

## FIRST DIVISION

[ G.R. No. 169565, January 21, 2009 ]

**COMMISSIONER OF INTERNAL REVENUE, PETITIONER, VS.  
UNITED INTERNATIONAL PICTURES, AB, RESPONDENT.**

### R E S O L U T I O N

**CORONA, J.:**

On April 14, 1998, respondent United International Pictures, AB<sup>[1]</sup> filed a petition for review in the Court of Tax Appeals (CTA) (CTA Case No. 5618) asking for the refund of its excess income tax payments in 1996 amounting to P5,791,194.

While the said petition was pending, respondent filed an administrative claim for refund of its excess income tax payments in 1997 amounting to P4,578,574<sup>[2]</sup> in Revenue District Office No. 34 of the Bureau of Internal Revenue (BIR). Thus, as of June 23, 1998, respondent's claim for refund totaled P10,369,768.<sup>[3]</sup>

On October 1, 1999, the CTA rendered a decision in CTA Case No. 5618 ordering petitioner Commissioner of Internal Revenue to deduct respondent's 1996 tax liability from the amount claimed and to refund (or to issue tax credit certificates) in the amount of P4,007,357.<sup>[4]</sup> Neither party assailed the decision; thus, it attained finality.

In view of the decision in CTA Case No. 5618, respondent revised its pending administrative claim for refund. It added the amount of its 1996 tax liability (or P1,748,669) and claimed the creditable tax withheld in 1997 (or P6,327,243) as the amount of total refund.<sup>[5]</sup>

Because the BIR failed to act on its administrative claim, respondent filed a petition for review<sup>[6]</sup> in the CTA on March 15, 2000.<sup>[7]</sup>

After trial, the CTA found that respondent complied with all the requirements for the refund of creditable withholding taxes.<sup>[8]</sup> Nonetheless, in comparing respondent's 1997 income tax return and the certificate of tax withheld issued by its withholding agent, it found that respondent understated its income. Thus, the CTA granted the petition<sup>[9]</sup> but ordered the BIR to refund (or to issue tax credit certificates) only to the extent of P6,285,892.05.<sup>[10]</sup>

Aggrieved, petitioner filed a petition for certiorari<sup>[11]</sup> in the Court of Appeals (CA) asserting that the CTA committed grave abuse of discretion when it granted respondent a tax refund.<sup>[12]</sup> However, the CA affirmed the findings of the CTA and dismissed the petition.<sup>[13]</sup> Petitioner moved for reconsideration but it was denied.<sup>[14]</sup>

Hence, this recourse,<sup>[15]</sup> petitioner contending that the CA erred in dismissing its petition for certiorari.

We deny the petition.

Under our tax system, the CTA is a highly specialized body that reviews tax cases. For this reason, its findings of fact are binding on the Court unless such findings are not supported by substantial evidence.<sup>[16]</sup>

In this case, the CTA concluded that respondent was entitled to refund but only to the extent of P6,285,892.05.<sup>[17]</sup> As pointed out by the CA, the CTA exhaustively explained why it granted the refund albeit less than what respondent claimed. We find no reason to disturb the CTA's findings of fact.

**ACCORDINGLY**, the petition is hereby **DENIED**.

No costs.

**SO ORDERED.**

*Quisumbing, Acting Chief Justice<sup>\*</sup>, Austria-Martinez<sup>\*\*</sup>, Carpio-Morales<sup>\*\*</sup>, and Leonardo-De Castro, JJ., concur.*

*Corona<sup>\*\*\*</sup>, J., acting Chairperson.*

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<sup>\*</sup> Per Special Order No. 549 and additional member of the First Division as replacement of Justice Antonio T. Carpio per Special Order No. 547.

<sup>\*\*</sup> Additional members as replacements of Chief Justice Reynato S. Puno and Justice Adolfo S. Azcuna per Special Order No. 553.

<sup>\*\*\*</sup> Per Special Order No. 552.

<sup>[1]</sup> A Swedish corporation licensed to do business in the Philippines. Under the Philippine tax laws, respondent is a resident foreign corporation taxed in accordance with Section 28(A) of the Tax Code.

<sup>[2]</sup> Respondent's administrative claim for refund was computed as follows:

Creditable tax withheld for 1997	P 6,327,234.00
Less: Tax due ( <i>i.e.</i> , 1997 tax liability)	<u>(1,748,669.00)</u>
TOTAL REFUND CLAIMED FOR 1997	<u>P 4,578,574.00</u>

(Note that the difference between P6,327,234 and P1,748,669 is P4,578,565.)

<sup>[3]</sup> Respondent's total claim for tax refund was computed as follows: