

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL SECOND DIVISION

ATTY. VOLTAIRE ENRIQUEZ in CTA AC NO. 344
his capacity as the CITY
TREASURER OF TAGUIG CITY, Members:
Petitioner,

- versus -

RINGPIS-LIBAN, P.J., Chairperson,
MODESTO-SAN PEDRO, and
FERRER-FLORES, JJ.

Promulgated:

JAGJIT HOLDINGS, INC.,
Respondent.

SEP 29 2026

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RESOLUTION

FERRER-FLORES, J.

Before this Court is petitioner's **Motion for Reconsideration [to the Decision dated May 12, 2026]** filed via registered mail on June 10, 2026, with respondent's **Comment (To Petitioner's Motion for Reconsideration dated June 10, 2026)** filed on June 29, 2026.

On May 12, 2026, the Court promulgated a Decision denying the *Petition for Review* filed by herein petitioner and affirming the findings of the Regional Trial Court of Taguig City, Branch 153, in Civil Case No. 666, which granted respondent's claim for refund of local business tax (LBT) paid for calendar years (CYs) 2018 and 2019, in the total amount of **₱653,099.81**, the dispositive portion of which reads as follows:

WHEREFORE, in light of the foregoing considerations, the present **Petition for Review** dated November 4, 2024 is **DENIED** for lack of merit.

Accordingly, the Decision dated July 26, 2024, and the Order dated September 6, 2024, both rendered by the RTC of Taguig City – Branch 153, in Civil Case No. 666, are **AFFIRMED in toto**.

SO ORDERED.

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In his *Motion for Reconsideration*, petitioner principally argues that the subject Billing Statements also constitute notices of assessment within the contemplation of Section 195 of the Local Government Code (LGC) of 1991, as amended. He contends that the Billing Statements were issued to and received by respondent upon its application for the renewal of its business permit for CYs 2018 and 2019. Moreover, the Billing Statements specified the amounts allegedly due for those years, which, under Section 183 of the Revenue Code of Taguig, were payable within the first 20 days of the calendar year. Petitioner maintains that the Billing Statements are tax assessments that enjoy the presumption of validity unless and until otherwise declared with finality by a court of competent jurisdiction.

Petitioner further argues that respondent's administrative and judicial claims were belatedly filed. According to petitioner, respondent had 60 days from receipt of the Billing Statements dated January 18, 2018 and January 17, 2019, within which to file a written protest; otherwise, the assessment shall become final and executory. Thereafter, respondent had 30 days from receipt of the denial of the protest, or from the lapse of the 60-day period, within which to seek judicial relief. In this case, however, petitioner emphasizes that respondent filed its claim for refund on September 19, 2019, well beyond the periods to protest the Billing Statements, which allegedly expired on March 19, 2018 and March 18, 2019, respectively. Petitioner likewise claims that respondent failed to elevate the same to the proper court within 30 days from the lapse of the 60-day period following its letter dated September 19, 2019, or until December 18, 2019. Petitioner, thus, asserts that the assessments in the subject Billing Statements had become conclusive and unappealable pursuant to Section 195 of the LGC of 1991, as amended.

Finally, petitioner reiterates that respondent is not entitled to a refund of the LBT it previously paid. Petitioner maintains that Section 17 of Ordinance No. 34, Series of 2017, is a valid regulation as it was duly enacted by the Sangguniang Panlungsod of Taguig, pursuant to Article X, Section 5 of the Philippine Constitution, and Section 16 of the LGC of 1991, as amended. Petitioner maintains that respondent, as a holding company, is indubitably liable for LBT on its dividend income and that the LBT due for CYs 2018 and 2019 amounts to ₱272,124.93. Petitioner further contends that, even assuming respondent is entitled to a refund, the refundable amount should be limited to ₱380,974.88 rather than the full amount claimed.

On the other hand, in its *Comment*, respondent maintains that the Court correctly ruled that the Billing Statements issued by petitioner are not notices of assessment within the contemplation of Section 195 of the LGC of 1991, as amended. Respondent insists that the subject Billing Statements are merely billings for the renewal of respondent's business permit. Respondent emphasizes that the subject Billing Statements did not provide the facts and law on which the billed amounts were based, nor did it contain any finding of



surcharges, interests, and penalties. Consequently, Section 195 of the LGC of 1991, as amended, does not apply to the present case.

Respondent, thus, argues that petitioner cannot rely on the prescriptive periods under said provision to defeat its claim. Instead, respondent maintains that Section 196 of the LGC of 1991, as amended, which requires the filing of a written claim for refund with the local treasurer and the commencement of judicial action within two years from the date of payment of the tax should apply.

Respondent asserts that it timely filed its administrative claim for refund on September 25, 2019. Thereafter, in view of petitioner's inaction, respondent filed its Complaint for refund within the two-year period prescribed by law, reckoned from the date of payment of tax. Accordingly, respondent concludes that both its administrative and judicial claims were timely filed.

After due consideration, the Court finds petitioner's *Motion for Reconsideration* bereft of merit.

At the crux of the present controversy is Section 195 of the LGC of 1991, as amended, which provides as follows:

SEC. 195. Protest of Assessment.— When the local treasurer or his duly authorized representative finds that correct taxes, fees, or charges have not been paid, he shall issue a notice of assessment **stating the nature of the tax, fee, or charge, the amount of deficiency, the surcharges, interests and penalties.** Within sixty (60) days from the receipt of the notice of assessment, the taxpayer may file a written protest with the local treasurer contesting the assessment; otherwise, the assessment shall become final and executory. The local treasurer shall decide the protest within sixty (60) days from the time of its filing. If the local treasurer finds the protest to be wholly or partly meritorious, he shall issue a notice cancelling wholly or partially the assessment. However, if the local treasurer finds the assessment to be wholly or partly correct, he shall deny the protest wholly or partly with notice to the taxpayer. The taxpayer shall have thirty (30) days from the receipt of the denial of the protest or from the lapse of the sixty (60)-day period prescribed herein within which to appeal with the court of competent jurisdiction otherwise the assessment becomes conclusive and unappealable. (*Emphasis supplied*)

In the recent case of *National Power Corporation vs. The Province of Pampanga and Pia Magdalena D. Quibal*,¹ the Supreme Court had the opportunity to elaborate on the details needed, and must be contained, in the notice of assessment as used in Section 195 of the LGC of 1991, as amended, as follows:

¹ G.R. No. 230648, October 6, 2021.

Article 285 of the rules implementing the LGC reiterates the language used in Section 195. Thus, in *Yamane v. BA Lepanto Condominium Corp.*, **the Court stressed the details that must be contained in the notice of assessment:**

Ostensibly, the notice of assessment which stands as the first instance the taxpayer is officially made aware of the pending tax liability, should be sufficiently informative to apprise the taxpayer the legal basis of the tax. **Section 195 of the Local Government Code does not go as far as to expressly require that the notice of assessment specifically cite the provision of the ordinance involved but it does require that it state the nature of the tax, fee or charge, the amount of deficiency, surcharges, interests and penalties.** In this case, the notice of assessment sent to the Corporation did state that the assessment was for business taxes, as well as the amount of the assessment. There may have been *prima facie* compliance with the requirement under Section 195. However, in this case, the Revenue Code provides multiple provisions on business taxes, and at varying rates. Hence, we could appreciate the Corporation's confusion, as expressed in its protest, as to the exact legal basis for the tax. Reference to the local tax ordinance is vital, for the power of local government units to impose local taxes is exercised through the appropriate ordinance enacted by the *sanggunian*, and not by the Local Government Code alone. What determines tax liability is the tax ordinance, the Local Government Code being the enabling law for the local legislative body. (Boldfacing supplied.)

Verily, taxpayers must be informed of the nature of the deficiency tax, fee, or charge, as well as the amount of deficiency, surcharge, interest, and penalty. Failure of the taxing authority to sufficiently inform the taxpayer of the facts and law used as bases for the assessment will render the assessment void. In *Commissioner of Internal Revenue v. Fitness by Design, Inc.*, albeit involving national internal revenue taxes, the Court explained the importance of the notice requirement with due regard to the taxpayers' constitutional rights, to wit:

The rationale behind the requirement that taxpayers should be informed of the facts and the law on which the assessments are based conforms with the constitutional mandate that no person shall be deprived of his or her property without due process of law. Between the power of the State to tax and an individual's right to due process, the scale favors the right of the taxpayer to due process.

The purpose of the written notice requirement is to aid the taxpayer in making a reasonable protest, if necessary. Merely notifying the taxpayer of his or her tax liabilities without details or particulars is not enough.

Commissioner of Internal Revenue v. United Salvage and Towage (Phils.), Inc. held that **a final assessment notice**

that only contained a table of taxes with no other details was insufficient; xxx

Any deficiency to the mandated content of the assessment or its process will not be tolerated. xxx

A final assessment notice provides for the amount of tax due with a demand for payment. This is to determine the amount of tax due to a taxpayer. However, **due process requires that taxpayers be informed in writing of the facts and law on which the assessment is based in order to aid the taxpayer in making a reasonable protest.** To immediately ensue with tax collection without initially substantiating a valid assessment contravenes the principle in administrative investigations 'that taxpayers should be able to present their case and adduce supporting evidence.' (Emphasis supplied; citations omitted)

Without doubt, **the mandate of providing the taxpayer with notice of the facts and laws used as bases for the assessment is not to be mechanically applied. The purpose of this requirement is to adequately inform the taxpayer of the basis of the assessment to enable him to prepare for an intelligent or 'effective' protest or appeal of the assessment or decision.** Thus, substantial compliance with the law is allowed if the taxpayer is later fully apprised of the basis of the deficiency taxes assessment, which enabled him to file an effective protest.

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Taxpayers' obligation for deficiency taxes cannot depend on a guessing game. **To stress, the taxpayer must not only be informed of what taxes it is liable to pay and under what authority the obligation to pay is based.** Equally important is that it must be advised how much is the pending tax liability and the period covered. **Without these particulars, taxpayers would be deprived of adequate opportunity to prepare for an intelligent appeal as they would have no way of determining what is considered by the taxing authority in making the assessment. xxx**

Tax assessments issued in violation of the due process rights of a taxpayer are null and void and of no force and effect. In balancing the scales between the power of the State to tax and its inherent right to prosecute perceived transgressors of the law on one side and the constitutional rights of a citizen to due process of law and the equal protection of the laws on the other, the scales must tilt in favor of the individual, for a citizen's right is amply protected by the Bill of Rights under the Constitution. xxx
(Emphases and underscoring added)

Clearly, the foregoing jurisprudential pronouncements require that taxpayers must be informed of the nature of the deficiency tax, fee, or charge, as well as the amount of deficiency, surcharge, interest, and penalty. A document, purporting to be a notice of assessment, must state the facts and the law on which the assessment is based. Absence of the factual and legal bases of the assessment renders the assessment void, and the said document cannot

qualify as the envisaged notice of assessment under Section 195 of the LGC of 1991, as amended. Correspondingly, whether a document issued by the local treasurer concerned may be considered as a notice of assessment would depend on the contents thereof. For purposes of Section 195, a "notice of assessment" must contain the following information: (i) the nature of the assessed tax, fee, or charge; (ii) the amount of deficiency, surcharges, interests and penalties; and, (iii) the factual and legal bases of the assessment.

In this case, the subject Billing Statements cannot be treated as notices of assessment as they were merely issued as a prerequisite for the renewal of respondent's business permits for CYs 2018 and 2019. The said statements do not contain any information about the facts and law upon which the supposed assessment is based, or even a statement declaring respondent's liability for failure to pay correct taxes, fees, or charges.

Anent petitioner's contention that respondent's administrative and judicial claims questioning the subject Billing Statements were belatedly filed, the Court is not persuaded.

In the case of *International Container Terminal Services, Inc. vs. The City of Manila, et al.*,² the Supreme Court has categorically ruled that "if no assessment notice is issued by the local treasurer, and the taxpayer claims that it erroneously paid a tax, fee, or charge, or that the tax, fee, or charge has been illegally collected from him, then Section 196 [of the LGC] applies." Relatively, Section 196 of the LGC of 1991, as amended, provides as follows:

SEC. 196. Claim for Refund of Tax Credit.— No case or proceeding shall be maintained in any court for the recovery of any tax, fee, or charge erroneously or illegally collected until a written claim for refund or credit has been filed with the local treasurer. No case or proceeding shall be entertained in any court after the expiration of two (2) years from the date of the payment of such tax, fee, or charge, or from the date the taxpayer is entitled to a refund or credit.

Furthermore, in the case of *City of Manila, et al. vs. Cosmos Bottling Corporation*,³ the Supreme Court distinguished the two remedies under Sections 195 and 196 of the LGC of 1991, in the sense that, "the first provides the procedure for contesting an assessment issued by the local treasurer; whereas, the second provides the procedure for the recovery of an erroneously paid or illegally collected tax, fee or charge. Both Sections 195 and 196 mention an administrative remedy that the taxpayer should first exhaust before bringing the appropriate action in court. xxx. The application of Section 195 is triggered by an assessment made by the local treasurer or his duly authorized representative for nonpayment of the correct taxes, fees or

² G.R. No. 185622, October 17, 2018.

³ G.R. No. 196681, June 27, 2018.

charges. Should the taxpayer find the assessment to be erroneous or excessive, he may contest it by filing a written protest before the local treasurer within the reglementary period of 60 days from receipt of the notice; otherwise, the assessment shall become conclusive. On the other hand, Section 196 may be invoked by a taxpayer who claims to have erroneously paid a tax, fee or charge, or that such tax, fee or charge had been illegally collected from him. The provision requires the taxpayer to first file a written claim for refund before bringing a suit in court which must be initiated within two years from the date of payment.”

Based on the above, respondent need not observe the mandatory 60+30-day period prescribed under Section 195 of the LGC of 1991, as amended. Instead, respondent needs only to comply with the procedural requisites under Section 196 of the same code, to wit: (i) the need to submit a written claim for refund or credit to the local treasurer; and, (ii) the case or proceeding for refund must be initiated within two years from the date of the payment of the tax, fee, or charge, or from the date the taxpayer becomes entitled to a refund or credit.

As found in the assailed Decision, respondent paid the LBT on the subject 2018 and 2019 Billing Statements on January 20, 2018⁴ and January 19, 2019⁵, respectively. Counting two years from the said dates, respondent had until January 20, 2020 and January 19, 2021, respectively, to file both its administrative and judicial claims for refund. Correspondingly, petitioner timely filed both its administrative claim on September 25, 2019⁶ before the Office of the City Treasurer of Taguig, and its judicial claim for refund on January 20, 2020⁷ before the Court *a quo*.

With regard to petitioner’s contention that respondent is liable for business tax as a holding company, the Court is again not swayed.

As already exhaustively discussed in the assailed Decision, petitioner’s imposition of LBT on respondent’s gross dividend income directly contravenes the limitations provided in Sections 133(a) and 143(f) of the LGC of 1991, as amended, and the Bureau of Local Government Finance’s Memorandum Circular No. 01-001-2017, thus:

However, Section 133(a) of the LGC of 1991 expressly provides that the taxing powers of cities shall not extend to the levy of income tax, except when levied on banks and other financial institutions. In relation thereto, Section 143(f) of the LGC of 1991 expressly allows local taxation on banks and other financial institutions on their income from dividends, based on the preceding calendar year’s gross receipts. 

⁴ Exhibit “F”, RTC Docket (Civil Case No. 666), p. 307.

⁵ Exhibit “G”, RTC Docket (Civil Case No. 666), p. 308.

⁶ Exhibit “C”, RTC Docket (Civil Case No. 666), pp. 284 to 290.

⁷ RTC Docket (Civil Case No. 666), pp. 4 to 8.

Moreover, Bureau of Local Government Finance (BLGF) Memorandum Circular No. 01-001-2017, addressed to all provincial, city and municipal treasurers, and assistant treasurers, among others, states:

“It has come to the attention of this Bureau of reported erroneous assessment of taxes and fees in the local governments during the registration and renewal of business permits and licenses. In order to ease the process and prevent undue harassment on the part of the taxpayers, all concerned are reminded of the following:

x x x x x x x x x

B. Assessment of LBT for Renewal of Business Permit

1. In the absence of audited Financial Statement, the LBT shall be based on the Sworn Declaration of gross sales or receipts by the taxpayers or its Income Tax Returns (ITR). In case of suspected underdeclaration of gross sales/receipts, the application shall be tagged by the LGU, and the business may be subjected to the examination of books of accounts by the local treasurer, which shall be done after the business renewal period.
2. If applicable, **the following shall not form part of the gross sales or receipts:**

x x x x x x x x x

- iii. Passive income, i.e., interest, **dividends**, and gains from sale of shares; and

x x x x x x x x x⁸

To reiterate, cities and municipalities may impose LBT on dividends and interest income only when they pertain to the gross receipts of banks and other financial institutions. A holding company does not become a non-bank financial intermediary by its mere receipt of dividends or interest income from investments.

In view of the foregoing, there being no new matter or substantial issue raised by petitioner in his *Motion for Reconsideration*, the Court finds no compelling reason to reverse or modify the conclusions reached in the Decision promulgated on May 12, 2026.

⁸ Decision, p. 22, Docket, p. 205.

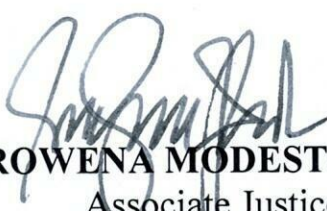
ACCORDINGLY, petitioner's **Motion for Reconsideration (to the Decision Dated May 12, 2026)** is **DENIED** for lack of merit.

SO ORDERED.


CORAZON G. FERRER-FLORES
Associate Justice

WE CONCUR:


MA. BELEN M. RINGPIS-LIBAN
Presiding Justice


MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice