

**REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY**

EN BANC

**CITY ASSESSOR OF
PARAÑAQUE CITY,**

Petitioner,

CTA EB No. 998

(CBAA Case No. L-61)

Present:

Del Rosario, PJ,
Castañeda, Jr.,
Bautista,
Uy,
Casanova,
Fabon-Victorino,
Mindaro-Grulla,
Cotangco-Manalastas, and
Ringpis-Liban, JJ.

- versus -

Promulgated:

PORTAL HOLDINGS, INC.,

Respondent.

JAN 26 2016 11:20 a.m.

X- - - - - x

D E C I S I O N

COTANGCO-MANALASTAS, J.:

Before the Court *En Banc* is a Petition for Review filed by petitioner, City Assessor of Parañaque City, pursuant to Sections 7(a) and 11 of Republic Act No. 9282 and Section 2(e), Rule 4 of the Revised Rules of the Court of Tax Appeals, assailing the *Decision*¹ dated August 3, 2012 rendered by the Central Board of Assessment Appeals (CBAA) in CBAA Case No. L-61 and the *Order*² dated February 26, 2013 denying reconsideration of the said decision. The Decision dismissed and set aside the Resolution³ dated January 8, 2005 of the Local Board of Assessment Appeals (LBAA) of Parañaque City denying respondent's appeal on the ground of lack of jurisdiction. The CBAA likewise declared Tax Declaration Nos. E022-07533, E022-07534 and E022-07537 issued by

¹ Rollo, pp. 15-46.

² Rollo, pp. 47-49.

³ Rollo, pp. 98-99.

petitioner for respondent's properties as null, void and without effect.

The Facts

Petitioner is the officer of the City of Parañaque in charge with assessing real property tax (RPT) on real properties within the territorial jurisdiction of the city, with office address at Parañaque City Hall, San Antonio Valley I, Parañaque City.⁴

Respondent is a corporation duly organized and existing under the laws of the Philippines, with office address at the 5th Floor, LTA Building, 118 Perea Street, Legaspi Village, Makati City.⁵

Respondent is the owner of three (3) parcels of land located at the reclamation site of Manila Bay in Parañaque City, or more particularly, Lot 15, 16 and 19 located at Aseana Business Park, Barangay Tambo, Parañaque City.⁶

On February 11, 2003, Parañaque City Ordinance No. 03-06, Series of 2003, otherwise known as "An Ordinance Adopting a Straight Line Policy in the Determination of Barangay Boundaries in the Reclaimed Areas in Manila Bay within the Territorial Jurisdiction of the City of Parañaque", was enacted.⁷ One of the "whereas" clauses provided the following:

"WHEREAS, last November 9, 2000, the Sangguniang Barangay of Baclaran passed and approved Barangay Resolution No. 25, Series of 2002 entitled: 'A RESOLUTION REQUESTING THE HON. MAYOR JOEY P. MARQUEZ TO DIRECT THE CITY ASSESSOR SOLEDAD S. MEDINA CUE TO CORRECT AND TRANSFER THE TAX DECLARATION OF PROPERTIES AT ASEANA BUSINESS PARK FROM BARANGAY TAMBO TO BARANGAY BACLARAN';"

Sometime in November 2003, respondent alleged that after requesting for a computation of the exact amount of real property taxes due on the subject properties for 2004, respondent discovered an increase in the assessment of the subject properties. The computation provided by the City ✓

⁴ Par. 9, Petition for Review.

⁵ Par. 10, Petition for Review.

⁶ Par. 11, Petition for Review and par. 1.1, Comment/Opposition to Petition for Review.

⁷ Annex "C", Petition for Review.

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Treasurer was higher than the rates by which the properties were assessed for previous years.⁸

On December 18, 2003, respondent paid the RPT due on the subject properties for the year 2004 under protest, evidenced by the following official receipts⁹:

Lot No.	Tax Declaration No.	Amount of RPT paid	Official Receipt No.
15	E-015-06816	P720,000.00	5490499
16	E-015-06817	720,000.00	5490497
19	E-015-06822	762,120.00	5490495

On January 16, 2004, respondent filed a letter-protest¹⁰ dated January 15, 2004 with petitioner to protest its payment of the RPT on the subject properties stating that:

“The Corporation wishes to emphasize that Lots 15, 16 and 19 (the ‘Subject Lots’) are newly reclaimed and are still raw and undeveloped parcels of land.

Paragraph 14 of Parañaque City Ordinance No. 96-16, s. of 1996 provides that ‘all undeveloped parcels of land shall have 70% of the base value of the developed or improved lots located in that area.’ Paragraph 5 of the said Ordinance also states that ‘for low and sunken areas of land, a reduction from the base value per square meter may be allowed due to the cost of filling and compaction to bring the same at par with the adjoining developed lots; Provided, however, that such reduction will, in no case, exceed 30% of the base value thereof.’ In view thereof, the fair market value of the Subject Lots, for real property tax purposes and as indicated in the Corporation’s tax declarations, is erroneous and the real property taxes paid by the Corporation in previous years for the Subject Lots were excessive.

In this regard, the Corporation hereby protests its payment of real property taxes last 18 December 2003, and requests that it be refunded its payment to the extent that is excessive. The Corporation also requests that the Subject Lots be reappraised or reassessed to arrive at a fair and equitable market value considering that the said lots are still undergoing consolidation and are still without infrastructures.”

On January 20, 2004, respondent received three (3) new Tax Declarations and Real Property Tax Orders of Payment

⁸ Par. 1.3, Comment/Opposition to Petition for Review.

⁹ Annex “D”, Petition for Review.

¹⁰ Annex “D”, Petition for Review.

covering the subject properties issued by the Office of the City Assessor pursuant to Parañaque City Ordinance No. 03-06.¹¹

The new Tax Declarations¹² and Real Property Tax Orders of Payment¹³ issued pursuant to Parañaque City Ordinance No. 03-06 reflected new and increased market and assessed values of respondent's properties as follows:

Lot No.	Tax Declaration No.	Market Value	Assessed Value	Previous Assessed Value
15	E-022-07533	P120,000,000.00	P60,000,000.00	P30,000,000.00
16	E-022-07534	P120,000,000.00	P60,000,000.00	P30,000,000.00
19	E-022-07537	P127,020,000.00	P63,510,000.00	P31,755,000.00

Stamped on the said new Tax Declarations were the following: "Change of Barangay Location in Compliance with Parañaque City Ordinance 03-06 Series of 2003".

In a letter¹⁴ dated January 27, 2004, petitioner denied respondent's letter-protest dated January 15, 2004 holding that:

"The change in Barangay location from Barangay Tambo to Barangay Baclaran is in compliance with Parañaque City Ordinance No. 03-06 series of 2003. xxx The base unit cost use is still the approved schedule of market value as per Municipal Ordinance 96-16 with 1997 as effective date to wit:

Roxas Blvd.	(Bgy Baclaran)	P12,000.00 per square meters
Roxas Blvd.	(Bgy Tambo)	P12,000.00 per square meters
Aguinaldo Ave. Coastal Rd.	(Bgy Tambo)	P 6,000.00 per square meters

In compliance with Mun. Ordinance 96-16 and the attached General Provision on Land a reduction from the approved P12,000 per sq.m. was applied making the value at P6,000.00 per sq.m. or a reduction of 50% from the approved schedule of P12,000.00 per sq.m. xxx

In this regard, we regret, that your request for another reduction in the base unit cost cannot be favorably acted upon." ✓

¹¹ Par. 14, Petition for Review and par. 1.8, Comment/Opposition to Petition for Review.

¹² Annexes "E" to "E-2", Petition for Review.

¹³ Annexes "F" to "F-2", Petition for Review.

¹⁴ Annex "G", Petition for Review.

On March 18, 2004, respondent received new Real Property Tax Orders of Payment assessing deficiency taxes for 2004 on the subject properties in the following amounts¹⁵:

Lot No.	Amount of Deficiency Tax
15	P720,000.00
16	P720,000.00
19	P762,120.00

On March 22, 2004, respondent filed an Appeal¹⁶ dated March 19, 2004 with the LBAA. Respondent stated that it was appealing the following:

1. The denial of its letter-protest dated 15 January 2004;
2. The issuance of the New Tax Declarations and the Tax Orders of Payment containing the notices of assessment both reflecting the new market and assessed values of the Subject Properties;
3. The issuance of the New RPT Orders of Payment indicating alleged deficiency RPT in the following amounts:

Lot No.	Amount of Deficiency Tax
15	P720,000.00
16	P720,000.00
19	P762,120.00

Respondent likewise prayed that an Order be issued:

1. Reversing the denial of its letter by the City Assessor and reducing the market and assessed values of the subject properties, for purposes of computing real property taxes;
2. Declaring as null and void the new Tax Declarations issued by the City Assessor covering the subject properties;
3. Declaring as null and void the new RPT Orders of Payment issued by the City Treasurer pursuant to the new Tax Declarations issued by the City Assessor on the subject properties; and
4. Directing the City Assessor to issue new tax declarations for the subject properties indicating the said properties are within the jurisdiction of Barangay Tambo and reflecting reduced market and assessed values for the subject properties. ✓

¹⁵ Par. 18, Petition for Review and par. 1.11, Comment/Opposition to Petition for Review.

¹⁶ Annex "I", Petition for Review.

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On January 8, 2005, the LBAA issued a Resolution¹⁷ denying respondent's Appeal dated March 19, 2004 on the ground that it has no jurisdiction.¹⁸ The LBAA held that the issues raised by respondent boils down to the constitutionality of Parañaque City Ordinance No. 03-06, which is outside the jurisdiction of the LBAA.

On February 17, 2005, respondent filed an Appeal¹⁹ dated February 16, 2005 before the CBAA.²⁰

The CBAA rendered a Decision²¹ dated August 3, 2012, the dispositive portion of which reads:

“A. DISMISSING and SETTING ASIDE the Resolution of the Local Board of Assessment Appeals of Parañaque City dated 08 January 2005; and

B. Declaring Tax Declaration Nos. E022-07533, E022-07534 and E022-07537 issued by Respondent City Assessor for Petitioner-Appellant's properties purportedly issued pursuant to Parañaque City Ordinance No. 03-06, Series of 2003, as NULL, VOID, and WITHOUT EFFECT from the very beginning.”

Petitioner filed a Motion for Reconsideration²² on September 28, 2012, which was denied in an Order²³ dated February 26, 2013.

Aggrieved, petitioner filed the instant *Petition for Review* on April 10, 2013.

In compliance with the Court's Resolution²⁴ dated May 15, 2013, respondent filed its Comment/Opposition to Petition for Review²⁵ on June 27, 2013.

Considering the issues raised by petitioner, this Court resolved to give due course to the petition and ordered the parties to submit their respective memoranda²⁶. ✓

¹⁷ Annex “L”, Petition for Review.

¹⁸ Par. 22, Petition for Review and par. 1.15, Comment/Opposition to Petition for Review.

¹⁹ Annex “M”, Petition for Review.

²⁰ Par. 23, Petition for Review and par. 1.16, Comment/Opposition to Petition for Review.

²¹ Annex “A”, Petition for Review.

²² Par. 28 and Annex “R”, Petition for Review.

²³ Annex “B”, Petition for Review.

²⁴ *Rollo*, pp. 196-197.

²⁵ *Rollo*, pp. 198-213.

²⁶ *Rollo*, pp. 229-230, Resolution dated August 27, 2013.

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The Memorandum for Respondent²⁷ was filed on October 10, 2013 while petitioner filed a Manifestation and Motion for Extension of Time²⁸ on December 5, 2013 by registered mail and received by the Court on December 11, 2013. Said manifestation stated that the parties herein entered in a Compromise Agreement with the D.M. Wenceslao Group of Companies and are in the process of working on the dismissal of each and every case. In view thereof, petitioner requested for an extension of fifteen (15) days from December 5, 2013 or until December 20, 2013 within which to file an appropriate pleading, which the Court granted in a minute resolution²⁹ dated December 17, 2013.

Thereafter, the parties herein filed a Joint Motion to Dismiss Based on Compromise³⁰ on December 20, 2013 by registered mail and received by the Court on January 3, 2014.

However, in the Resolution³¹ dated June 26, 2014, the Court denied the said joint motion to dismiss holding that respondent was not among the entities comprising the “First Party” stated in the Compromise Agreement. Even though respondent is a subsidiary and a related company of the “First Party”, still, respondent is a separate and distinct entity from the corporations named as “First Party” in the agreement.

Respondent’s Motion for Reconsideration³² filed on July 30, 2014 by registered mail was denied in the Resolution³³ dated February 12, 2015. Petitioner was ordered to file his memorandum. However, petitioner failed to do so.

Thus, the above-captioned case was submitted for decision on May 21, 2015.³⁴

The Issues

Petitioner poses the following issues³⁵:

²⁷ *Rollo*, pp. 231-246.

²⁸ *Rollo*, pp. 248-250.

²⁹ *Rollo*, p. 252.

³⁰ *Rollo*, pp. 253-256.

³¹ *Rollo*, pp. 360-362.

³² *Rollo*, pp. 363-368.

³³ *Rollo*, pp. 380-382.

³⁴ *Rollo*, pp. 386-387.

³⁵ *Rollo*, p. 5.

- I. Whether or not the LBAA is correct in dismissing the appeal of the respondent; and
- II. Whether or not the CBAA is correct in reversing the Resolution of the LBAA.

The Ruling of the Court

The petition has no merit.

Petitioner argues that, in its appeal before the LBAA, respondent raised as an issue that Parañaque City Ordinance No. 03-06 is null and void because it failed to comply with Section 10, Article X of the 1987 Constitution and Section 385 of the Local Government Code (LGC) and as such the new tax declarations/notice of assessment issued by the petitioner pursuant to Parañaque City Ordinance No. 03-06 are not valid.

Since respondent's appeal before the LBAA pertains to the issue of the validity or constitutionality of Parañaque City Ordinance No. 03-06, the LBAA correctly dismissed the same for lack of jurisdiction.

Likewise, in its CBAA appeal, respondent admitted that the real issue is the validity of Parañaque City Ordinance No. 03-06 and as a consequence of the implementation of said ordinance, a change in the boundaries for taxation and political purposes is needed.

Therefore, in questioning the validity or constitutionality of Parañaque City Ordinance No. 03-06, respondent's proper remedy is to file an action or case before a court of competent authority. However, respondent never filed a case before the court to question the validity of Parañaque City Ordinance No. 03-06.

Moreover, in the absence of any decision from the court of competent authority that Parañaque City Ordinance No. 03-06 is unconstitutional or invalid, the same enjoys the presumption of validity.

In its comment and memorandum, respondent contends that the CBAA correctly reversed the LBAA's Resolution dated January 8, 2005. The LBAA has jurisdiction over the legality

of the City Assessor's actions in the assessment of the properties. Respondent brought the appeal before the LBAA, raising precisely its dissatisfaction with the action of the City Assessor in denying its letter-request. Contrary to petitioner's argument, respondent's appeal before the LBAA was not predicated on the "issue that Ordinance No. 03-06 is null and void". That respondent may have mentioned the questionable validity of Parañaque City Ordinance No. 03-06 does not detract from the nature of the LBAA appeal.

Moreover, respondent asserts that the City Assessor's acts in the assessment of the properties were ultra vires. Even assuming that the assessments made on the properties were valid, their effectivity should be in 2005, consistent with Section 221 of the LGC.

The Court agrees with the finding of the CBAA that the LBAA has jurisdiction over the subject matter of respondent's appeal, *to wit*:

"In its Appeal to the LBAA dated March 19, 2004 and received by the LBAA on March 22, 2004, Petitioner-Appellant [respondent herein] stated that it was appealing the following:

1. The denial of its letter-protest dated 15 January 2004.
2. The issuance of the New Tax Declarations and the Tax Orders of Payment containing the notices of assessment both reflecting the new market and assessed values of the Subject Properties; and
3. The issuance of the New RPT Orders of Payment indicating alleged deficiency RPT for calendar year 2004.

All three (3) items above are indicative of the Petitioner-Appellant's dissatisfaction over the actions of the City Assessor in the assessments of the subject properties. They are, therefore, appropriate subject matters for appeals to the LBAA. xxx."

Even though respondent's appeal to the LBAA and CBAA likewise raises the issue of constitutionality of Parañaque City Ordinance No. 03-06, the same does not divest the LBAA of its jurisdiction to hear and decide on the correctness of the new assessment, which is the very subject of respondent's appeal. /

Considering that the LBAA has jurisdiction over the subject matter of respondent's appeal, the Court shall now determine whether petitioner was justified in increasing the assessment of the subject properties allegedly pursuant to Parañaque City Ordinance No. 03-06 which changed the barangay location of the subject properties from Barangay Tambo to Barangay Baclaran.

The Court finds that the reassessments made by petitioner on the subject properties are null and void for lack of legal basis.

In this case, the reason for the increase in the assessed values of the subject properties beginning 2004 was the passage of Parañaque City Ordinance No. 03-06, Series of 2003, which provides for the adoption of a "straight line policy" in the determination of the barangay boundaries in the reclaimed areas in Manila Bay.

As a consequence of the passage of said ordinance, the barangay location of the subject properties was changed from Barangay Tambo to Barangay Baclaran.

While Section III of the ordinance provides that "[t]he Office of the City Assessor is hereby directed to implement the provision of this ordinance", there is nothing therein which authorizes the City Assessor to make a corresponding reassessment of the affected properties.

Hence, the City Assessor should comply with the provision of Section 220 of the LGC which provides for the cases where an assessor is authorized to make a classification, appraisal and assessment of the real property listed and described in the declaration irrespective of any previous assessment, *to wit*:

Section 220. *Valuation of Real Property.* — In cases where (a) **real property is declared and listed for taxation purposes for the first time**; (b) there is **an ongoing general revision of property classification and assessment**; or (c) **a request is made by the person in whose name the property is declared**, the provincial, city or municipal assessor or his duly authorized deputy shall, in accordance with the provisions of this Chapter, make a classification, appraisal and assessment of the real property listed and described in the declaration irrespective of any previous assessment or taxpayer's valuation thereon: *Provided,*

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however, That the assessment of real property shall not be increased oftener than once every three (3) years except in case of new improvements substantially increasing the value of said property or of any change in its actual use. (*Emphasis supplied*)

Clearly, the instant case does not fall within any of the instances enumerated in Section 220 of the LGC.

The Court agrees with the findings and conclusion of the CBAA, pertinent portions of which are quoted hereunder for easy reference:

“Section 220 of the Code, as implemented by Article 311 of the IRR, enumerates the only instances where an assessor may make a classification, appraisal or assessment of real property under his jurisdiction, thus:

xxx xxx xxx

Assessing subject properties, purportedly pursuant to the provisions of Parañaque City Ordinance No. 03-06, Series of 2003, does not fall under any of the instances enumerated in Section 220.

Section III of said Ord. 03-06 directed the Office of the City Assessor to implement Section I and Section II of the same ordinance, thus:

‘Section I. The territorial boundaries of the different barangays in the reclaimed areas in Manila Bay shall be determined by using the straight line method.

Section II. In the adoption of straight line policy, boundaries should be set along easily identified existing natural or man made land divisions (river courses, road ways, etc.) and should coincide with property lines.

Section III. The Office of the City Assessor is hereby directed to implement the provision of this ordinance.’

Without touching on the constitutionality or validity of said Ordinance No. 03-06, we find nothing therein which remotely authorized Respondent City Assessor to make the questioned assessments. Respondent’s authority to relocate the boundaries between Bgys. Tambo and Baclaran using

the 'straight line policy' do not automatically carry with it the authority to make the questioned assessments.

XXX XXX XXX

The name of the location of the subject properties was changed, but not the location itself. We are certain that the technical descriptions xxx of Lots 15, 16 and 19 remain the same even after the respondent reassessed the same lots.

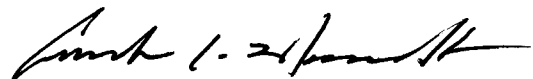
A real property's value does not automatically appreciate with the change of the name of the place where said real property is situated."

Moreover, the issue is not a novel one.

In the case of *The City Assessor of Parañaque City vs. AFP Retirement and Separation Benefit System*³⁶, which likewise involves an increase in the assessed values of the subject properties therein due to the change of its barangay location from Barangay Tambo to Barangay Baclaran pursuant to Parañaque City Ordinance No. 03-06, the Court *En Banc* sustained the conclusion of the CBAA that the new tax declarations issued by City Assessor increasing the assessed values are null and void for lack of legal basis.

WHEREFORE, premises considered, the instant Petition for Review is hereby **DENIED** for lack of merit. The Decision dated August 3, 2012 and the Order dated February 26, 2013 of the Central Board of Assessment Appeals are hereby **AFFIRMED**.

SO ORDERED.



AMELIA R. COTANGCO-MANALASTAS
Associate Justice

WE CONCUR:



ROMAN G. DEL ROSARIO
Presiding Justice

³⁶ CTA EB Case No. 1008, November 3, 2014.


JUANITO C. CASTAÑEDA, JR.
Associate Justice


LOVELL R. BAUTISTA
Associate Justice


ERLINDA P. UY
Associate Justice


CAESAR A. CASANOVA
Associate Justice

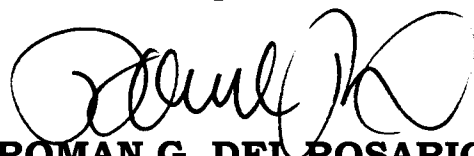

ESPERANZA R. FABON-VICTORINO
Associate Justice


CIELITO N. MINDARO-GRULLA
Associate Justice


MA. BELEN M. RINGPIS-LIBAN
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, it is hereby certified that the above Decision has been reached in consultation with the members of the Court *En Banc* before the case was assigned to the writer of the opinion of the Court.


ROMAN G. DEL ROSARIO
Presiding Justice