



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

FIRST DIVISION

CTA AC NO. 359

SKY CABLE CORPORATION,
Petitioner,

- versus -

**CALOOCAN CITY and the
OFFICE OF THE CITY
TREASURER OF CALOOCAN
CITY,**

Respondents.

NOTICE OF DECISION

To:

CITY LEGAL DEPARTMENT
(Counsel for the Respondents)
8th Floor, Caloocan City Hall
8th Avenue corner 8th Street
Grace Park, Caloocan City

LOCAL GOVERNMENT OF CALOOCAN
Caloocan City Hall
Grace Park, Caloocan City

OFFICE OF THE CITY TREASURER OF CALOOCAN CITY
Caloocan City Hall
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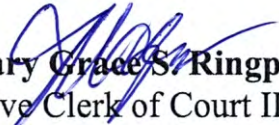
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ATTY. MARY ROSE JANE C. DAPENA
Clerk of Court V
National Capital Judicial Region
Regional Trial Court
Branch 126 - Caloocan City
2nd Floor, Judicial Complex
10th Avenue, Caloocan City

GREETINGS:

You are hereby notified by these presents that on **September 11, 2026**, a Decision was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **September 14, 2026.**


Atty. Mary Grace S. Ringpis
Executive Clerk of Court II

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

SPECIAL FIRST DIVISION

**SKY CABLE
CORPORATION,**

Petitioner,

-versus-

**CALOOCAN CITY and
the OFFICE OF THE
CITY TREASURER OF
CALOOCAN CITY,**

Respondents.

CTA AC No. 359

Members:

BACORRO-VILLENA, *Acting Chairperson, and*
CUI-DAVID, *JJ.*

Promulgated:

SEP 11 2026 ; 10:10 AM

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DECISION

CUI-DAVID, J.:

Before the Court is a *Petition for Review*¹ filed by Sky Cable Corporation, seeking to set aside the Decision dated October 7, 2024² (assailed *Decision*) and the Order dated March 3, 2025³ (assailed *Order*) issued by the Regional Trial Court (RTC), Branch 126, Caloocan City, in Civil Case No. C-25903, entitled *Sky Cable Corporation v. Caloocan City and the Office of the City Treasurer of Caloocan City*.

The dispositive portions of the assailed *Decision* and *Order* read:

Assailed Decision

WHEREFORE, premises considered, for lack of merit, the complaint is **DISMISSED**.

SO ORDERED.



¹ Docket, pp. 5–31.

² *Id.* at 76–82.

³ *Id.* at 83.

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Assailed Order

WHEREFORE, premises considered, the Motion for Reconsideration is **denied**.

SO ORDERED.

Petitioner likewise prays that the Court:

1. Cancel and set aside the Local Business Tax (LBT) appearing in the Tax Order of Payment (TOP) for Account No. 13-M0129-00193, insofar as respondents assessed petitioner in excess of what is provided by law; and
2. Order a tax refund or tax credit in the amount of ₱2,174,565.82.

THE PARTIES

Petitioner **Sky Cable Corporation** (petitioner) is a company registered and existing under Philippine laws, which operates as a cable television, internet, and related services provider with business address at 6th floor ELJ Communications Center, Eugenio Lopez Drive, Quezon City.⁴

Respondents **Caloocan City** and the **Office of the City Treasurer of Caloocan City** (respondents) are duly constituted public corporation and administrative body for Caloocan City, respectively.⁵

THE FACTS

On January 12, 2021, petitioner filed an application for the renewal of its business permit for Taxable Year (TY) 2021⁶ before the Business Permits and Licensing Office (BPLO) of Caloocan City. In support thereof, petitioner's Finance Director for Billing and Collection, Angelina N. Aquino, declared that petitioner's total gross sales for the calendar year (CY) ending December 31, 2020 amounted to ₱42,932,321.06.⁷ Respondents then issued a Tax Order of Payment (TOP), bearing

⁴ *Id.* at 2, Petition for Review, par. 8.

⁵ *Id.*, pars. 9 & 10.

⁶ RTC Records, Folder I, p. 266, Exhibit "A".

⁷ *Id.* at 282, Exhibit "G".

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Account No. 13-M0129-00193, assessing petitioner for LBT in the amount of ₱2,620,180.57.⁸

On January 19, 2021, petitioner sought clarification from the BPLO regarding the assessment.⁹ The BPLO, through its reviewer, Dr. Roxanne C. Iglesia, issued a list of documentary requirements needed from petitioner (*i.e.*, permits from other local government units (LGUs) where branches other than Caloocan City is situated for the years 2018, 2019, and 2020 reflecting the declared sales, and a breakdown of consolidated sales based on the audited financial statements (AFS) and/or value-added tax (VAT) for the years 2018 and 2019 with corresponding declared sales).¹⁰

On January 20, 2021, petitioner paid under protest the assessed LBT.¹¹ Subsequently, it filed a Letter of Protest¹² through courier on February 19, 2021.¹³ In its protest, petitioner claimed that the correct LBT assessment was only ₱482,988.60¹⁴ pursuant to Section 66, No. 16¹⁵ of the Caloocan City Updated Revenue Code (CURC) of 2004,¹⁶ which imposes a tax rate of 1.125% of the gross receipts of the preceding calendar year on owners or operators of community antennae television systems (cable TVs).

On February 24, 2021, respondent City Treasurer wrote a letter informing petitioner that it had endorsed its Letter of Protest to the BPLO and asked petitioner to prepare its 2020 AFS, books of accounts, among others.¹⁷

On March 2, 2021, petitioner filed a Letter of Correction in connection with its Letter of Protest, attaching copies of the following documents: (1) the TOP dated January 12, 2021; (2) the Certification of Gross Receipts dated January 8, 2021; (3)

⁸ Docket, p. 77, RTC Decision dated October 7, 2024; RTC Records, Folder 1, p. 280, Exhibits "E" & "2".

⁹ Docket, p. 77, RTC Decision dated October 7, 2024.

¹⁰ Docket, p. 77, RTC Decision dated October 7, 2024; RTC Records, Folder 1, p. 281, Exhibit "F".

¹¹ RTC Records, Folder 1, p. 283, Exhibit "H".

¹² *Id.* at 285–287, Exhibit "J".

¹³ *Id.* at 6, Complaint, par. 14.

¹⁴ *Id.*

¹⁵ SEC. 66. *Imposition of Tax.* — There is hereby imposed an annual tax on the following persons, natural or juridical, who establish, operate, conduct or maintain their respective businesses within the City of Caloocan at the rates prescribed hereunder:

....

16. Owners or operators of *community antennae television systems (cable TVs)* shall pay the tax at a rate of one and one-eighth percent (1.125%) on the gross receipts or sales of the preceding calendar year.

¹⁶ Caloocan City Ordinance No. 0386-04, November 23, 2004.

¹⁷ *Id.* at 307, Exhibit "O".



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the Official Receipt; and (4) the Notice of Payment under Protest, both dated January 20, 2021.¹⁸

On May 20, 2021,¹⁹ petitioner filed a *Complaint*²⁰ before the RTC of Caloocan City, docketed as Civil Case No. C-25903, and subsequently raffled to the court *a quo*.

On January 19, 2022, the court *a quo* issued *Summons*²¹ to respondents, which was served on March 18, 2022.²²

On May 16, 2022, respondents filed their *Answer*,²³ raising that the LBT assessment was based on the Presumptive Income Level Assessment Approach (PILAA) in accordance with Section 274²⁴ of CURC and paragraph B(3)²⁵ of Bureau of Local Government Finance (BLGF) Memorandum Circular (MC) No. 001-2020²⁶ because petitioner allegedly failed and refused to submit an AFS or a Sworn Declaration of gross sales or receipts or its Income Tax Returns (ITRs) for CY 2020.

On May 17, 2022, the court *a quo* issued an *Order*²⁷ setting the case for pre-trial conference on June 2, 2022, and directing the parties to file their respective pre-trial briefs at least three (3) days before the scheduled pre-trial conference.²⁸

¹⁸ *Id.* at 302–306, Exhibit “N”.

¹⁹ *Id.* at 172, Order dated December 27, 2021.

²⁰ *Id.* at 2–14.

²¹ *Id.* at 175.

²² *Id.* at 176–177.

²³ *Id.* at 183–195.

²⁴ SEC. 274. *Presumptive Assessment.* — (a) To determine the correct amount of tax or any other revenue due to the City, the City Treasurer, after taking into account the sales, receipts, income or other taxable base of other persons engaged in similar business under similar situations and circumstances or after considering other relevant information, shall make the necessary assessment and prescribe a minimum of such gross receipts, sales and taxable bases. Such amount so prescribed shall be *prima facie* correct for the purpose of determining the tax liabilities of such person.

(b) Any taxpayer who is not satisfied with the presumptive assessment made by the City Treasurer may file an appeal with the Board of Tax Appeals within thirty (30) days from receipt thereof.

²⁵ B. Assessment of LBT for Renewal of Business Permit

....

3. The Presumptive Income Level Assessment Approach (PILAA) *may be used in computing the local business tax ONLY if the taxpayer is unable to provide proof of its gross sales or receipts. The PILAA may be used in estimating the gross sales or receipts provided that the PILAA is in the local tax ordinance and has undergone public hearings and publications. This is to ensure that the taxpayers are properly informed of the factors used in determining the presumptive income and for the taxpayers to agree such level of presumptive income applicable to their industry. Absent such ordinance authorizing the use of the PILAA and embodying the presumptive income levels to be used by the Local Treasurer, the collection of additional local business taxes based on such PILAA is illegal and the petitioner may properly claim the refund of the excess business taxes collected.*

²⁶ Updated Reminders in the Assessment of the Local Business Tax (LBT), Registration and Renewal of Business Permits and Licenses and the Imposition of Local Taxes, Fees and Charges, January 2, 2020.

²⁷ RTC Records, Folder 1, p. 213.

²⁸ *Id.* at 214–216, Notice of Pre-Trial Conference.

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The court *a quo* received petitioner's *Pre-Trial Brief*²⁹ and respondents' *Pre-Trial Brief (For Defendants)*³⁰ on June 2, 2022 and June 9, 2022, respectively. A *Pre-Trial Order* was subsequently issued on October 11, 2023.³¹

After trial on the merits, the court *a quo* rendered the assailed *Decision*, which dismissed the case for lack of merit. The court *a quo* found that the assessment made by respondents utilizing the PILAA was in order considering that petitioner failed to submit the mandatory financial documents required to establish its actual gross receipts for 2020, particularly an AFS, a sworn declaration of gross receipts, or ITRs. The court further found that the Certification of Gross Receipts submitted did not comply with the requirement that such declaration be under oath.

The court *a quo* likewise found that petitioner had been afforded ample opportunity to comply with the documentary requirements but failed to do so and therefore could not fault respondents for using presumptive assessment. In view of this failure, the court *a quo* held that respondents' resort to PILAA under Section 274 of the CURC was proper and lawful. As a result, the court *a quo* ruled that the assessment was valid, that there was no basis to cancel it, and that petitioner was not entitled to any tax refund or credit.

Petitioner moved for reconsideration, but the court *a quo* denied the Motion for Reconsideration³² in its Order dated March 3, 2025.³³

On April 7, 2025, petitioner filed the present *Petition for Review*.³⁴

In a Resolution dated May 14, 2025,³⁵ the Court directed respondents to file their Comment within ten (10) days from notice. The Court likewise directed the Branch Clerk of Court of the court *a quo* to elevate the complete records of Civil Case No. C-25903.



²⁹ *Id.* at 220–234.

³⁰ *Id.* at 310–316.

³¹ *Id.* at 356–365.

³² RTC Record, pp. 492–513.

³³ *Id.* at 525.

³⁴ *Supra* note 1.

³⁵ Docket, pp. 264–265.

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On June 9, 2025, the court *a quo* transmitted and filed the complete records of Civil Case No. C-25903, consisting of five (5) folders of original case records comprising 525 pages, three (3) folders of Transcript of Stenographic Notes containing one (1) original copy and two (2) duplicate copies, and one (1) folder containing the Minutes of Hearing.³⁶

On June 16, 2025, respondents filed their *Comment (On Petitioner's "Petition for Review" dated 7 April 2025)*.³⁷ Thereafter, a records verification conducted on June 24, 2025, showed that respondents had not yet filed the electronic or soft copy of their comment.³⁸ Consequently, in a Resolution dated July 28, 2025,³⁹ the Court directed respondents to submit an electronic copy of their comment within 24 hours from notice. Pending compliance, the Court held in abeyance the submission of the case for decision.

On August 11, 2025, respondents complied with the Court's directive by filing the electronic copy of their Comment through electronic mail.⁴⁰

On October 23, 2025, the Court deemed the case submitted for decision.⁴¹

THE ISSUES

Petitioner submits the following issues for the Court's resolution:

- I. THE REGIONAL TRIAL COURT'S DECISION DATED 07 OCTOBER 2024, DISMISSING SKY'S COMPLAINT IN CIVIL CASE NO. C-25903, AND ITS ORDER DATED 03 MARCH 2025, DENYING SKY'S MOTION FOR RECONSIDERATION, SHOULD BE REVERSED AND SET ASIDE FOR BEING CONTRARY TO LAW AND JURISPRUDENCE.



³⁶ *Id.* at 268–275.

³⁷ *Id.* at 284–297.

³⁸ *Id.* at 299.

³⁹ *Id.* at 301–302.

⁴⁰ *Id.* at 303.

⁴¹ *Id.* at 304.

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- A. RESPONDENT OCT ERRONEOUSLY APPLIED THE PRESUMPTIVE INCOME LEVEL ASSESSMENT APPROACH (OR PILAA) UNDER SECTION 274 OF THE CALOOCAN CITY UPDATED REVENUE CODE OF 2004.
 - B. SKY SUBMITTED FINANCIAL DOCUMENTS SUFFICIENT FOR THE RESPONDENTS TO ARRIVE AT THE CORRECT ASSESSMENT OF LOCAL BUSINESS TAX.
 - C. THE RESPONDENTS DID NOT FOLLOW THE PRESCRIBED MANNER FOR THE APPLICATION OF THE PRESUMPTIVE ASSESSMENT STATED IN SECTION 274 OF THE CALOOCAN CITY UPDATED REVENUE CODE OF 2004.
 - D. SKY SUBSTANTIALLY COMPLIED WITH ITEM B(1) OF BUREAU OF LOCAL GOVERNMENT FINANCE MEMORANDUM CIRCULAR NO. 001-2020 WHEN IT SUBMITTED ITS CERTIFICATE OF GROSS RECEIPTS FOR ITS 2020 OPERATIONS IN CALOOCAN CITY.
 - E. CORRECTLY APPLYING THE TAX RATE FOR OWNERS OR OPERATORS OF COMMUNITY ANTENNAE TELEVISION SYSTEM (CABLE TVS) OF 1.125% OF GROSS RECEIPTS OF THE PRECEDING CALENDAR YEAR, AS PROVIDED UNDER SEC. 66, NO. 16 OF THE CALOOCAN CITY UPDATED REVENUE CODE OF 2004, TO SKY'S ACTUAL GROSS RECEIPTS FOR 2020 OF PHP42,932,321.06 STATED IN SKY'S CERTIFICATE OF GROSS RECEIPTS, THE LOCAL BUSINESS TAXES DUE FROM SKY SHOULD HAVE BEEN ONLY PHP434,689.74, NOT PHP2,620,180.57.
- II. SKY IS ENTITLED TO A TAX CREDIT/REFUND PURSUANT TO THE ERRONEOUS ASSESSMENT AMOUNTING TO PHP2,174,565.82 ILLEGALLY COLLECTED BY THE RESPONDENTS.

Petitioner's arguments

Petitioner argues that respondents erroneously and excessively assessed its LBT for CY 2021 by resorting to PILAA despite petitioner's alleged submission of sufficient financial documents. Petitioner maintains that it submitted its quarterly and monthly VAT returns for 2020, as well as a Certification of Gross Receipts issued by its Finance Director, reflecting gross



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receipts in Caloocan City amounting to ₱42,932,321.06. According to petitioner, these documents were adequate bases for computing its LBT, making the use of PILAA improper under Section 274 of the CURC and BLGF MC No. 001-2020, which allow PILAA only when the taxpayer is unable to provide proof of gross sales or receipts.

Petitioner further argues that respondents failed to follow the prescribed manner for presumptive assessment because the TOP did not explain how the presumptive income was determined. Applying the correct tax rate of 1.125% on its actual gross receipts as an operator of a community antennae television system, petitioner claims that its business tax should have been only about ₱434,689.74, and that the amount collected in excess of this figure constitutes an illegal assessment warranting refund or tax credit.

Petitioner also insists that it timely protested the assessment and that respondents failed to act within the period provided by law. So it was justified in elevating the matter to court.

Respondents' arguments

Respondents contend that petitioner failed to comply with the mandatory requirements for the assessment of its LBT. They emphasize that petitioner did not submit an AFS, a sworn declaration of gross receipts, or ITRs for CY 2020 as required by the CURC and BLGF MC No. 001-2020.

Further, the Certification of Gross Receipts relied upon by petitioner was not under oath and was self-serving. The VAT returns submitted were incomplete, particularly for December 2020, and were not shown to have been attached to the business permit application upon filing. Because of this failure and refusal to submit the required financial documents despite repeated requests and opportunities, respondents had no basis to compute the LBT using actual figures and were legally constrained to apply PILAA, a method expressly authorized by Section 274 of the CURC.

Respondents also argue that petitioner prematurely went to court without exhausting administrative remedies, since it did not submit the documents requested during the protest



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stage that could have allowed reassessment. Additionally, they contend that petitioner raised the issue of the alleged improper application of PILAA only on appeal, even though this was not among the issues raised before the court *a quo* during trial, in violation of basic rules on appeal and due process. Given the presumption of correctness and taxability of assessments and the strict construction of refund claims against taxpayers, respondents maintain that petitioner failed to discharge its burden to prove illegality or error in the assessment.

THE COURT'S RULING

The Petition for Review was timely filed.

Before delving into the substantive issues, the Court must first determine whether it has jurisdiction over the present case.

Section 7(a)(3) of Republic Act (RA) No. 9282, which amended RA No. 1125, provides:

SEC. 7. *Jurisdiction.* — The CTA shall exercise:

(a) Exclusive appellate jurisdiction to review by appeal, as herein provided:

....

(3) **Decisions, orders, or resolutions of the Regional Trial Court in local tax cases originally decided or resolved by them in the exercise of their original or appellate jurisdiction;** (Emphasis supplied)

The above provision is implemented by Section 3(a)(3), Rule 4 of the Revised Rules of the Court of Tax Appeals (RRCTA), which states:

SEC. 3. *Cases within the jurisdiction of the Court in Division.* — The Court in Division shall exercise:

(a) Exclusive original or appellate jurisdiction to review by appeal the following:

....



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(3) **Decisions, resolutions, or orders of the Regional Trial Courts in local tax cases decided or resolved by them in the exercise of their original jurisdiction.** (Emphasis supplied)

As declared in the Affidavit of Material Dates executed by Everlyn R. Rico, office staff of petitioner's counsel, Santos Paruñgao Aquino & Santos Law Offices, petitioner allegedly received the assailed *Order* on **March 7, 2025**,⁴² which declaration remains undisputed. Pursuant to Section 3(a), Rule 8 of the RRCTA,⁴³ petitioner had thirty (30) days from receipt of the assailed *Order*, or until **April 7, 2025**,⁴⁴ within which to appeal to this Court.

Petitioner filed the instant *Petition for Review* on **April 7, 2025**. Accordingly, the petition was filed within the reglementary period.

Given the timely filing of the *Petition for Review* and considering that the assailed *Decision* and *Order* were rendered by the RTC in a local tax case originally cognizable by it, the Court finds that it has jurisdiction to resolve the present controversy.

Both petitioner and respondents failed to comply with the requirements of BLGF MC No. 001-2020.

A. Petitioner failed to submit competent proof of its gross receipts.

Item B of BLGF MC No. 001-2020 governs the assessment of LBT upon the renewal of business permits and prescribes the conditions for the use of PILAA, as follows:

B. Assessment of LBT for Renewal of Business Permit

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⁴² Docket, p. 84, Exhibit "P-3"; see also Docket, p. 6, *Petition for Review*, par. 4.

⁴³ SEC. 3. *Who may appeal; period to file petition.* – A party adversely affected by a decision, ruling or the inaction of the Commissioner of Internal Revenue on disputed assessments or claims for refund of internal revenue taxes, or by a decision or ruling of the Commissioner of Customs, the Secretary of Finance, the Secretary of Trade and Industry, the Secretary of Agriculture, or a Regional Trial Court in the exercise of its original jurisdiction may appeal to the Court by petition for review filed within thirty days after receipt of a copy of such decision or ruling, ...

⁴⁴ The last day to file an appeal, April 6, 2025, fell on a Sunday, giving petitioner until the next working day, April 7, 2025 to file an appeal with this Court.

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1. In the absence of audited Financial Statement, the LBT shall be based on the Sworn declaration of gross sales or receipts by the taxpayer 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.

....

3. The Presumptive Income Level Assessment Approach (PILAA) may be used in computing the local business tax ONLY if the taxpayer is unable to provide proof of its gross sales or receipts. The PILAA may be used in estimating the gross sales or receipts provided that the PILAA is in the local tax ordinance and has undergone public hearings and publications. This is to ensure that the taxpayers are properly informed of the factors used in determining the presumptive income and for the taxpayers to agree such level of presumptive income applicable to their industry. **Absent such ordinance authorizing the use of the PILAA and embodying the presumptive income levels to be used by the Local Treasurer, the collection of additional local business taxes based on such PILAA is illegal and the petitioner may properly claim the refund of the excess business taxes collected.** (Emphasis supplied)

Under the foregoing provision, the use of PILAA is justified only when the following conditions concur:

1. The taxpayer is unable to provide proof of gross sales or receipts; and
2. The local tax ordinance allows its use and embodies the presumptive income levels to be used by the Local Treasurer.

With respect to the first condition, the Court finds that petitioner failed to submit any of the documents stated under BLGF MC No. 001-2020 as bases for assessment, namely: (1) an AFS, (2) a sworn declaration of gross sales or receipts, or (3) an ITR for CY 2020.

While petitioner submitted a Certification of Gross Receipts,⁴⁵ the same was not executed under oath and, therefore, did not strictly comply with BLGF MC No. 001-2020.

⁴⁵ RTC Docket, p. 277, Exhibit "C".

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Likewise, the VAT returns submitted by petitioner cannot substitute for the documentary requirements contemplated by BLGF MC No. 001-2020, especially considering that the VAT returns⁴⁶ presented were incomplete and did not cover the entirety of TY 2020.

Accordingly, the Court agrees with the RTC that petitioner failed to provide competent proof of its gross receipts in the manner required by BLGF MC No. 001-2020. Under these circumstances, respondents were justified in considering the use of PILAA.

B. Respondents failed to follow the prescribed manner of applying PILAA.

The Court's finding that respondents were justified in resorting to the PILAA does not, by itself, validate the assessment issued against petitioner. Neither does it vest upon respondents unbridled discretion to determine petitioner's tax liability at any amount they deemed appropriate.

While petitioner's failure to submit the prescribed documents justified respondents' recourse to PILAA, respondents remained bound to apply it in accordance with the requirements of the law and the applicable local tax ordinance. The use of a presumptive assessment does not dispense with the duty of the taxing authority to establish a reasonable, objective, and verifiable basis for the assessment imposed.

As previously discussed, BLGF MC No. 001-2020 permits the use of PILAA only upon the concurrence of two requisites: first, the taxpayer must be unable to provide proof of its gross sales or receipts; and second, the local tax ordinance must not only authorize the use of PILAA but must likewise embody the presumptive income levels to be applied by the Local Treasurer. Thus, even where resort to PILAA is warranted, the resulting assessment must still be anchored on the presumptive income levels and standards prescribed by the governing ordinance. Absent such basis, the assessment cannot be sustained merely by invoking PILAA.



⁴⁶ *Id.* at 267-276, Exhibits "B" to "B-9".

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Section 274 of the CURC provides:

SEC. 274. *Presumptive Assessment.* — (a) **To determine the correct amount of tax** or any other revenue due to the City, **the City Treasurer, after taking into account the sales, receipts, income or other taxable base of other persons engaged in similar business under similar situations and circumstances or after considering other relevant information, shall** make the necessary assessment and **prescribe a minimum of such gross receipts, sales and taxable bases.** Such amount so prescribed shall be *prima facie* correct for the purpose of determining the tax liabilities of such person. (Emphasis supplied)

A plain reading of the foregoing provision shows that a presumptive assessment cannot rest on speculation or conjecture. Rather, it must be grounded on identifiable and verifiable factors, such as the sales, receipts, income, or other taxable bases of similarly situated businesses, or other relevant information sufficient to support the assessment. In other words, Section 274 contemplates a presumptive assessment that is anchored on ascertainable standards and objective data.

Here, respondents failed to identify any comparable business, industry benchmark, taxable base, or other relevant factor used in arriving at the assessed LBT. The TOP merely reflected the amount of the assessed LBT. No supporting computation, schedule, breakdown, or explanation was ever furnished to petitioner. Petitioner was therefore left uninformed as to how respondents arrived at the assessed amount.

More importantly, respondents failed to present any documentary or testimonial evidence showing how the assessed LBT of ₱2,899,172.86 was derived, or how PILAA was actually applied. While respondents repeatedly invoked PILAA as the basis of the assessment, they offered no proof showing the presumptive income level adopted, the standards used, or the methodology employed in determining petitioner's alleged tax liability. Stated differently, **respondents proved only that they invoked PILAA; they failed to prove that they applied it in the manner prescribed by law.**

The Court's pronouncement in *First Planters Pawnshop, Inc. v. City Treasurer of Pasay City*⁴⁷ is instructive:



⁴⁷ CTA EB No. 501, December 10, 2010 [Per J. Cotangco-Manalastas, *En Banc*].

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The PILAA is indeed a tax collection tool which enables the local government units to set a certain income level standard for various business entities based on industry factors. However, the PILAA does not give the respondent a *carte blanche* authority to increase the gross sales/receipts of the taxpayers within its jurisdiction and on that basis, assess the local business tax.

This Court believes that the PILAA may be used by the respondent in computing the local business tax only if the taxpayer is unable to provide proof of its income.

The word "presumptive" is defined as "based on a presumption". A "presumption" is "a legal inference or assumption that a fact exists, based on the known or proven existence of some other fact or group of facts." Based on the foregoing definition, **the "presumptive income" is a presumed or assumed income level based on known or proven factors. These factors may include information from the industry such as average customers per day, inventory turnover and mark-ups, and other measurable and verifiable indicators specific to the nature of business.**

....

If the respondent believed that the petitioner underdeclared its gross income, the remedy should have been to compute the local business tax on the petitioner's declared income and then subsequently issued a Letter of Authority for the examination and audit of petitioner's books of accounts and other records. If petitioner fails to present its books of accounts and other records or if the petitioner has no such records to validate its declared income, then the respondent may use the presumptive income level for the assessment of deficiency taxes.

... While the Local Government Code of 1991 (LGC) grants local government units (LGU) the power to create its own sources of revenue, the same is subject to the limitation that the tax be imposed through an appropriate ordinance. Admittedly, the City Treasurer of Pasay is authorized to collect local business taxes under both the LGC and the Pasay Revenue Code. However, if the City Treasurer intended to use the PILAA, the same should have been subject to the procedures provided in the LGC regarding public hearings and publication. This is to ensure that the taxpayers are properly informed of the factors used in determining the presumptive income and for the taxpayers to agree to such level of presumptive income applicable to their industry.

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DECISION

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Absent such ordinance authorizing the use of the PILAA and **embodying the presumptive income levels to be used by the City Treasurer, the collection of additional local business taxes based on such PILAA was illegal and the petitioner may properly claim the refund of the excess business taxes collected.** (Emphasis supplied, citations omitted)

The foregoing makes clear that a presumptive assessment must be based on ascertainable facts and industry standards. Although a taxpayer's failure to submit the required documents may justify resort to PILAA, such failure does not dispense with the taxing authority's obligation to establish the factual basis of the assessment. The taxing authority must still demonstrate that the assessment was derived from applicable presumptive income levels, industry data, or other standards contemplated by the ordinance and the law.

Respondents failed to satisfy this requirement. They neither identified the presumptive income level applied nor presented evidence showing that the assessment was based on the sales, receipts, income, or taxable bases of similarly situated businesses, as required by Section 274 of the CURC. Consequently, while respondents may have been justified in resorting to PILAA, they failed to establish that the assessment itself was arrived at through a valid and lawful application of that method.

Accordingly, the assessment cannot be upheld based on respondents' bare invocation of PILAA alone. The Court therefore finds that respondents failed to comply with the prescribed manner of applying PILAA under Section 274 of the CURC and BLGF MC No. 001-2020.

Respondents cannot simultaneously rely on and discredit petitioner's declared gross receipts.

Respondents maintain that petitioner's Certification of Gross Receipts is bereft of evidentiary value because it was not executed under oath.

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The records, however, reveal that during trial, respondents' witness, Ms. Adelina A. Cano, admitted that the assessment was based on the gross sales declared by petitioner in its application. Significantly, when asked about the basis of the assessment, Ms. Cano testified that she merely relied on the figures indicated in petitioner's application and confirmed that the assessment was computed using the gross receipts declared therein. She further conceded that if the tax rate of 1.125% applicable to cable television operators were applied to petitioner's declared gross sales of ₱42,932,321.06, the resulting tax due would be ₱482,988.61.⁴⁸

Ar

⁴⁸ TSN, Ms. Adelina A. Cano, May 22, 2024, pp. 15–22.

ATTY. CABIGTING:

Q: Ms. Witness, is it correct to say that you are the one who prepared the said assessment?

A: Yes, Ma'am.

Q: Can you also confirm that nowhere in this document does it appear that the computation is based on presumptive income level assessment?

A: Yes, Ma'am.

....

ATTY. CABIGTING: To the witness...

Q: Ms. Witness, what method or approach did you use in assessing the [sic] Sky or [sic] Business Tax?

A: Inano ko lang po siya doon sa application niya. Doon ko siya binase. (I based it in their Application, Ma'am.)

Q: You based it in the Application, meaning, are you saying that you based it in the amount stated in the Application Form?

A: Yes, Ma'am.

Q: Ms. Witness, since you based your assessment on the amount indicated in the Application Form, in the Application Form it is stated that the total gross sales is Forty Million Nine Hundred Thirty-Two Thousand Three Hundred Thirty-One point Zero Six (PhP42,932,321.06). My question is what tax rate did you use for the preparation of assessment?

A: Yong rate po na 'yan for services. (That rate is for the services, Ma'am.)

Q: What do you mean services, Ms. Witness?

A: Sa ordinansa po, City Ordinance. (City Ordinance, Ma'am.)

Q: Then, Ms. Witness, under the City Ordinance what is the tax rate prescribed? (Interrupted...)

ATTY. FAJARDO: Objection, Your Honor. The witness is not able to answer that question as she is not an expert on such matter as provided in her Judicial Affidavit.

THE COURT: Well, at any rate we refer to the documents that submitted [sic] by the parties with respect to..(Interrupted...)

ATTY. CABIGTING: Your Honor, I'm just asking these questions because in her Judicial Affidavit she said that she already has twenty-eight (28) years of experience being part of BPLO then I assume she should know the tax rate to be applied since she's the one who prepared the initial assessment.

THE COURT: Okay. What's the basis of the computation? (Asking the witness...)

WITNESS: Sa gross po.

ATTY. CABIGTING: To the witness...

Q: Ms. Witness, under the Caloocan Revenue Code the tax rate... owners or operators of community and tenant television system or cable T.V. shall pay the tax at the rate of 1.125% of the gross receipts or sales of the preceding calendar year. Since you mentioned that you based your assessment on the amount indicated in the Application Form and in the Application Form the total gross sales is Forty Two Million Nine Hundred Thirty-Two Thousand Three Hundred Twenty-One point Zero Six (PhP42,932,321.06), if you're going to use that and multiply it by 1.125% then the answer should be Four Hundred Eighty-Two, Nine Hundred Eighty Eight Thousand point Six Hundred Eleven (PhP482,988.611), correct?

A: Yes.

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Respondents' witness thus expressly acknowledged that the gross sales declared by petitioner served as the basis of the assessment. Having relied on the gross figures contained in petitioner's application during the assessment process, respondents cannot now turn around and claim that the same declaration is wholly unreliable or without evidentiary value.

A party may not be permitted to assume inconsistent positions whenever convenient to its cause. Respondents cannot, on the one hand, rely on petitioner's declaration of gross receipts in assessing the LBT and, on the other hand, disavow that same declaration to sustain the assessment. Their reliance on petitioner's reported gross receipts constitutes recognition of its evidentiary value, notwithstanding its non-compliance with the requirement that it be under oath.

Thus, while petitioner did not fully comply with BLGF MC No. 001-2020, respondents themselves recognized and utilized petitioner's reported gross receipts in computing the assessment. Accordingly, respondents cannot justify the LBT assessment on the ground that petitioner failed to provide proof of its gross receipts.

This is not to say, however, that petitioner's non-compliance is without consequence. The absence of a sworn declaration justified respondents' initial resort to the PILAA. What respondents failed to establish was not their authority to use PILAA, but the factual and legal basis of the amount they assessed.

As discussed, respondents failed to identify the presumptive income levels applied, the similarly situated businesses considered, the industry standards relied upon, or any other relevant taxable bases required under Section 274 of the CURC. They likewise failed to present any evidence demonstrating the methodology by which the assessed amount was computed.

Accordingly, while respondents may have been justified in resorting to PILAA, they failed to establish that the assessment was arrived at through a valid and lawful application of that method. Consequently, the assessment lacks sufficient factual and legal basis and cannot be sustained. Its invalidity, however, does not relieve petitioner from the payment of the local business tax lawfully due under the CURC. The Court must



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therefore determine the correct amount of petitioner's tax liability based on the evidence on record.

Under the circumstances, the Court finds it proper to compute petitioner's LBT based on its declared gross receipts of ₱42,932,321.06. Petitioner declared this amount in its business permit application, and respondents likewise relied upon it in preparing the assessment. Significantly, respondents neither challenged the accuracy of the declared amount nor presented evidence showing that it was false, inaccurate, or understated. The Court thus finds no reason to disregard the same for purposes of determining petitioner's tax liability.

Section 66(16)⁴⁹ of the CURC imposes upon operators of community antennae television systems a local business tax equivalent to **1.125% of the gross receipts or sales of the preceding calendar year**. Applying this rate to petitioner's gross receipts of ₱42,932,321.06 for CY 2020 yields the following:

Gross receipts for CY 2020	₱42,932,321.06
<i>Multiplied by: tax rate</i>	1.125%
Correct LBT due	₱482,988.61
Assessed LBT	₱2,899,172.86
<i>Less: 10% discount⁵⁰</i>	(289,917.29)
Assessed LBT paid	₱2,609,255.57
<i>Less: correct LBT due</i>	(482,988.61)
Total refundable amount	₱2,126,266.96

Records show that petitioner fully paid the assessed LBT for **₱2,609,255.57** on January 20, 2021. Considering that petitioner's correct LBT liability amounted only to **₱482,988.61**, it overpaid local business taxes in the amount of **₱2,126,266.96**. Such excess payment constitutes an erroneous tax collection for which petitioner is entitled to a refund or tax credit, pursuant to applicable law and jurisprudence.

⁴⁹ SEC. 66. *Imposition of Tax.* — There is hereby imposed an annual tax on the following persons, natural or juridical, who establish, operate, conduct or maintain their respective businesses within the City of Caloocan at the rates prescribed hereunder:

....
16. Owners or operators of *community antennae television systems (cable tvs)* shall pay the tax at a rate of one and one-eighth percent (1.125%) on the gross receipts or sales of the preceding calendar year.

⁵⁰ SEC. 74. *Time of Payment.* — (a) Tax on business based on the preceding year gross receipts or sales shall accrue on the first (1st) day of January of each year and payable within the first twenty (20) days of each quarter. A ten percent (10%) discount shall be given to those who opt to pay the full amount of tax due for the current year within the first twenty (20) days of January.

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WHEREFORE, premises considered, the *Petition for Review* is **PARTIALLY GRANTED**.

Accordingly, the Decision dated October 7, 2024 and the Order dated March 3, 2025 issued by the Regional Trial Court of Caloocan City, Branch 126, in Civil Case No. C-25903, are hereby **REVERSED** and **SET ASIDE**.

The local business tax assessment embodied in Tax Order of Payment Account No. 13-M0129-00193 is hereby **CANCELLED** and **SET ASIDE**.

Respondents Caloocan City and the Office of the City Treasurer of Caloocan City are further **ORDERED** to **REFUND**, or in the alternative, to issue a **TAX CREDIT** in favor of petitioner Sky Cable Corporation in the amount of **₱2,126,266.96**, representing local business taxes erroneously collected.

SO ORDERED.


LANEE S. CUI-DAVID
Associate Justice

I CONCUR:


JEAN MARIE A. BACORRO-VILLENA
Associate Justice

ATTESTATION

I attest 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.


JEAN MARIE A. BACORRO-VILLENA
Associate Justice
Acting Chairperson

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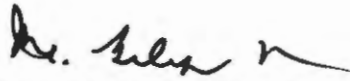
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CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution and the Special First Division Acting Chairperson's Attestation, it is hereby certified 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.



MA. BELEN M. RINGPIS-LIBAN

Presiding Justice

