REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

TAGUIG CITY GOVERNMENT, HON. LINO EDGARDO CAYETANO, in his capacity as the Mayor of City of Taguig and ATTY. J. VOLTAIRE L. ENRIQUEZ, in his capacity as the Treasurer of City of Taguig, Petitioners,	**CTA EB NO. 3033** (Formerly SCA Case No. 325 and Civil Case No. 22-4534)
- versus -	Present: **RINGPIS-LIBAN,** *P.J.,* **BACORRO-VILLENA, MODESTO-SAN PEDRO, REYES-FAJARDO, CUI-DAVID, FERRER-FLORES,** *and* **ANGELES,** *JJ.*
THE BLUE SAPPHIRE RESIDENCES CONDOMINIUM CORPORATION, Respondent.	Promulgated: MAY 2 1 2026 3:50 p.m.

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DECISION

RINGPIS-LIBAN, *J.*:

The Case

Before the Court is a Petition for Review seeking to reverse and set aside the Decision[1] dated September 20, 2024 ("assailed Decision") and Order[2] dated October 28, 2024 ("assailed Order") of Branch 153 of the Regional Trial Court ("RTC") of Taguig City, affirming the Decision dated December 20, 2023 of

[1] Rollo, pp. 35-48.
[2] *Id.*, pp. 49-50.

Branch 116 of the Metropolitan Trial Court ("MTC") of Taguig City in Civil Case No. 22-4534. MTC Taguig City Branch 116 partially granted the complaint instituted by respondent on January 17, 2022, and ordered the refund or issuance of tax credit in the total amount of Php406,928.88, representing erroneously collected local business tax ("LBT") for the years 2020 and 2021.

The Parties

Petitioner City Government of Taguig ("petitioner Taguig City") is a public corporation created by virtue of Republic Act No. 8487, the Charter of the City of Taguig, with seat of authority at the City Hall of Taguig. It is represented by its current Executive Head and Mayor of the City of Taguig, Hon. Ma. Laarni L. Cayetano. Its office is located at Taguig City Hall, Gen. Luna Street, Tuktukan, 1630 Taguig City.[3]

Petitioner Hon. Lito Edgardo S. Cayetano is the former Executive Head and Mayor of the City of Taguig, who was succeeded by Hon. Ma. Laarni L. Cayetano, the incumbent Executive Head and Mayor of the City of Taguig ("petitioner City Mayor"). The incumbent Mayor of the City of Taguig holds office at the Office of the City Mayor, Taguig City Hall, Gen. Luna Street, Tuktukan, 1630 Taguig City.[4]

Petitioner Atty. Jonathan Voltaire L. Enriquez is the Treasurer of the City of Taguig ("petitioner City Treasurer"). The City Treasurer of the City of Taguig holds office at the Office of the City Treasurer, Taguig City Hall, Gen. Luna Street, Tuktukan, 1630 Taguig City.[5]

Petitioners may be served and furnished with pleadings, orders, notices, and other processes of this Court through its counsel at the City Legal Office, 4th Floor, Taguig City Hall, Gen. Luna Street, Tuktukan, 1630 Taguig City.[6]

Respondent The Blue Sapphire Residences Condominium Corporation is a domestic corporation and a corporate taxpayer of the City of Taguig with principal office at 2nd Avenue corner 30th Street, Crescent Park West, Bonifacio Global City, Taguig City. Respondent may be served with summons, pleadings, orders, notices, and other processes of this Court through its counsel of record, Marasigan Nicolas & Olano with address at Unit 3 PQ, Symphony Tower I, Sgt. Esguerra, South Triangle, Quezon City.[7]

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3 *Id.*, The Parties, Petition for Review, p. 13.
4 *Id.*
5 *Id.*
6 *Id.*
7 *Id.*, The Parties, Petition for Review, p. 14.

The Facts

The facts as found by RTC Taguig City Branch 153 are as follows:

"As alleged in the Complaint, [respondent] applied for the renewal of its permit to operate in the City of Taguig for the years 2020 and [2021]. As a condition precedent for the said renewal, [petitioner Taguig City] required [respondent] to pay the amount of Php464,291.83 for the year 2020 and Php437,632.66 for the year 2021. [Respondent] paid these amounts as shown by the following receipts, with the following particulars, to wit:

Official Receipt No. A-765655 dated January 17, 2020 (1st quarter 2020)

Nature of Collection	Amount
Contractor (Association) Gross: 26337036.24	Php49,175.70
Environmental Impact Fee	Php47,768.35
Mayor's Permit Fee	Php6,000.00
Sanitary Inspection Fee	Php1,100.00
Medical/Health Fee	Php10.00
Building Inspection Fee	Php400.00
Electrical Inspection Fee	Php400.00
Plumbing Inspection Fee	Php250.00
Mechanical Inspection Fee	Php500.00
Fire Permit Fee	Php200.00
Sticker	Php150.00
Form Fee	Php150.00
Signboard	Php140.00
Fire Code RA 9514	Php30,006.01
Cedula Corporation	Php10,500.00
TOTAL	Php146,800.06

Official Receipt No. A-4780652 dated June 08, 2020 (2nd quarter 2020)

Nature of Collection	Amount
Contractors (Association)	Php49,175.70
Environmental Impact Fee	Php47,768.35
TOTAL	Php96,944.05

Official Receipt No. A-4958504 dated July 29, 2020 (3rd quarter 2020)

Nature of Collection	Amount
Contractors (Association)	Php62,699.02
Environmental Impact Fee	Php47,768.35
TOTAL	Php96,944.05

Official Receipt No. A-4828836 dated September 23, 2020 (4th quarter 2020)

Nature of Collection	Amount
Contractors (Association)	Php49,175.70
Environmental Impact Fee	Php47,768.35
TOTAL	Php96,944.05

Official Receipt No. A-5035331 dated January 14, 2021 (1st quarter 2021)

Nature of Collection	Amount
Contractors (Condominium Corporation)	Php49,175.70
Mayors – Condominium Corporation	Php6,000.00
Environmental Impact Fee	Php47,768.48
Sanitary Inspection Fee	Php1,100.00
Building Inspection Fee	Php400.00
Electrical Inspection Fee	Php400.00
Plumbing Inspection Fee	Php250.00
Mechanical Inspection Fee	Php500.00
Medical/Health Fee	Php10.00
Fire Permit Fee	Php200.00
Business Plate (Sticker)	Php150.00
Form Fee	Php150.00
Signboard Fee	Php140.00
Fire Code R.A. 9514	Php30,058.07
Cedula Corporation	Php10,500.00
TOTAL	Php146,800.22

Official Receipt No. A-5119306 dated March 12, 2021 (last three quarters 2021)

Nature of Collection	Amount
Contractors (Condominium Corporation)	Php147,527.09
Environmental Impact Fee	Php143,305.35
TOTAL	Php290,832.44

[Respondent] alleged that based on the foregoing receipts, [petitioner Taguig City] treated [respondent] as a contractor and was assessed business tax that is imposed on contractors. The said imposition is not supported by the Local Government Code, the Taguig Revenue Code or any ordinance of [petitioner Taguig City].

In addition, [petitioner Taguig City] imposed environmental impact fee on [respondent], which imposition is chargeable only to entities engaged in business.

Thus, on October 15, 2021, [respondent] sent a letter dated July 12, 2021 to [petitioner Taguig City] through [petitioner City Treasurer], requesting for refund of the amount of Php890,926.13 corresponding to business tax in the form of contractor's fee and environmental impact fee it erroneously imposed.

In a letter dated November 29, 2021, [petitioner Taguig City] denied [respondent's] request for refund by treating the same as a tax protest that was allegedly filed beyond the reglementary period.

[Respondent] contends that the City of Taguig was in error in treating the request for tax refund as a tax protest as the two are distinct remedies provided by law. It further contends that the claim for tax refund was timely filed or within the two-year period from the date of payment of the business tax and environmental impact fee. Thus, it was wrong for the City of Taguig to treat plaintiff-appellee's letter dated July 12, 2021 to have been filed out of time.

Thus, [respondent's] present claim for refund or tax credit."[8]

On December 20, 2023, MTC Taguig City Branch 116 issued a Decision partially granting respondent's complaint and ordering the refund or issuance of tax credit in the amount of Php406,928.88, the dispositive portion of which reads:

"**WHEREFORE**, premises considered, the instant Complaint is PARTIALLY GRANTED.

Accordingly, [petitioner] Taguig City Government is hereby ORDERED to REFUND or issue TAX CREDIT in the total amount of Four [*sic*] hundred six thousand nine hundred twenty-eight pesos and eighty eight [*sic*] centavos (Php406,928.88) representing the erroneously collected local business tax against [respondent] for the years 2020 and 2021. As to the claim for

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[8] *Id.*, Decision dated September 20, 2024, The Factual Antecedents, pp. 36-38.

refund on the environmental impact fee, the same is hereby DENIED.

SO ORDERED."[9]

On February 07, 2024, petitioners filed a Notice of Partial Appeal to RTC Taguig City Branch 153 seeking to assail the decision of MTC Taguig City Branch 116.[10]

On September 20, 2024, RTC Taguig City Branch 153 promulgated the assailed Decision denying the appeal filed by petitioners, the dispositive portion of which reads:

> "**WHEREFORE**, premises considered, the instant appeal filed by [petitioners] is **DENIED** for lack of merit. The *Decision* of the court *a quo* dated 20 December 2023 is **AFFIRMED in toto.**"[11]

Petitioners then filed a Motion for Reconsideration, which RTC Taguig City Branch 153 denied in the assailed Order, thus:

> "Thus, petitioners Motion for Reconsideration is **DENIED**."[12]

On November 28, 2024, Petitioners filed a Motion for Extension of Time to File Petition for Review,[13] with this Court *En Banc* which was granted in a Minute Resolution[14] dated November 29, 2024.

On December 20, 2024, Petitioners filed the instant Petition for Review[15] *via* registered mail.

On March 06, 2025, this Court issued a Minute Resolution[16] ordering respondent to comment on the Petition for Review within ten (10) days from notice.

On April 10, 2025, respondent filed its Comment (To Petitioners' Petition for Review).[17]

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9 *Id.*, p. 39.
10 *Id.*
11 *Id.*, p. 47.
12 *Id.*, Order dated October 28, 2024, p. 50.
13 Rollo, pp. 1-7.
14 *Id.*, p. 9.
15 *Id.*, pp. 11-34.
16 *Id.*, p. 55.
17 *Id.*, pp. 56-72.

On April 15, 2025, the Judicial Records Division issued a Records Verification Report[18] stating that respondent failed to transmit *via* email a PDF copy of its comment.

On September 01, 2025, the Court issued a Minute Resolution[19]:

1) noting the Records Verification Report;

2) deemed the Comment (To Petitioner's Petition for Review) filed by respondent as not filed for failure to provide the e-mail/soft copy of said Comment, pursuant to CTA En Banc Resolution No. 8-2024; and

3) submit the case for decision.

Assignment of Errors

Petitioners raise the following grounds[20] for their petition:

1) Whether or not RTC Taguig City Branch 153 committed reversible error in holding that the instant action was timely filed by applying Section 196 and not Section 195 of the Local Government Code of 1997, as amended; and

2) Whether or not RTC Taguig City Branch 153 committed reversible error in holding that respondent should not be imposed with local business tax.

The Arguments of Petitioners

Petitioners submit that where an assessment is issued, the taxpayer cannot make use of the full period of two (2) years provided under Section 196 of the Local Government Code ("LGC") of 1991 by paying the assessment and thereafter claim a refund for the same, pursuant to *City of Manila and Office of the City Treasurer of Manila v. Cosmos Bottling Corporation*[21] ("*City of Manila v. Cosmos Bottling Corp.*").

According to Petitioners, respondent should have filed its written protest/claim for refund for years 2020 and 2021 before petitioner City

[18] *Id.*, p. 73.
[19] *Id.*, p. 74.
[20] *Id.*, Petition for Review, Assignment of Error [*sic*], p. 15.
[21] G.R. No. 196681, June 27, 2018.

Treasurer on or before the lapse of the sixty (60)-day period from receipt of the assessment for business tax as contractor and environmental impact fee. Since respondent failed to do so, the Letter dated July 12, 2021 requesting for refund, which was sent on October 15, 2021, is considered as filed out of time, thereby making the assessments conclusive and unappealable.

Petitioners also insist that there is no law that exempts from taxation the association dues and income collected by condominium corporations from members. As such, the judiciary cannot grant the same as such power is vested only in Congress. Petitioners point out that the Supreme Court should reexamine its ruling in Yamane to determine whether it constitutes an encroachment upon Congress' exclusive power to grant tax exemptions.

The Ruling of the Court

The Petition for Review was timely filed.

RTC Taguig City Branch 153 issued the assailed Order, denying petitioners Motion for Reconsideration on October 28, 2024. As alleged by petitioners, and as left uncontroverted by respondent, the said Order was received by Petitioners on November 05, 2024.[22] Pursuant to Rule 4, Section 2(b)[23] in relation to Rule 8, Section 3(c)[24] of the Revised Rules of the Court of Tax Appeals[25] (RRCTA), Petitioners had thirty (30) days from date of receipt of the Order or until December 05, 2024 within which to file their petition for review.

On November 28, 2024, Petitioners filed a Motion for Extension of Time to File Petition for Review,[26] praying for an extension of fifteen (15) days to file or until December 20, 2024. The Court granted the same in a Minute Resolution[27] on November 29, 2024. On December 20, 2024, Petitioners timely filed their Petition for Review[28] *via* registered mail.

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[22] Rollo, Petition for Review, Statement of Material Facts, par. 12, p. 6.

[23] **Sec. 2.** *Cases within the jurisdiction of the Court en banc.* — The Court *en banc* shall exercise exclusive appellate jurisdiction to review by appeal the following:

(b) Decisions, resolutions or orders of the Regional Trial Courts in local tax cases decided or resolved by them in the exercise of their appellate jurisdiction[.].

[24] **Sec. 3.** *Who may appeal; period to file petition.* — x x x

(c) A party adversely affected by a decision or ruling of the Central Board of Assessment Appeals and the Regional Trial court in the exercise of their appellate jurisdiction may appeal to the Court by filing before it a petition for review within thirty days from receipt of a copy of the questioned decision or ruling. *(n)*

[25] A.M. No. 05-11-07-CTA, November 22, 2005.

[26] Rollo, pp. 1-7.

[27] *Id.*, p. 9.

[28] *Id.*, pp. 11-34.

Hence, the Court *En Banc* validly acquired jurisdiction.

We now proceed with the merits of the case.

The correct remedy in this case is Section 196 of the LGC of 1991 and not Section 195.

Petitioners essentially argue that pursuant to Section 195 of the LGC of 1991, respondent must first file a written protest with petitioner City Treasurer within sixty (60) days from receipt of assessment for LBT. However, instead of previously filing a written protest, respondent filed a request for refund to petitioner Taguig City through petitioner City Treasurer on October 15, 2021. Thus, petitioners believe that the assessment is already conclusive and unappealable, the written protest/refund being belatedly filed.

We analyze.

Sections 195 and 196 of the LGC of 1991 provide:

> "SEC. 195. *Protest of Assessment.* – **When <u>the</u> <u>local</u> <u>treasurer</u> <u>or</u> <u>his</u> <u>duly</u> <u>authorized</u> <u>representative</u> finds that correct taxes, fees, or charges have not been paid, he <u>shall</u> <u>issue</u> <u>a</u> <u>notice</u> <u>of</u> <u>assessment</u> 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 canceling 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."[29]

> "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.

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[29] *Emphasis and underscoring supplied.*

> **No case or proceeding shall be entertained in any court after the expiration of <u>two (2) years from the date of the payment</u> of such tax, fee, or charge, or from the date the taxpayer is entitled to a refund or credit.**"[30]

Section 195 refers to the procedure of protesting an assessment of LBT, while Section 196 pertains to the rule in claiming LBT refund. Notably, the application of Section 195 is triggered by a notice of assessment made by the local treasurer or his or her duly authorized representative. Whereas Section 196 does not depend upon the existence of an assessment notice.

As explicitly stated in Section 195, a notice of assessment is issued only after "finding that the correct taxes, fees, or charges have not been paid" and it must state "the nature of the tax, fee, or charge, the amount of deficiency, the surcharges, interests and penalties." Simply put, the assessment contemplated under the law is premised on the local treasurer making a finding that the correct taxes, fees or charges were not paid after examination, and that the local treasurer issue a statement containing the amount of deficiency, surcharges, interests, and penalties due from the taxpayer.

Such was not the circumstance in the case at bar. As confirmed by RTC Taguig City Branch 153, only billing statements were issued by petitioners enumerating the fees and taxes to be paid by respondent.

Similar to the present case, this Court *En Banc* had ruled in *City Treasurer of Manila v. Philippine Beverage Partners, Inc.*[31] that a statement of account issued by a local government in connection with a taxpayer's application for business permit renewal cannot be considered as the notice of assessment under Section 195, *viz.*:

> "The claim involved in the present case arose from the SOA issued by petitioner in favor of PBPI. True, a 'protest' was filed by PBPI to question petitioner's computation as stated in the SOA. However, this does not detract from the fact that the SOA was issued in connection with PBPI's renewal of business permits and licenses for CY 2007. The SOA cannot be considered the notice of assessment required under *Section 195 of the 1991 LGC* as the notice of assessment contemplates a computation based on deficiency taxes, fees, and charges when the local treasurer finds that the correct taxes, fees, or charges were not paid. Accordingly, in the present case, the payment made by PBPI after petitioner denied its 'protest' is the proper subject of a claim for refund for erroneously

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30 *Emphasis and underscoring supplied.*

31 CTA. EB Case No. 1342 (CTA AC No. 122), December 22, 2016; Penned by Associate Jutice Lovell R. Bautista, with Presiding Justice Roman G. del Rosario and Associate Justices Juanito C. Castañeda, Jr., Erlinda P. Uy, Caesar A. Casanova, Esperanza R. Fabon-Victorino and Cielito N. Mindaro-Grulla concurring. Associate Justice Ma. Belen M. Ringpis-Liban is on leave.

or illegally collected tax, fee, or charge in accordance with Section 196 of the 1991 LGC."

The assessment of business tax is an inherent function of local treasurers, pursuant to the LGC of 1991 and its Implementing Rules and Regulations (IRR). Unless there are express and explicit provisions of the law to the contrary, specifically stating that the assessment of business taxes shall be conducted by the Business Permit and Licensing Office of a city, such function shall remain to be exercised by the Office of the City Treasurer.[32]

Since the authority to issue an assessment rests solely with the local treasurer, and respondent's payments were in relation to its business tax renewal for 2020 and 2021, no valid assessment was ever issued that could have attained finality or become unappealable. Petitioner need not file a protest to petitioner City Treasurer within sixty (60) days, for its remedy is not governed by Section 195. Instead, the present case falls under the subject of refund under Section 196. Petitioner's direct filing with the MTC without any written protest with respondent City Treasurer is proper.

Respondent's claim for refund was filed within the prescribed period under Section 196 of the LGC of 1991.

Under Section 196 of the Local Government Code of 1991, a taxpayer seeking a refund must file the appropriate claim with the local treasurer and the court within two (2) years reckoned from the date of payment of the tax, fee, or charge, or from the date the taxpayer becomes entitled to a refund or credit.

RTC Taguig City Branch 153 confirmed that respondent's claim with petitioner City Treasurer and MTC Taguig City Branch 116 were filed within the two-year prescriptive period, as summarized in the table below:

Years	2-year prescriptive period		Petitioner City Treasurer	MTC Taguig City Branch 116
	Date paid	END		
2020 and 2021	January 17, 2020 June 08, 2020 July 29, 2020 September 23, 2020 January 14, 2021 March 12, 2021	January 17, 2022	October 15, 2021	January 17, 2022

As such, the instant claim for refund was filed within the reglementary period.

[32] Bureau of Local Government Finance Opinion dated March 15, 2017; Bureau of Local Government Finance Opinion No. 033-2016 dated September 19, 2016.

The imposition of local business tax on dues from unit owners received by respondent is erroneous.

Unlike the power to tax by the State which is inherent,[33] the power to tax by provinces, cities and municipalities is limited by the law that granted it, the LGC of 1991.

Following this, the taxing power of petitioner Taguig City over contractors under Section 143(e)[34] of the LGC of 1991 presupposes that the taxpayer is engaged in business. For purposes of local business taxation, "business" is defined under Section 131 as "trade or commercial activity regularly engaged in as a means of livelihood or with a view to profit". That local business tax under Section 143 is imposed on gross sales or receipts from business activities further confirms that only businesses may be subjected to such tax.

To reiterate, local business tax may be imposed only on entities engaged in trade or business for profit, with gross sales or receipts as the tax base. Where a person, transaction, or property is not subject to tax, there is no need to invoke any exemption as no law imposes the tax in the first instance.

In the case at bar, respondent is a condominium corporation.

Jurisprudence has squarely ruled that a condominium corporation is a non-stock, non-profit corporation, which exists mainly to hold title and manage common areas, and collect association dues from unit owners merely to defray shared expenses and not to earn any income. This was laid down in the controlling case of *Luz R. Yamane v. BA Lepanto Condominium Corporation*[35] ("*Yamane v. BA Lepanto*"), *viz.*:

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[33] Pelizloy Realty Corporation v. The Province of Benguet, G.R. No. 183137, April 10, 2013.

[34] Section 143(e) of the 1991 LGC provides:

SECTION 143. *Tax on Business. - The municipality may impose taxes on the following businesses:*

xxx xxx xxx

(e) On contractors and other independent contractors, in accordance with the following schedule:

With gross sales or receipts for the preceding calendar year in the amount of:	Amount of Tax Per Annum

xxx xxx xxx

[35] G.R. No. 154993, October 25, 2005.

"The Condominium Act imposes several limitations on the condominium corporation that prove crucial to the disposition of this case. Under Section 10 of the law, the corporate purposes of a condominium corporation are limited to the holding of the common areas, either in ownership or any other interest in real property recognized by law; to the management of the project; and to such other purposes as may be necessary, incidental or convenient to the accomplishment of such purpose. Further, the same provision prohibits the articles of incorporation or by-laws of the condominium corporation from containing any provisions which are contrary to the provisions of the Condominium Act, the enabling or master deed, or the declaration of restrictions of the condominium project.

We can elicit from the Condominium Act that a condominium corporation is precluded by statute from engaging in corporate activities other than the holding of the common areas, the administration of the condominium project, and other acts necessary, incidental or convenient to the accomplishment of such purposes. Neither the maintenance of livelihood, nor the procurement of profit, fall within the scope of permissible corporate purposes of a condominium corporation under the Condominium Act.

xxx xxx xxx

Again, whatever capacity the Corporation may have pursuant to its power to exercise acts of ownership over personal and real property is limited by its stated corporate purposes, which are by themselves further limited by the Condominium Act. **A condominium corporation, while enjoying such powers of ownership, is prohibited by law from transacting its properties for the purpose of gainful profit.**

Accordingly, and with a significant degree of comfort, we hold that **<u>condominium corporations are generally exempt from local business taxation under the Local Government Code, irrespective of any local ordinance that seeks to declare otherwise</u>**."[36]

The doctrine in *Yamane v. BA Lepanto*, was then reiterated by the Supreme Court in *Bureau of Internal Revenue v. First E-Bank Tower Condominium Corp.*,[37] where again it was emphasized that a condominium corporation is not designed to engage in activities that generate income or profit, to wit:

[36] *Emphasis and underscoring supplied.*
[37] G.R. Nos. 215801 & 218924, January 15, 2020.

> "In fine, the collection of association dues, membership fees, and other assessments/charges is purely for the benefit of the condominium owners. It is a necessary incident to the purpose to effectively oversee, maintain, or even improve the common areas of the condominium as well as its governance.
>
> As held in **Yamane**, '*[t]he profit motive in such cases is hardly the driving factor behind such improvements, if it were contemplated at all. Any profit that would be derived under such circumstances would merely be incidental, if not accidental.*' More, a condominium corporation is especially formed for the purpose of holding title to the common area and exists only for the benefit of the condominium owners. Nothing more."

From the foregoing, condominium corporations are, as a rule, not subject to LBT. The sole exception arises when the condominium corporation derives income from activities undertaken for profit. In such cases, the local government unit bears the burden of proving that the activity is commercial and profit-oriented, and not merely incidental to condominium management.

Here, petitioners failed to meet this burden.

Assessment and dues collected from unit owners to cover the costs of maintaining and administering the condominium's common areas are not "gross receipts from business," because respondent is not selling goods for profit but merely pooling funds of unit owners in their capacity as co-owners of the common areas.

In *Fritz Bryn Anthony M. Delos Santos v. Commissioner of Internal Revenue*[38], the Supreme Court ruled that "[a]ssociation dues are not intended for profit, but for the maintenance of the condominium project. The collection of association dues, membership fees, and other charges is purely for the benefit of the condominium owners."

Moreover, petitioners' bare assertion, reflected merely in the official receipts issued upon respondent's payment, that respondent is a contractor does not withstand scrutiny under The Revenue Code of Taguig.[39] Section 74 of the said Code defines contractor as follows:

> "...**includes persons**, natural or juridical, not subject to professional tax **whose activity consists essentially of the sale of all kinds of services for a fee** regardless of whether or not the

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[38] G.R. No. 222548, June 22, 2022.
[39] Taguig City Ordinance No. 085-05, December 09, 2005.

> performance of the service calls for the exercise or use of the physical or mental faculties of such contractor or his employees.
>
> As used in this Article, the term contractor shall include general engineering, general building and specialty contractors as defined under applicable laws, filling, demolition and salvage works contractors, proprietors or operators of mine drilling apparatus, proprietors or operators of computer services/rental, proprietors or operators of dockyards, persons engaged in the installation of water systems, and gas or electric light, heat, or power, proprietors or operators of smelting plants; engraving, plating, and plastic lamination establishments; proprietors or operators of establishments for repairing, repainting, upholstering, washing or greasing of vehicles, heavy equipment, vulcanizing, recapping and battery charging; proprietors or operators of furniture shops and establishments for planting or surfacing and recutting of lumber, sawmills under contract to saw or cuts logs belonging to others; proprietors or operators of dry-cleaning or dyeing establishments, steam laundries, and laundries using washing machines, proprietors or owners of shops for the repair of any kind of mechanical and electrical devices, instrument, apparatus, or furniture and shoe repairing by machine or any mechanical contrivance, proprietors of tailor shops, dress shops, milliners and hatters, beauty parlors, barbershops, massage clinics, sauna, Turkish and Swedish baths, slenderizing and building saloons and similar establishments; photographic studios; funeral parlors; proprietors or operators of arrastre and stevedoring, warehousing, or forwarding establishments; master plumbers, smiths, and house or sign painters; printers, bookbinders, lithographers, publishers except those engaged in the publication or printing of any newspaper, magazine, review or bulletin which appears at regular intervals with fixed prices for subscription and sale and which is not devoted principally to the publication of advertisements; business agents, private detective or watchman agencies, commercial and immigration brokers, and cinematographic film owners, lessors and distributors."[40]

A condominium corporation is not embraced within the foregoing definition, its nature and activities bearing no close similarity to those enumerated. Clearly, it was not intended to be classified as a contractor; hence, the imposition of local business tax on contractors does not apply to it.

Considering that respondent, as a condominium corporation, is not subject to local business tax on gross receipts as a contractor and is not engaged in trade or business in the first place, RTC Taguig City Branch 153 correctly

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[40] *Emphasis supplied.*

affirmed the grant of refund by MTC Taguig City Branch 116 in favor of respondent.

ACCORDINGLY, premises considered, the instant Petition for Review is **DENIED**. The Decision dated September 20, 2024 and Order dated October 28, 2024 of Branch 153 of the Regional Trial Court of Taguig City, affirming the Decision dated December 20, 2023 of Branch 116 of the Metropolitan Trial Court of Taguig City in Civil Case No. 22-4534, are **AFFIRMED.**

SO ORDERED.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

WE CONCUR:

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

Marian Ivy F. Reyes - Fajardo
MARIAN IVY F. REYES-FAJARDO
Associate Justice

LANEE S. CUI-DAVID
Associate Justice

CORAZON G. FERRER-FLORES
Associate Justice

HENRY S. ANGELES
Associate Justice

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, 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