Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

AT&T COMMUNICATIONS SERVICES PHILIPPINES, INC., Petitioner,	**G.R. No. 185969**
	Present:
- versus -	SERENO, *CJ.*, *Chairperson*, VELASCO, JR.,* LEONARDO-DE CASTRO, PEREZ, and PERLAS-BERNABE, *JJ.*
COMMISSIONER OF INTERNAL REVENUE, Respondent.	Promulgated: NOV 19 2014

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DECISION

PEREZ, *J.*:

Before the Court is a Petition for Review on *Certiorari* seeking to reverse and set aside the 24 September 2008 Decision[1] and the 13 January 2009 Resolution[2] of the Court of Tax Appeals (CTA) *En Banc* in C.T.A. EB No. 381 which affirmed the Decision and Resolution dated 12 December 2007 and 12 March 2008, respectively, of the First Division of the CTA (CTA in Division)[3] in C.T.A. Case No. 7221, dismissing the petition for lack of merit; and accordingly, denied petitioner's claim for the refund or issuance of a tax credit certificate (TCC) in the amount of ₱3,003,265.14 allegedly representing excess or unutilized input Value-Added Tax (VAT)

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* Per Special Order No. 1870 dated 4 November 2014.

1 *Rollo*, pp. 68-87; Penned by Associate Justice Juanito C. Castañeda, Jr. with Associate Justices Lovell R. Bautista, Erlinda P. Uy, Caesar A. Casanova and Olga Palanca-Enriquez, concurring and Presiding Justice Ernesto D. Acosta, dissenting.

2 Id. at 88-96.

3 Id. at 210-229, 259-264; Penned by Associate Justice Lovell R. Bautista with Associate Justice Caesar A. Casanova concurring and Presiding Justice Ernesto D. Acosta dissenting.

attributable to its zero-rated sales of services for the period covering 1 January 2003 to 31 December 2003.

The Facts

The factual antecedents of this case reveal that petitioner AT&T Communications Services Philippines, Inc. (petitioner), being a domestic corporation principally engaged in the business of rendering information, promotional, supportive and liaison service, entered into a Service Agreement with AT&T Communications Services International, Inc. (AT&T-CSI), a non-resident foreign corporation, on 1 January 1999, whereby compensation for such services is paid in US Dollars.[4]

Petitioner has an Assignment Agreement with AT&T Solutions, Inc. (AT&T-SI) where the latter assigned to petitioner the performance of services AT&T-SI was supposed to provide Mastercard International, Inc. (a non-resident foreign corporation) under a Virtual Private Network Service Agreement. Likewise, the compensation for such services is paid in US Dollars to be inwardly remitted to the Philippines by AT&T-SI, which acts as the collecting agent of petitioner.[5]

Thereafter, a second Assignment Agreement was executed and entered into by petitioner with AT&T-SI for the purpose of performing the latter's obligation to Lexmark International, Inc. (also a non-resident foreign corporation) by providing services to its affiliates in the Philippines, namely: Lexmark Research and Development Corporation and Lexmark International (Philippines), Inc. (both Philippine Economic Zone Authority [PEZA]-registered enterprises). Payment of petitioner's aforesaid services is as well paid in US Dollars through telegraphic transfer.[6]

Consequently, petitioner filed its Quarterly VAT Returns with the Bureau of Internal Revenue (BIR) for the taxable year period covering 1 January 2003 to 31 December 2003, detailed hereunder as follows:

Date of Filing	Period Covered
22 April 2003	1st Quarter
23 July 2003	2nd Quarter
22 October 2003	3rd Quarter

4 *Rollo*, pp. 210-211.
5 Id. at 211.
6 Id. at 211-212.

26 January 2004	4th Quarter[7]

On 5 February 2004, petitioner filed its first Amended Quarterly VAT Return for the Fourth Quarter of taxable year 2003; while on 26 April 2004, petitioner filed its Amended Quarterly VAT Returns for the First to Fourth Quarters of the taxable year 2003.[8]

Petitioner filed on 13 April 2005 with the BIR an application for refund and/or tax credit of its unutilized VAT input taxes for the aforesaid taxable period amounting to ₱3,003,265.14. However, there being no action on said administrative claim, petitioner filed a Petition for Review before the CTA in Division on 20 April 2005 (or exactly seven [7] days from the time it filed its administrative claim) in order to suspend the running of the prescriptive period provided under Section 229 of the National Internal Revenue Code (NIRC) of 1997, as amended.[9]

The Ruling of the CTA in Division

In C.T.A. Case No. 7221, the CTA in Division rendered a Decision dated 12 December 2007[10] dismissing petitioner's claim for the refund or issuance of a TCC. It ruled that in order to be entitled to its refund claim, petitioner must show proof of compliance with the substantiation requirements as mandated by law and regulations. Therefore, considering that the subject revenues pertain to gross receipts from services rendered by petitioner, valid official receipts and not mere sales invoices should have been presented and submitted in evidence in support thereof. Without proper VAT official receipts, the foreign currency payment received by petitioner from services rendered for the four (4) quarters of taxable year 2003 cannot qualify for zero-rating for VAT purposes. Since it is clear from the provisions of Section 112(A) of the NIRC of 1997, as amended, that there must be zero-rated sales or effectively zero-rated sales in order for a refund claim of input VAT could prosper, the claimed input VAT payments allegedly attributable thereto in the amount of ₱3,003,265.14 cannot be granted.[11]

On 12 March 2008, the CTA in Division denied petitioner's Motion for Reconsideration for lack of merit considering that no new matter was

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7 Id. at 212.
8 Id.
9 Id. at 214.
10 Id. at 210-229; Penned by Associate Justice Lovell R. Bautista with Associate Justice Caesar A. Casanova, concurring and Presiding Justice Ernesto D. Acosta, dissenting.
11 Id. at 221-222.

raised which were not taken into consideration in arriving at the subject Decision that would warrant its reversal or modification.[12]

Unsatisfied, petitioner filed a Petition for Review before the CTA *En Banc* pursuant to Section 18 of Republic Act (R.A.) No. 1125, as amended by Section 11 of R.A. No. 9282, docketed as C.T.A. EB No. 381.[13]

The Ruling of the CTA En Banc

Finding no merit in petitioner's contentions, the CTA *En Banc* rendered the assailed 24 September 2008 Decision which affirmed both the Decision and Resolution rendered by the CTA in Division in C.T.A. Case No. 7221. It categorically pronounced that official receipt cannot be interchanged with sales invoice.[14] It further emphasized that proof of inward remittances like bank credit advices cannot be used in lieu of VAT official receipts to demonstrate petitioner's zero-rated transactions. Under Section 113 of the NIRC of 1997, as amended, irrespective of the nature of transaction, be it taxable, exempt or zero-rated sale, the law mandates that the taxpayer "for every sale, issue an invoice or receipt." Thus, the enumerated zero-rated transactions under Sections 106 and 108 are those which are duly covered by VAT invoices (in the case of sales of goods), and VAT official receipts (in the case of sales of services).[15] In other words, the law itself clearly specified that an official receipt shall cover sales of services, and did not provide for any other document which can be used as an alternative to or in lieu thereof.

Upon denial of petitioner's Motion for Reconsideration thereof, it filed the instant Petition for Review on *Certiorari* before this Court seeking the reversal of the aforementioned Decision and the 13 January 2009 Resolution[16] rendered in C.T.A. EB No. 381.

In support thereof, petitioner raises the following grounds: (1) the NIRC of 1997, as amended, does not limit the proof of input or output VAT to a single document. There is no distinction of the evidentiary value of the supporting documents. Hence, it is clear that invoices or receipts may be used interchangeably to substantiate VAT; (2) the use of the VAT official receipt as proof of payment of the sale of service loses its significance due to

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12 Id. at 259-264; CTA in Division Resolution.
13 Id. at 271-311.
14 Id. at 78; CTA *En Banc* Decision dated 24 September 2008.
15 Id. at 81.
16 Id. at 88-96.

the requirement that petitioner must prove the validity of its inward remittances; (3) petitioner presented substantial evidence that unequivocally proved its zero-rated transactions for the taxable year 2003; and (4) in civil cases, such as claims for refund or issuance of a TCC, a mere preponderance of evidence will suffice to justify the grant of the claim.[17]

The Issue

The sole issue for this Court's consideration is whether or not petitioner is entitled to a refund or issuance of a TCC in its favor amounting to ₱3,003,265.14 allegedly representing unutilized input VAT attributable to petitioner's zero-rated sales for the period of 1 January 2003 to 31 December 2003, in accordance with the provisions of the NIRC of 1997, as amended, other pertinent laws, and applicable jurisprudential proclamations.

Our Ruling

At this juncture, it bears emphasis that jurisdiction over the subject matter or nature of an action is fundamental for a court to act on a given controversy,[18] and is conferred only by law and not by the consent or waiver upon a court which, otherwise, would have no jurisdiction over the subject matter or nature of an action. Lack of jurisdiction of the court over an action or the subject matter of an action cannot be cured by the silence, acquiescence, or even by express consent of the parties.[19] If the court has no jurisdiction over the nature of an action, its only jurisdiction is to dismiss the case. The court could not decide the case on the merits.[20] Needless to state, to obviate the possibility that its decision may be rendered void, the Court can, by its own initiative, raise the question of jurisdiction, although not raised by the parties.[21] As a corollary thereto, to inquire into the existence of jurisdiction over the subject matter is the primary concern of a court, for thereon would depend the validity of its entire proceedings.[22] Therefore, even if there was no jurisdictional issue raised by any party, the Court may look into it at anytime of the proceedings, even during this appeal.

It has long been established that the CTA is a court of special jurisdiction. As such, it can only take cognizance of such matters as are

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17 Id. at 27-28.
18 *Commissioner of Internal Revenue v. Villa, et al.*, 130 Phil. 3, 4 (1968).
19 *Laresma v. Abellana*, 484 Phil. 766, 778 (2004).
20 Please refer to *Lt. Col. De Guzman v. Judge Escalona*, 186 Phil. 431, 438 (1980).
21 *Ker & Company, Ltd. v. Court of Tax Appeals*, 114 Phil. 1220 (1962).
22 *Commissioner of Internal Revenue v. Villa, et al.*, supra note 18.

clearly within its jurisdiction.[23] Hence, when it appears from the pleadings or the evidence on record that the court has no jurisdiction over the subject matter, the court shall dismiss the claim.[24]

Relevant thereto, the Court sitting *En Banc* has finally settled the issue on proper observance of the prescriptive periods in claiming for refund of creditable input tax due or paid attributable to any zero-rated or effectively zero-rates sales. Thus, in view of the jurisprudential pronouncements rendered in *Commissioner of Internal Revenue v. San Roque Power Corporation, Taganito Mining Corporation v. Commissioner of Internal Revenue, and Philex Mining Corporation v. Commissioner of Internal Revenue* (*San Roque* case),[25] this Court finds it imperative to first look into the factual findings of the CTA for the purpose of achieving a complete determination of the issue presented, particularly as to the timeliness of its administrative and judicial claims.

In C.T.A. Case No. 7221, the CTA in Division solely ruled on petitioner's non-compliance with the substantiation requirements, expressing that the evidence submitted by petitioner to prove its zero-rated sales were insufficient so as to entitle it to the claim for refund or issuance of a TCC. Similar declaration was made by the CTA *En Banc* in the assailed 24 September 2008 Decision and 13 January 2009 Resolution in C.T.A. EB No. 381.

Nonetheless, although it is true that the substantiation requirements in establishing a refund claim is a valid issue for this Court to rule upon, the prior determination of whether or not the CTA properly acquired jurisdiction over petitioner's claim covering the four (4) quarters of taxable year 2003, taking into consideration the timeliness of the filing of the administrative and judicial claims pursuant to Section 112 of the NIRC of 1997, as amended, and consistent with the pronouncements made in the *San Roque* case, is still our primary concern. Clearly, petitioner's claim can only proceed upon compliance with the aforesaid jurisdictional requirement.

Section 112 of the NIRC of 1997, as amended, reads:

SEC. 112. *Refunds or Tax Credits of Input Tax*. -

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23 *Ker & Company, Ltd. v. Court of Tax Appeals*, supra note 21.
24 Section 1, Rule 9, Rules of Court.
25 G.R. Nos. 187485, 196113, and 197156, 12 February 2013, 690 SCRA 336.

> (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 <u>after the close of the taxable quarter when the sales were made</u>**, 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: x x x
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> x x x x
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> (D)[26] *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 Subsection (A) hereof.**
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> 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, <u>within thirty (30) days from the receipt of the decision denying the claim or after the expiration of the one hundred twenty-day period</u>, appeal the decision or the unacted claim with the Court of Tax Appeals.**
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> x x x x (Emphases and underscoring supplied)

As mentioned earlier, the proper interpretation of the afore-quoted provision was finally settled in the *San Roque* case[27] by this Court sitting *En Banc*. The relevant portions of the discussion pertinent to the focal issue presented in this case are quoted hereunder, to wit:

> *First*, Section 112(A) clearly, plainly, and unequivocally provides that the taxpayer "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 the creditable input tax due or paid to such sales." In short, the law states that the taxpayer may apply with the Commissioner for a refund or credit "**within two (2) years**," **which means at anytime within two years**. Thus, the application for refund or credit may be filed by the taxpayer with the Commissioner on the last day of the two-year prescriptive period and it will still strictly comply with the law. The two-year prescriptive period is a grace period in favor of the

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26 Presently Section 112(C) upon the effectivity of Republic Act No. 9337 on 1 November 2005.

27 *Commissioner of Internal Revenue v. San Roque Power Corporation, Taganito Mining Corporation v. Commissioner of Internal Revenue, and Philex Mining Corporation v. Commissioner of Internal Revenue* (*San Roque* case), supra note 25. See also *Mindanao II Geothermal Partnership v. Commissioner of Internal Revenue, and Mindanao I Geothermal Partnership v. Commissioner of Internal Revenue*, G.R. Nos. 193301 and 194637, 11 March 2013, 693 SCRA 49.

taxpayer and he can avail of the full period before his right to apply for a tax refund or credit is barred by prescription.

Second, Section 112(C) provides that the Commissioner shall decide the application for refund or credit "within one hundred twenty (120) days from the date of submission of complete documents in support of the application filed in accordance with Subsection (A)." The reference in Section 112(C) of the submission of documents "in support of the application filed in accordance with Subsection A" means that the application in Section 112(A) is the administrative claim that the Commissioner must decide within the 120-day period. **In short, the two-year prescriptive period in Section 112(A) refers to the period within which the taxpayer can file an administrative claim for tax refund or credit. Stated otherwise, the two-year prescriptive period does not refer to the filing of the judicial claim with the CTA but to the filing of the administrative claim with the Commissioner**. As held in *Aichi*, the "phrase 'within two years x x x apply for the issuance of a tax credit or refund' **refers to applications for refund/credit with the CIR and not to appeals made to the CTA**."

x x x x

Section 112(A) and (C) must be interpreted according to its clear, plain, and unequivocal language. The taxpayer can file his administrative claim for refund or credit at anytime within the two-year prescriptive period. If he files his claim on the last day of the two-year prescriptive period, his claim is still filed on time. The Commissioner will have 120 days from such filing to decide the claim. If the Commissioner decides the claim on the 120th day, or does not decide it on that day, the taxpayer still has 30 days to file his judicial claim with the CTA. This is not only the plain meaning but also the only logical interpretation of Section 112(A) and (C).[28] (Emphases supplied)

It was moreover pronounced:

The *Atlas* doctrine, which held that claims for refund or credit of input VAT must comply with the two-year prescriptive period under Section 229, should be **effective only from its promulgation on 8 June 2007 until its abandonment on 12 September 2008 in *Mirant*.** The *Atlas* doctrine was limited to the reckoning of the two-year prescriptive period from the date of payment of the output VAT. **Prior to the *Atlas* doctrine, <u>the two-year prescriptive period for claiming refund or credit of input VAT should be governed by Section 112(A) following the *verba legis* rule.</u>** The *Mirant* ruling, which abandoned the *Atlas* doctrine, adopted the *verba legis* rule, thus applying Section 112(A) in computing the two-year prescriptive period in claiming refund or credit of input VAT.[29] (Emphasis and underlining supplied)

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28 Id. at 390-392.

29 Id. at 397.

Applying the foregoing pronouncements, and considering that petitioner's administrative claim was filed before the promulgation of the *Atlas* case,[30] it is clear that petitioner only had a period of two (2) years *from the close of the taxable quarter when the zero-rated or effectively zero-rated sales were made*, to file an administrative claim for refund or issuance of a TCC in its favor. As aptly found by the CTA in Division and the CTA *En Banc*, the administrative claim covering all four (4) quarters of taxable year 2003, was filed by petitioner on 13 April 2005. However, although petitioner's administrative claim was filed within the prescribed 2-year period under Section 112(A) of the NIRC of 1997, as amended, insofar as to the Second, Third, and Fourth Quarters of taxable year 2003 are concerned, it appears that its claim covering the First Quarter of taxable year 2003 was belatedly filed, detailed hereunder as follows:

Taxable year 2003 (close of taxable quarters)	*Last day of filing administrative claims (within the 2-year period from the close of the taxable quarters)*	*Filing date of the administrative claim*
1st Quarter (31 March 2003)	**30 March 2005**[31]	**13 April 2005**
2nd Quarter (30 June 2003)	29 June 2005	
3rd Quarter (30 September 2003)	29 September 2005	
4th Quarter (31 December 2003)	30 December 2005	

Clearly, the CTA had no jurisdiction to rule on petitioner's refund claim covering the First Quarter of taxable year 2003 since its administrative claim was filed beyond the 2-year prescriptive period as mandated by law, or exactly fourteen (14) days after the last day to file the same.

On the other hand, as to petitioner's claims covering the remaining quarters of taxable year 2003, the Court finds that petitioner has indeed properly filed its judicial claim before the CTA, even without waiting for the expiration of the one hundred twenty (120)-day period, since at the time petitioner filed its petition, BIR Ruling No. DA-489-03 issued on 10 December 2003 was already in effect. This ruling is not without any legal basis. Thus:

> Like San Roque, Taganito **also filed its petition for review with the CTA without waiting for the 120-day period to lapse**. Also, like

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30 *Atlas Consolidated Mining and Dev't. Corp. v. Commission on Internal Revenue*, 551 Phil. 519 (2007).

31 Considering that taxable year 2004 was a leap year.

> San Roque, Taganito **filed its judicial claim before the promulgation of the Atlas doctrine**. Taganito filed a Petition for Review on 14 February 2007 with the CTA. This is almost four months before the adoption of the Atlas doctrine on 8 June 2007. Taganito is similarly situated as San Roque - both cannot claim being misled, misguided, or confused by the Atlas doctrine.
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> **However, Taganito can invoke BIR Ruling No. DA-489-03 dated 10 December 2003, which expressly ruled that the "taxpayer-claimant need not wait for the lapse of the 120-day period before it could seek judicial relief with the CTA by way of Petition for Review."** Taganito filed its judicial claim after the issuance of BIR Ruling No. DA-489-03 but before the adoption of the *Aichi* doctrine. **Thus, xxx Taganito is deemed to have filed its judicial claim with the CTA on time**.[32] (Emphasis supplied)
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> x x x x
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> To repeat, a claim for tax refund or credit, like a claim for tax refund exemption, is construed strictly against the taxpayer. One of the conditions for a judicial claim of refund or credit under the VAT System is **compliance with the 120+30 day mandatory and jurisdictional periods. Thus, strict compliance with the 120+30 day periods is necessary for such a claim to prosper, whether before, during, or after the effectivity of the *Atlas* doctrine, except for the period from the issuance of BIR Ruling No. DA-489-03 on 10 December 2003 to 6 October 2010 when the *Aichi* doctrine was adopted, which again reinstated the 120+30 day periods as mandatory and jurisdictional**.[33] (Emphasis supplied)

Without doubt, it is evident from the foregoing jurisprudential pronouncements that as a general rule, a taxpayer-claimant needs to wait for the expiration of the one hundred twenty (120)-day period before it may be considered as "inaction" on the part of the Commissioner of Internal Revenue (CIR). Thereafter, the taxpayer-claimant is given only a limited period of thirty (30) days from said expiration to file its corresponding judicial claim with the CTA. However, with the exception of claims made during the effectivity of BIR Ruling No. DA-489-03 (from 10 December 2003 to 5 October 2010),[34] petitioner has indeed properly and timely filed its

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32 *Commissioner of Internal Revenue v. San Roque Power Corporation, Taganito Mining Corporation v. Commissioner of Internal Revenue, and Philex Mining Corporation v. Commissioner of Internal Revenue*, supra note 25 at 388.

33 Id. at 398-399.

34 "BIR Ruling No. DA-489-03 does provide a valid claim for equitable estoppel under Section 246 of the Tax Code. BIR Ruling No. DA-489-03 *expressly* states that the '**taxpayer-claimant need not wait for the lapse of the 120-day period before it could seek judicial relief with the CTA by way of Petition for Review**.'" See *Commissioner of Internal Revenue v. San Roque Power Corporation, Taganito Mining Corporation v. Commissioner of Internal Revenue, and Philex Mining Corporation v. Commissioner of Internal Revenue*, supra note 25 at 401.

judicial claim covering the Second, Third, and Fourth Quarters of taxable year 2003, within the bounds of the law and existing jurisprudence.

Now, the significance of the difference between a sales invoice and an official receipt as evidence for zero-rated transactions.

This is not novel.

For emphasis, even prior to the enactment of R.A. No. 9337,[35] which clearly delineates the invoice and official receipt, our Tax Code has already made the distinction.

Section 113 of the NIRC of 1997, as amended is the focal provision, to wit:

> SEC. 113. Invoicing and Accounting Requirements for VAT-registered Persons.-
>
> (A) Invoicing Requirements.- *A VAT-registered person shall, for every sale, issue an* ***invoice or receipt***. In addition to the information required under Section 237, the following information shall be indicated in the invoice or receipt: (Emphasis supplied)
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> x x x x

Although it appears under the above-quoted provision that there is no clear distinction on the evidentiary value of an invoice or official receipt, it is worthy to note that the said provision is a general provision which covers all sales of a VAT registered person, whether sale of goods or services. It does not necessarily follow that the legislature intended to use the same interchangeably. The Court therefore cannot conclude that the general provision of Section 113 of the NIRC of 1997, as amended, intended that the invoice and official receipt can be used for either sale of goods or services, because there are specific provisions of the Tax Code which clearly delineates the difference between the two transactions.

In this instance, Section 108 of the NIRC of 1997, as amended, provides:

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[35] An Act Amending Sections 27, 28, 34, 106, 107, 108, 109, 110, 111, 112, 113, 114, 116, 117, 119, 121, 148, 151, 236, 237 and 288 of the National Internal Revenue Code of 1997, as Amended, and for Other Purposes.

> SEC. 108. ***Value-added Tax on <u>Sale of Services</u>*** and Use or Lease of Properties.-
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> x x x x
>
> (C) Determination of the Tax - The tax shall be computed by multiplying the total amount indicated in the ***official receipt*** by one-eleventh (1/11). (Emphasis supplied)

Comparatively, Section 106 of the same Code covers sale of goods, thus:

> SEC. 106. ***Value-added Tax on <u>Sale of Goods or Properties</u>***,-
>
> x x x x
>
> (D) Determination of the Tax. – The tax shall be computed by multiplying the total amount indicated in the ***invoice*** by one-eleventh (1/11). (Emphasis supplied)

Apparently, the construction of the statute shows that the legislature intended to distinguish the use of an invoice from an official receipt. It is more logical therefore to conclude that subsections of a statute under the same heading should be construed as having relevance to its heading. The legislature separately categorized VAT on sale of goods from VAT on sale of services, not only by its treatment with regard to tax but also with respect to substantiation requirements. Having been grouped under Section 108, its subparagraphs, (A) to (C), and Section 106, its subparagraphs (A) to (D), have significant relations with each other.

Legislative intent must be ascertained from a consideration of the statute as a whole and not of an isolated part or a particular provision alone. This is a cardinal rule in statutory construction. For taken in the abstract, a word or phrase might easily convey a meaning quite different from the one actually intended and evident when the word or phrase is considered with those with which it is associated. Thus, an apparently general provision may have a limited application if viewed together with the other provisions.[36]

Settled is the rule that every part of the statute must be considered with the other parts.[37] Accordingly, the whole of Section 108 should be read in conjunction with Sections 113 and 237 so as to give life to all the

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[36] *Aboitiz Shipping Corp., et.al. v. City of Cebu,* et al., 121 Phil. 425, 429 (1965).

[37] *Planters Association of Southern Negros Inc. v. Hon. Ponferrada,* 375 SCRA 901, 913 (1999).

provisions intended for the sale of services. There is no conflict between the provisions of the law that cover sale of services that are subject to zero rated sales; thus, it should be read altogether to reveal the true legislative intent.

To finally settle this matter, this Court declared in *KEPCO Philippines Corporation v. Commissioner of Internal Revenue*,[38] that the VAT invoice is the seller's best proof of the sale of the goods or services to the buyer while the VAT receipt is the buyer's best evidence of the payment of goods or services received from the seller. Thus, the High Court concluded that VAT invoice and VAT receipt should not be confused as referring to one and the same thing. Certainly, neither does the law intend the two to be used interchangeably. Accordingly, we agree with the ruling of the CTA in Division, as well as that of the CTA *En Banc*, insofar as to its discussion on the relevancy of the aforesaid substantiation requirements.

WHEREFORE, the petition is **DENIED**. No costs.

SO ORDERED.

JOSE PORTUGAL PEREZ
Associate Justice

WE CONCUR:

MARIA LOURDES P. A. SERENO
Chief Justice
Chairperson

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38 G.R. No. 181858, 24 November 2010, 636 SCRA 166, 182.

PRESBITERO J. VELASCO, JR.
Associate Justice

TERESITA J. LEONARDO-DE CASTRO
Associate Justice

ESTELA M. PERLAS-BERNABE
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify 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.

MARIA LOURDES P. A. SERENO
Chief Justice