018 and Resolution[2] dated October 12, 2018 issued by the Court of Tax Appeals (CTA) *En Banc* in CTA EB Nos. 1615 and 1617 which, in turn, affirmed the October 3, 2016 Decision[3] and March 9, 2017 Resolution[4] of the CTA First Division in CTA Case No. 8636.

Antecedents

On April 15, 2011, the Philippine National Bank (PNB) filed its Annual Income Tax Return (ITR) for taxable year 2010 (2010 ITR) with the Bureau of Internal Revenue (BIR). Thereafter, on May 23, 2011, PNB submitted a First Amended 2010 ITR. A Final Amended 2010 ITR was filed by PNB on December 26, 2012.[5]

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1 *Rollo* (G.R. Nos. 242647 & 243813), pp. 129-143. Penned by Associate Justice Catherine T. Manahan with Associate Justices Juanito C. Castañeda, Jr., Esperanza R. Fabon-Victorino, Cielito N. Mindaro-Grulla and Ma. Belen M. Ringpis-Liban concurring. Presiding Justice Roman G. Del Rosario issued a Concurring and Dissenting Opinion, which was joined by Associate Justice Lovell R. Bautista. Associate Justices Erlinda P. Uy and Caesar A. Casanova were on leave.

2 Id. at 163-170. Penned by Associate Justice Catherine T. Manahan with Associate Justices Juanito C. Castañeda, Jr., Erlinda P. Uy, Esperanza R. Fabon-Victorino, Cielito N. Mindaro-Grulla and Ma. Belen M. Ringpis-Liban concurring. Presiding Justice Roman G. Del Rosario reiterated his Concurring and Dissenting Opinion.

3 Id. at 41-74. Penned by Associate Justice Cielito N. Mindaro-Grulla with Associate Justice Erlinda P. Uy concurring, and Presiding Justice Roman G. Del Rosario dissenting.

4 Id. at 91-97.

5 Id. at 43.

On January 10, 2013, PNB filed with the BIR an administrative claim for a tax refund, *i.e.*, the issuance of a tax credit certificate in its favor, in the amount of ₱289,085,378.91.[6]

The BIR did not act on PNB's claim. Thus, on April 12, 2013, PNB interposed a Petition for Review[7] with the CTA. The case, docketed as CTA Case No. 8636, was heard by the CTA First Division.[8]

PNB's arguments

Contending that it is entitled to a tax refund for excess creditable withholding tax (CWT) under Section 76(C)[9] of the 1997 National Internal Revenue Code (NIRC), as amended, PNB asserted in its Memorandum[10] that it has met the requirements laid down by this Court in *Banco Filipino Savings and Mortgage Bank v. Court of Appeals*,[11] to wit:

> There are three conditions for the grant of a claim for refund of creditable withholding tax: 1) the claim is filed with the CIR within the two-year period from the date of payment of the tax; 2) it is shown on the return of the recipient that the income payment received was declared as part of the gross income; and, 3) the fact of withholding is established by a copy of a statement duly issued by the payor to the payee showing the amount paid and the amount of the tax withheld therefrom. x x x[12] (Citations omitted)

PNB claimed that it has submitted all the necessary documents to prove its claim for tax refund. It was able to furnish the BIR a copy of the February 26, 2014 Supplemental and Consolidated Report of the court-commissioned independent certified public accountant (ICPA),[13] as well as copies of "[14,072] Certificates of Creditable Tax

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6 Id.
7 Id. at 180-184.
8 Id.
9 SECTION 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:
x x x x
(C) Be credited or refunded with the excess amount paid, as the case may be.
10 *Rollo* (G.R. Nos. 242647 & 243814), pp. 291-314.
11 548 Phil. 32 (2007.
12 Id. at 36-37.
13 *Rollo* (G.R. Nos. 242647 & 243814), p. 305.

Withheld at Source (BIR Form 2307) for taxable year 2010 and the Schedule/Summary List of Creditable Withholding Taxes as of 31 December 2010."[14] And since PNB did not apply its unutilized CWT ₱289,085,378.91 to the subsequent taxable year 2011,[15] it has more than proven that it is deserving of the tax refund in question.

The CIR's arguments

Opposing PNB's application for the subject tax refund, the Commissioner of Internal Revenue (CIR), through the Office of the Solicitor General (OSG), asseverated in its Memorandum[16] that PNB was unable to adduce enough evidence to prove its claim.

The CIR opined that PNB failed to submit the necessary withholding tax certificates which would have shown the latter's entitlement to a refund.[17] Moreover, PNB did not present the various payors and/or withholding agents to prove the entries in the withholding tax certificates and the subsequent remittance of taxes to the BIR.[18]

The CIR further claimed that because a tax refund is in the nature of a tax exemption which must be strictly construed against the taxpayer, PNB failed to discharge its burden of proving its entitlement thereto.[19]

Ruling of the CTA in Division

On October 3, 2016, the CTA in Division rendered a Decision partly granting the reliefs prayed for by PNB.

The CTA in Division ruled that the CWTs that were "duly supported by certificates and of which the related income payments were traced to the General Ledger and thereafter reported in the Audited Financial Statements and Final Amended Annual ITR for taxable year 2010"[20] amounted to ₱285,373,676.59, not ₱289,085,378.91.

However, the CTA in Division ruled that PNB was not able to substantiate its claim to Prior Year's Excess Credits (PYEC) of ₱150,175,021.58 because it failed to produce the corresponding CWT

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14 Id. at 307.
15 Id. at 312.
16 Id. at 284-290.
17 Id. at 286.
18 Id. at 286-287.
19 Id. at 287.
20 Id. at 68.

certificates. This failure on the part of PNB to prove its claim to said PYEC means that its due and outstanding Minimum Corporate Income Tax (MCIT) of ₱75,036,131.92 for the year 2010 must be deducted from PNB's claimed tax refund of ₱285,373,676.59, thereby leaving a balance of ₱210,337,544.67.[21]

Ultimately, the CTA in Division decreed:

> **WHEREFORE,** premises considered, the instant Petition for Review is **PARTIALLY GRANTED.** Accordingly, respondent is hereby **ORDERED TO ISSUE A TAX CREDIT CERTIFICATE** in the amount of ₱210,337,544.67 in favor of petitioner, representing petitioner's excess creditable withholding taxes for taxable year 2010.
>
> **SO ORDERED.**[22]

Dissatisfied, PNB filed a Motion for Partial Reconsideration of Decision and/or to Reopen the Case for Presentation of Evidence.[23] The CIR also interposed its own motion for reconsideration. Both motions were denied by the CTA in Division in its Resolution[24] dated March 9, 2017.

Thereafter, PNB and the CIR elevated the case to the CTA *En Banc* by interposing their respective petitions for review, which were consolidated as CTA EB Nos. 1615 and 1617.

Ruling of the CTA *En Banc*

On April 25, 2018, the CTA *En Banc* rendered the herein assailed Decision[25] affirming the issuances of the CTA in Division.

The CTA *En Banc* ruled that, indeed, PNB was not able to substantiate all of its claims for the issuance of a tax credit certificate. The CTA *En Banc* declared that there was a need for PNB to present the requisite CWT certificates in order to prove that it had sufficient PYEC to cover its income tax liability for 2010. PNB failing to do so, the CTA in Division correctly offset its outstanding 2010 MCIT of

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21 Id. at 71-73.
22 Id. at 73.
23 Id. at 79-88.
24 Id. at 91-97.
25 Id. at 129-143.

₱75,036,131.92 against its substantiated unutilized CWT for 2010 in the amount of ₱285,373,676.59.[26] Accordingly, PNB is only entitled to a tax credit certificate in the amount of ₱210,337,544.67.

Thus, the CTA *En Banc* disposed as follows:

> **WHEREFORE**, in light of the foregoing considerations, the Petitions for Review are **DENIED** for lack of merit. Accordingly, the Decision dated October 3, 2016 and the Resolution dated March 9, 2017 of the Court in Division, are hereby **AFFIRMED**.[27]

PNB and the CIR interposed separate motions for reconsideration which were denied by the CTA *En Banc* in the herein assailed Resolution dated October 12, 2018.

Hence, the present recourse.

Issues

PNB submits the following arguments for the Court's consideration:

> A.
> THE PRESENTATION OF CWT CERTIFICATES IS NOT INDISPENSABLE IN PROVING THE EXISTENCE OF PRIOR YEAR'S EXCESS CREDITS.
>
> B.
> THE EXISTENCE OF [PNB'S] PRIOR YEAR'S EXCESS CREDITS WAS SUFFICIENTLY ESTABLISHED BY DOCUMENTS WHICH WERE OFFERED AND ADMITTED AS EVIDENCE.
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> C.
> TRIAL SHOULD HAVE BEEN REOPENED TO GIVE [PNB] AN OPPORTUNITY TO PRESENT THE EVIDENCE REQUIRED AND COMPLY WITH THE CTA'S RECENT AND NEW PRONOUNCEMENTS ON THE REQUIRED EVIDENCE.[28]

On the other hand, the CIR contends that:

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26 Id. at 141.
27 Id. at 142.
28 Id. at 22.

THE CTA *EN BANC* COMMITTED REVERSIBLE ERROR WHEN IT SUSTAINED THE CTA FIRST DIVISION'S RULING THAT PNB IS ENTITLED TO A TAX CREDIT CERTIFICATE (TCC) IN THE AMOUNT OF ₱210,337,544.67, REPRESENTING PNB'S EXCESS [CWT] FOR TAXABLE YEAR 2010.

A. THE CTA COMMITTED REVERSIBLE ERROR WHEN IT ENTERTAINED [PNB'S] PETITION FOR TCC OR REFUND EVEN IF [PNB] FAILED TO EXHAUST ADMINISTRATIVE REMEDIES FOR ITS NON-COMPLIANCE WITH RMO 53-98 AND RR 2-2006.

B. [PNB] FAILED TO PRESENT CONVINCING EVIDENCE TO SUBSTANTIATE ITS CLAIM FOR REFUND IN THIS EXCESS CWT REFUND CASE; IT FAILED TO PROVE THAT IT DID NOT CARRY OVER THE EXCESS CWT TO THE SUCCEEDING YEAR.

C. PNB FAILED TO DISCHARGE ITS HEAVY BURDEN OF PROVING ENTITLEMENT TO A REFUND/TCC, WHICH BASICALLY MUST INCLUDE NOT ONLY THE FACT OF WITHHOLDING OF TAXES BUT ALSO THEIR SUBSEQUENT REMITTANCE TO THE BIR. IT IS UNDISPUTED THAT RESPONDENT FAILED TO PRESENT THE WITHHOLDING AGENTS TO PROVE THE WITHHOLDING AND REMITTANCE OF TAXES.

D. FOR PNB'S FAILURE TO ESTABLISH CLEARLY AND CONVINCINGLY THE FACTUAL BASIS FOR ITS CLAIM FOR REFUND/TCC, ITS CLAIM SHOULD HAVE BEEN DENIED FOLLOWING THE PRINCIPLE THAT CLAIMS FOR TAX REFUND, LIKE TAX EXEMPTIONS, ARE CONSTRUED STRICTLY AGAINST THE TAXPAYER.[29]

Ruling of the Court

We deny both petitions.

PNB's resort to the CTA was proper

Under the doctrine of exhaustion of administrative remedies, a litigant cannot go to court without first pursuing his/her administrative remedies, otherwise his/her action is premature and his/her case is not

[29] *Rollo* (G.R. Nos. 242842-43), pp. 53-54.

ripe for judicial determination.[30] Hence, if resort to a remedy within the administrative machinery can still be made by giving the administrative officer concerned every opportunity to decide on a matter that comes within his or her jurisdiction, then such remedy should be exhausted first before the court's judicial power can be sought.[31]

The CIR contends that PNB's resort to the CTA was premature because it failed to submit to the BIR the documents listed in Revenue Memorandum Order (RMO) No. 53-98[32] dated June 1, 1998 and Revenue Regulations (RR) No. 2-2006[33] dated December 1, 2005. The CIR theorizes that because PNB failed to submit to the BIR all of the documents enumerated in these issuances, its administrative claim could not be considered as a duly filed claim. Thus, PNB violated Section 229[34] of the NIRC which requires a duly filed administrative claim for refund as a precedent to a judicial claim. It, therefore, failed to exhaust all administrative remedies before seeking judicial relief.

We are not persuaded by the CIR's posture.

Worth recalling is Our pronouncement in *Banco Filipino Savings and Mortgage Bank v. Court of Appeals*[35] that one of the conditions for the grant of a claim for refund of creditable withholding

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30 *Joson III v. Court of Appeals*, 517 Phil. 555, 565 (2006).

31 *Public Hearing Committee of the Laguna Lake Development Authority v. SM Prime Holdings, Inc.*, 645 Phil. 324, 331 (2010).

32 Entitled "Checklist of Documents to be Submitted by a Taxpayer upon Audit of his Tax Liabilities as well as of the Mandatory Reporting Requirements to be Prepared by a Revenue Officer, all of which Comprise a Complete Tax Docket."

33 Entitled "Mandatory Attachments of the Summary Alphalist of Withholding Agents of Income Payments Subjected to Tax Withheld at Source (SAWT) to Tax Returns With Claimed Tax Credits due to Creditable Tax Withheld At Source and of the Monthly Alphalist of Payees (MAP) Whose Income Received Have Been Subjected to Withholding Tax to the Withholding Tax Remittance Return Filed by the Withholding Agent/Payor of Income Payments." Available at https://www.bir.gov.ph/images/bir_files/old_files/pdf/27697rr%20no.%2002-2006.pdf (last accessed March 2, 2022).

34 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.

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.

35 Supra note 11.

tax is that the claim is filed with the BIR within the two-year period from the date of payment of the tax. Relative thereto, Section 229 of the NIRC states that judicial claims for refund must be filed within two years from the date of payment of the tax or penalty, providing further that the same may not be maintained until a claim for refund or credit has been duly filed with the CIR.[36]

Nothing in our laws and jurisprudence supports the CIR's position that the exhaustion of an administrative claim for tax refund is a condition precedent that must be completely acted upon by the BIR before a judicial claim for refund may be filed by the taxpayer concerned. The Court rejects the CIR's contention that PNB cannot be deemed to have filed its administrative claim because the latter failed to submit all of the documents mentioned in RMO No. 53-98 and RR No. 2-2006.

In the first place, PNB was never apprised by the CIR of the alleged incompleteness of the documents in support of its claim for refund. By failing to inform PNB of the need to submit any additional document, the CIR cannot now argue that the judicial claim should be dismissed because it failed to submit complete documents.[37] And at any rate, a cursory reading of RMO No. 53-98 and RR No. 2-2006 reveals that neither issuance explicitly states that the failure to submit the required documents is tantamount to a non-filed claim. In fact, Section 5[38] of RR No. 2-2006 merely provides a penalty of fine for non-submission of these documents.

Indeed, jurisprudence dictates that a taxpayer need not await the BIR's action on an administrative claim before going to the CTA.

In *CBK Power Company Ltd. v. Commissioner of Internal Revenue*,[39] CBK Power remitted withholding taxes to the BIR on March 10, 2003. Based on Section 229 of the NIRC, it had until

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36 *Commissioner of Internal Revenue v. Goodyear Philippines, Inc.*, 792 Phil. 484, 494 (2016).

37 *Pilipinas Total Gas, Inc. v. Commissioner of Internal Revenue*, 774 Phil. 473, 503 (2015).

38 Section 5. PENALTY PROVISION. – In accordance with the provisions of the NIRC of 1997, a person who fails to file, keep or supply a statement, list, or information required herein on the date prescribed therefor shall pay, upon notice and demand by the CIR, an administrative penalty of One Thousand Pesos (P1,000) for each such failure, unless it is satisfactorily shown that such failure is due to reasonable causes and not due to willful neglect. For this purpose, the failure to supply the required information shall constitute a single act or omission punishable thereof. However, the aggregate amount to be imposed for all such failures during the year shall not exceed Twenty Five Thousand Pesos (₱25,000).

39 750 Phil. 748 (2015).

March 10, 2005 within which to file a claim for tax refund. Thereafter, on March 4, 2005, CBK Power filed an administrative claim for refund with the BIR. Then, without awaiting for the BIR to act on its administrative claim, CBK Power filed a judicial claim for refund through a petition for review with the CTA on March 9, 2005.

In rejecting the CIR's claim that CBK Power should have awaited the BIR's action on its administrative claim before instituting a case with the CTA, this Court ruled:

> With respect to the remittance filed on March 10, 2003, the Court agrees with the ratiocination of the CTA *En Banc* in debunking the alleged failure to exhaust administrative remedies. Had CBK Power awaited the action of the Commissioner on its claim for refund prior to taking court action knowing fully well that the prescriptive period was about to end, it would have lost not only its right to seek judicial recourse but its right to recover the final withholding taxes it erroneously paid to the government thereby suffering irreparable damage.[40] (Citation omitted)

In *Commissioner of Internal Revenue v. Univation Motor Philippines, Inc.*,[41] Univation Motor Philippines, Inc. (Univation) filed on April 15, 2011 its Final Adjustment Return for 2010. On March 12, 2012, it filed an administrative claim for tax refund. Because the BIR did not act on its administrative claim, Univation filed a petition for review with the CTA on April 12, 2013. The CIR excoriated Univation for not awaiting its action on the administrative claim before elevating the matter to the CTA.

Finding in favor of Univation, We declared:

> In the instant case, the two-year period to file a claim for refund is reckoned from April 15, 2011, the date respondent filed its Final Adjustment Return. Since respondent filed its administrative claim on March 12, 2012 and its judicial claim on April 12, 2013, therefore, both of respondent's administrative and judicial claim for refund were filed on time or within the two-year prescriptive period provided by law. Under the circumstances, if respondent awaited for the commissioner to act on its administrative claim (before resort to the Court), chances are, the two-year prescriptive period will lapse effectively resulting to the loss of respondent's right to seek judicial recourse and worse, its right to recover the taxes it erroneously paid to the government. Hence, respondent's immediate resort to the Court is justified.

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40 Id. at 764.

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

> Contrary to petitioner CIR's assertion, there was no violation of the doctrine of exhaustion of administrative remedies.
> x x x
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> x x x x
>
> The law only requires that an administrative claim be priorly filed. That is, to give the BIR at the administrative level an opportunity to act on said claim. In other words, for as long as the administrative claim and the judicial claim were filed within the two-year prescriptive period, then there was exhaustion of the administrative remedies.[42]

The same principles apply in the case at bar. Here, PNB filed its 2010 ITR on April 15, 2011. It had a period of two years from said date, or until April 15, 2013, within which to file its administrative and judicial claims for tax refund. PNB filed its administrative claim for tax refund with the BIR on January 10, 2013. However, BIR did not act on it. With time running out, PNB filed its petition for review with the CTA on April 12, 2013. There was exhaustion of administrative remedies in this case.

In fine, the filing of an administrative claim for tax refund does not toll the running of the prescriptive period within which to file the corresponding judicial claim. The law requires that the administrative and judicial claims for refund should be brought within the same two-year prescriptive period.[43] Had PNB waited for the BIR's action on its administrative claim beyond the two-year prescriptive period, it would forever be barred from pursuing its judicial claim.[44]

The Court will not disturb the CTA's evaluation and calibration of the pieces of evidence presented before it

The question of whether or not PNB presented enough evidence to substantiate its claim for the issuance in its favor of the tax credit certificates it desires is a factual question. It requires a review of the evidence presented[45] before the CTA in Division. This is not allowed

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42 Id.
43 *CE Luzon Geothermal Power Co., Inc. v. Commissioner of Internal Revenue*, 814 Phil. 616, 634 (2017).
44 Id.
45 *Co v. Vargas*, 676 Phil. 463, 470 (2011).

in Rule 45 petitions where only questions of law may be raised[46] because the Supreme Court is not a trier of facts.[47] The function of this Court in petitions for review on *certiorari* under Rule 45 is limited to reviewing errors of law.[48] While this rule admits of exceptions, none of which applies to the instant case.

In any event, a review of the records extant in this case reveals that the CTA *En Banc* did not err in its ruling.

Here, the CTA in Division and the CTA *En Banc* were in unison in finding that PNB was able to prove that it is entitled to the issuance of a tax credit certificate (TCC) in the amount of ₱210,337,544.67, its prayer for a tax refund amounting to ₱75,036,131.92 cannot be granted because it failed to adduce the necessary CWT certificates as evidence of its PYEC.

Being a derogation of the State's power of taxation,[49] tax refunds or credits – just like tax exemptions – are strictly construed against taxpayers[50] and liberally in favor of the State.[51] Strict compliance with the mandatory and jurisdictional conditions prescribed by law to claim such tax refund or credit is essential and necessary for such claim to prosper.[52]

Under Section 8[53] of Republic Act (R.A.) No. 1125,[54] the CTA is described as a court of record. As cases filed before it are litigated *de novo*, party litigants should prove every minute aspect of their cases.[55]

At this juncture, the Court quotes with affirmation the following discussion of the CTA in Division:

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46 *Pascual v. Burgos*, 776 Phil. 167, 169 (2016).

47 *Spouses Liu v. Espinosa*, G.R. No. 238513, July 31, 2019.

48 *Heirs of Villanueva v. Heirs of Mendoza*, 810 Phil. 172, 177-178 (2017).

49 *Compagnie Financiere Sucres et Denrees v. Commissioner of Internal Revenue*, 531 Phil. 264, 267 (2006).

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

51 *Gulf Air Co., Phil. Branch v. Commissioner of Internal Revenue*, 695 Phil. 493, 504 (2013).

52 *Silicon Phils. Inc. v. Commissioner of Internal Revenue*, 727 Phil. 487, 505 (2014).

53 SECTION 8. *Court of record; seal; proceedings.* – The Court of Tax Appeals shall be a court of record and shall have a seal which shall be judicially noticed. It shall prescribe the form of its writs and other processes. It shall have the power to promulgate rules and regulations for the conduct of the business of the Court, and as may be needful for the uniformity of decisions within its jurisdiction as conferred by law, but such proceedings shall not be governed strictly by technical rules of evidence.

54 AN ACT CREATING THE COURT OF TAX APPEALS.

55 *Commissioner of Internal Revenue v. Manila Mining Corporation*, 505 Phil. 650, 664.

The Certificates of Creditable Tax Withheld at Source issued by the withholding agents of the government are *prima facie* proof of actual payment to the government through the agents. In *Commissioner of Internal Revenue vs. Philippine National Bank*, the Supreme Court stressed the importance of presenting the pertinent CWT certificates in this wise:

> 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 certificate of creditable tax withheld at source to be presented and to testify personally to prove the authenticity of the certificates.
>
> In *Banco Filipino Savings and Mortgage Bank v. Court of Appeals*, this court declared that a certificate is complete in the relevant details that would aid the courts in the evaluation of any claim for refund of excess creditable withholding taxes:
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> > In fine, the document which may be accepted as evidence of the third condition, that is, the fact of withholding, must emanate from the payor itself, and not merely from the payee, and must indicate the name of the payor, the income payment basis of the tax withheld, the amount of the tax withheld and the nature of the tax paid.
> >
> > At the time material to this case, the requisite information regarding withholding taxes from the sale of acquired assets can be found in BIR Form No. 1743.1. As described in Section 6 of Revenue Regulations No. 6-85, BIR Form No. 1743.1 is a written statement issued by the payor as withholding agent showing the income or other payments made by the said withholding agent during a quarter or year and the amount of the tax deducted and withheld therefrom. It readily identifies the payor, the income payment and the tax withheld. **It is complete in the relevant details which would aid**

> **the courts in the evaluation of any claim for refund of creditable withholding taxes.**
>
> Here, the subject claim pertains to excess tax credits, *i.e.*, *undiminished* by any income tax liability. Petitioner only proffered as evidence its Schedule of Creditable Withholding Taxes for the years 2000 to 2009 and 2011 to 2013. The said Schedule, standing alone, does not constitute proof that petitioner had prior year's excess credits. Without the corresponding CWT certificates to support petitioner's claim, the said amount cannot be applied against the reported income tax liability of petitioner for taxable year 2010 amounting to P75,036,131.92. Hence, a portion of the substantiated CWT in the amount P285,373,676.59 shall be applied against the said income tax liability. Consequently, petitioner's refundable excess CWTs for taxable year 2010 amount only to P210,337,544.67 x x x.[56]

Indeed, whether or not the evidence submitted by a party is sufficient to warrant the granting of its prayer lies within the sound discretion and judgment of the CTA.[57] In this regard, We abide by the fundamental principle that the findings of fact by the CTA in Division are not to be disturbed without any showing of grave abuse of discretion considering that the members of the Division are in the best position to analyze the documents presented by the parties.[58] The findings of fact of the CTA are binding on this Court and in the absence of strong reasons for this Court to delve into facts, only questions of law are open for determination.[59]

The Supreme Court will not set aside lightly the conclusion reached by the CTA which, by the very nature of its function, is dedicated exclusively to the consideration of tax problems and has necessarily developed an expertise on the subject, unless there has been an abuse or improvident exercise of authority.[60] No such exception obtains in this case and thus, we presume that the CTA rendered a decision which is valid in every respect.[61]

PNB's alternative prayer that it be allowed to submit additional evidence cannot be allowed

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56 *Rollo* (G.R. Nos. 242647 & 243814), pp. 71-73.
57 *Pilipinas Total Gas, Inc. v. Commissioner of Internal Revenue*, supra note 37 at 500.
58 *Republic v. Team (Phils.) Energy Corporation*, 750 Phil. 700, 717 (2015).
59 *Philippine Refining Co. v. Court of Appeals*, 326 Phil. 680, 689 (1996).
60 *Sea-Land Service, Inc. v. Court of Appeals*, 409 Phil. 508, 514 (2001).
61 *Commissioner of Internal Revenue v. Univation Motor Philippines, Inc.*, supra note 41.

Finally, PNB's alternative prayer that the proceedings before the CTA in Division be opened so that it may be allowed to adduce additional evidence must be denied.

In *Alegre v. Reyes*,[62] this Court declared that a motion to reopen may properly be presented only after either or both parties have formally offered, and closed their evidence, but before judgment.

In *Cabarles v. Maceda*,[63] the Court further expanded the instances when a motion to reopen can be allowed, *i.e.*, "before judgment is rendered, and even after promulgation but before finality of judgment and the only controlling guideline governing a motion to reopen is the paramount interest of justice."[64]

In the case at bar, however, what PNB seeks is essentially the presentation of forgotten evidence which, in a case, was defined in the following manner:

> Forgotten evidence refers to evidence already in existence or available before or during a trial; known to and obtainable by the party offering it; and could have been presented and offered in a seasonable manner, were it not for the sheer oversight or forgetfulness of the party or the counsel. Presentation of forgotten evidence is disallowed, because it results in a piecemeal presentation of evidence, a procedure that is not in accord with orderly justice and serves only to delay the proceedings. A contrary ruling may open the floodgates to an endless review of decisions, whether through a motion for reconsideration or for a new trial, in the guise of newly discovered evidence.[65]

Apart from the bare invocation of the interests of substantial justice, which is not a magic wand that will automatically compel this Court to suspend procedural rules,[66] PNB has failed to demonstrate any compelling reason for the grant of its alternative prayer.

All told, the Court finds no reversible error on the part of the CTA *En Banc* when it rendered the herein assailed issuances.

WHEREFORE, the petitions are **DENIED** for lack of merit. The Decision dated April 25, 2018 and Resolution dated October 12, 2018 of the Court of Tax Appeals *En Banc* in CTA EB Nos. 1615 and 1617 are hereby **AFFIRMED**.

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62 244 Phil. 232, 234 (1988).
63 545 Phil. 210 (2007).
64 Id. at 218.
65 *Office of the Ombudsman v. Coronel*, 526 Phil. 351, 363 (2006).
66 *Spouses Bergonia v. Court of Appeals*, 680 Phil. 334, 343 (2012).

SO ORDERED."

By authority of the Court:

LIBRADA C. BUENA
Division Clerk of Court
5/2/25

by:

MARIA TERESA B. SIBULO
Deputy Division Clerk of Court
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Court of Tax Appeals
National Government Center
Agham Road, Diliman
1101 Quezon City
(CTA EB Nos. 1615 & 1617)
(CTA Case No. 8636)

The Solicitor General
134 Amorsolo Street, Legaspi Village
1229 Makati City

LITIGATION DIVISION
BUREAU OF INTERNAL REVENUE
Room 703, BIR National Office Building
Diliman, 1101 Quezon City

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