

Title: Commissioner of Internal Revenue vs. Hedcor Sibulan, Inc.

Facts: Hedcor Sibulan, Inc. (HSI), engaged in power generation, filed its Original and Amended Quarterly VAT Returns for Q1 2008, showing unutilized input VAT due to its zero-rated sales. On March 29, 2010, HSI pursued an administrative claim for a VAT refund for Q1 2008, and the next day, it filed a judicial claim with the Court of Tax Appeals (CTA). The Commissioner of Internal Revenue (CIR) contested the timeliness and compliance of HSI's claim. The pivotal case of Commissioner of Internal Revenue v. Aichi Forging Company of Asia, Inc. (Aichi) stated the 120+30-day periods for processing VAT refund claims were mandatory and jurisdictional. HSI's claim was initially dismissed due to prematurity. However, during the reconsideration of HSI's case, the Supreme Court decided Commissioner of Internal Revenue v. San Roque Power Corporation (San Roque), endorsing an exception for cases filed within the guidance of BIR Ruling No. DA-489-03.

Issues: The primary issues were whether HSI timely filed its judicial claim and whether it was entitled to a VAT refund.

Court's Decision: The Supreme Court held that HSI duly filed its judicial claim within the exception period identified in San Roque, thus, reversing the earlier decision that dismissed the claim due to prematurity. It emphasized that taxpayers could rely on BIR Ruling No. DA-489-03 from its issuance up to its effective reversal by the Court in Aichi. Consequently, HSI's claim was remanded to the CTA for further determination regarding compliance with other legal requirements for the VAT refund.

Doctrine: The decision expounded on the doctrine of equitable estoppel and the mandatory and jurisdictional nature of the 120+30 day periods in filing a VAT refund claim. Furthermore, it confirmed that BIR Ruling No. DA-489-03 serves as an exception to these periods for cases filed within a specified timeframe.

Class Notes:

1. **\*\*120+30 day periods\*\***: The necessity for taxpayers to observe a 120-day waiting period for the CIR to act on VAT refund claims, followed by a 30-day period to appeal the CIR's decision to the CTA, is mandatory and jurisdictional.
2. **\*\*Equitable Estoppel\*\***: Taxpayers may rely on interpretations by tax authorities during the period these interpretations were considered valid until effectively reversed by judicial pronouncement.
3. **\*\*Interpretative Rulings\*\***: The validity of rulings issued by the Deputy Commissioner on

behalf of the CIR as authoritative guidance for taxpayers.

4. **\*\*Exception Period - BIR Ruling No. DA-489-03\*\***: This specific ruling allowed taxpayers to file judicial claims without waiting for the 120-day period to lapse, valid from its issuance on December 10, 2003, up to the Aichi decision on October 6, 2010.

Historical Background: This case highlights the evolving interpretation and application of tax law provisions regarding VAT refunds in the Philippines. It bridges pivotal Supreme Court decisions, Aichi and San Roque, providing clarity on the procedural requisite of the 120+30 day periods for VAT refund claims and carving out an exception that guarded certain taxpayers from the procedural bar of prematurity due to reliance on BIR rulings.