REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION
****

TEAM SUAL CORPORATION, Petitioner,	**CTA AC No. 173** (Civil Case No. 19095)
- versus -	***Members:***
PROVINCE OF PANGASINAN AND MARILOU E. UTANES IN HER CAPACITY AS THE OIC-PROVINCIAL TREASURER OF PANGASINAN, Respondents.	**DEL ROSARIO,** P.J., Chairperson, **UY,** and **MINDARO-GRULLA,** JJ. ***Promulgated:*** NOV 03 2017 ; 3:37 pm

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DECISION

UY, J.:

Before this Court is a *Petition for Review* filed by Team Sual Corporation on July 14, 2016 against the Province of Pangasinan and Marilou E. Utanes, in her capacity as the OIC-Provincial Treasurer of Pangasinan, seeking for the reversal and setting aside of the Decision dated February 10, 2016 and the Order dated May 31, 2016, both issued by the Regional Trial Court (RTC) Branch 37 of Lingayen, Pangasinan, in Civil Case No. 19095 entitled *"Team Sual Corporation, Plaintiff, versus Province of Pangasinan and Marilou E. Utanes in her capacity as the OIC Provincial Treasurer of Pangasinan, Defendants"*, the dispositive portions of which respectively read as follows:

Decision dated February 10, 2016:

"**WHEREFORE,** the instant case is hereby ordered dismissed. Accordingly, plaintiff is hereby declared liable to pay transfer tax to defendant Province of Pangasinan.

No costs.

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SO ORDERED."

<u>Order dated May 31, 2016</u>:

"**WHEREFORE**, the plaintiff's 'Motion for Reconsideration' is **DENIED**.

SO ORDERED."

THE FACTS

Petitioner Team Sual Corporation is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal place of business in Sual, Pangasinan.[1]

Respondent Province of Pangasinan is a local government unit, which imposed local transfer tax on the alleged transfer of machineries and buildings of the Sual Power Plant.[2] Respondent Treasurer was impleaded in her official capacity.[3]

The Office of the Provincial Assessor of Pangasinan sent the letter dated September 3, 2007 to petitioner, requesting from the latter a copy of the *"Deed of Conveyance"* for the *"transfer of ownership made between Mirant Corporation and the consortium of Tokyo Electric Power Company International B.V. and Marubeni Corporation which was subsequently renamed TeaM Sual Corporation."* In response, petitioner sent the letter dated September 17, 2007 to the Provincial Assessor, wherein petitioner clarified that the sale of the Philippine business of Mirant, which includes Mirant's indirect interests in petitioner, was undertaken through a sale of shares of Mirant in Mirant Asia Pacific Limited.[4]

On November 9, 2010, petitioner received the Assessment dated November 3, 2010, demanding payment of transfer tax on the alleged transfer of machineries and buildings of the Sual Power Plant

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[1] Refer to Par. 3, Petitioner's *Complaint*, vis-à-vis Par. 3, Respondents' *Answer With Third-Party Complaint*, RTC Docket (Civil Case No. 19095)—Vol. 1, pp. 2 and 62.
[2] Refer to Par. 4, Petitioner's *Complaint*, vis-à-vis Par. 3, Respondents' *Answer With Third-Party Complaint*, RTC Docket (Civil Case No. 19095)—Vol. 1, pp. 2 and 62.
[3] Refer to Par. 5, Petitioner's *Complaint*, vis-à-vis Par. 3, Respondents' *Answer With Third-Party Complaint*, RTC Docket (Civil Case No. 19095)—Vol. 1, pp. 2 and 62.
[4] Refer to Par. 7, Petitioner's *Complaint*, vis-à-vis Par. 5, Respondents' *Answer With Third-Party Complaint*, RTC Docket (Civil Case No. 19095)—Vol. 1, pp. 2 and 62.

in the amount of ₱178,457,040, plus interest and surcharges.[5]

Subsequently, on January 5, 2011, petitioner filed its Protest Letter.[6] Respondent Treasurer failed to act thereon. In order to preserve its right to question the Assessment, petitioner filed a *Complaint*[7] before the RTC Branch 37 of Lingayen, Pangasinan, on April 6, 2011[8], docketed as Civil Case No. 19095, praying for the annulment and setting aside of said Assessment in the amount of ₱178,457,040, plus the interest and surcharges thereon.

Upon the other hand, respondents prayed for the dismissal of said Complaint in their *Answer with Third-Party Complaint.*[9]

After trial, the RTC Branch 37 of Lingayen, Pangasinan, rendered the assailed Decision[10] on February 10, 2016, dismissing the *Complaint*, and declaring petitioner liable to pay transfer tax to the Province of Pangasinan.

On March 16, 2016, petitioner filed its *Motion for Reconsideration (of the Decision dated February 10, 2016)*,[11] praying for a reconsideration of the said Decision, and for the annulment of the assessment and imposition of the local transfer tax by respondents in the amount of ₱178,457,040.00. Petitioner claims that the said Decision is void because it did not state the law on which it is based; and that it is contrary to law and to the evidence on record.

On April 7, 2016, respondents filed their *Opposition (To Plaintiff's Motion for Reconsideration)*,[12] counter-arguing that the assailed Decision is proper and valid, and prayed for the denial of petitioner's *Motion for Reconsideration.*

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[5] Refer to Par. 10, Petitioner's *Complaint*, vis-à-vis Par. 5, Respondents' *Answer With Third-Party Complaint*, RTC Docket (Civil Case No. 19095)—Vol. 1, pp. 2 and 62.
[6] Refer to Par. 11, Petitioner's *Complaint*, vis-à-vis Par. 7, Respondents' *Answer With Third-Party Complaint*, RTC Docket (Civil Case No. 19095)—Vol. 1, pp. 2 and 62.
[7] RTC Docket (Civil Case No. 19095)—Vol. 1, pp. 1 to 13.
[8] Refer to Par. 11, Petitioner's *Complaint*, vis-à-vis Par. 7, Respondents' *Answer With Third-Party Complaint*, RTC Docket (Civil Case No. 19095)—Vol. 1, pp. 2 to 62.
[9] RTC Docket (Civil Case No. 19095)—Vol. 1, pp. 61 to 73.
[10] RTC Docket (Civil Case No. 19095)—Vol. 2, pp. 477 to 485; Division Docket, pp. 29 to 37.
[11] RTC Docket (Civil Case No. 19095)—Vol. 2, pp. 489 to 500; Division Docket, pp. 38 to 49.
[12] RTC Docket (Civil Case No. 19095)—Vol. 2, pp. 518 to 524.

Petitioner's *Motion for Reconsideration* was denied by the RTC in the assailed Order dated May 31, 2016[13].

Thus, petitioner filed the instant *Petition for Review* on July 14, 2016,[14] praying for the reversal and setting aside of the RTC's Decision and Order, and the annulment of the subject Assessment.

In the Resolution dated August 1, 2016,[15] respondents were ordered to file their *Comment*, not a motion to dismiss, within ten (10) days from notice thereof. On August 23, 2016, respondents filed their *Comment.*[16]

Subsequently, the Court issued the Resolution dated September 19, 2016,[17] giving due course to the instant *Petition for Review*, and directing the submission of the respective memoranda of the parties, within thirty (30) days from receipt of the said Resolution.

Meanwhile, in the Resolution dated October 19, 2016,[18] the Court ordered the Branch Clerk of Court of RTC Branch 37 of Lingayen, Pangasinan, to elevate the entire original records of Civil Case No. 19095, within ten (10) days from notice thereof, pursuant to Section 5(b), Rule 6 of the Revised Rules of the Court of Tax Appeals. Thus, on December 9, 2016, this Court received the entire original records of the said case,[19] composed of two (2) volumes, consisting of five hundred forty two (542) pages, together with the Transcript of Stenographic Notes taken thereon, Judicial Affidavit of Atty. Rosalie Factor, and the Pre-Trial Brief for the plaintiff.

After the filing of petitioner's *Memorandum* on October 24, 2016,[20] and respondents *Memorandum* on October 28, 2016,[21] this case was considered submitted for decision on December 19, 2016.[22]

Hence, this Decision.

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[13] RTC Docket (Civil Case No. 19095)—Vol. 2, p. 542; Division Docket, p. 51.
[14] Division Docket, pp. 8 to 28.
[15] Division Docket, p. 347.
[16] Division Docket, pp. 348 to 368.
[17] Division Docket, p. 427.
[18] Division Docket, p. 447.
[19] Refer to the Transmittal Letter dated November 7, 2016 from Atty. Arvin E. Crisostomo, Branch Clerk of Court, RTC-Branch 37, Lingayen, Pangasinan, Division Docket, p. 515.
[20] Division Docket, pp. 472 to 489.
[21] Division Docket, pp. 492 to 509.
[22] Resolution dated December 19, 2016, Docket, p. 518.

THE ISSUES

Petitioner raises the following issues[23] for this Court's resolution, to wit:

"I. Whether the Decision is void for failing to state the law on which it was based.

II. Whether the Decision is contrary to law.

III. Whether the Decision is contrary to the evidence on record."

Petitioner's arguments:

In arguing that the subject Decision is void, petitioner invokes certain jurisprudence, Section 14, Article VIII of the Constitution, and Section 1, Rule 35 of the Rules of Court, to the effect that a decision, or a judgment or final order determining the merits of the case, must state clearly and distinctly the facts and the law on which it is based.

Furthermore, according to petitioner, the said Decision is contrary to law and jurisprudence. Petitioner points out that a change in corporate name does not result in a new corporation.

Lastly, petitioner is of the view that the same Decision is contrary to the evidence on record. It stresses that the RTC's finding that *"Mirant Sual Corporation is not the same as Team Sual Corporation"* is contrary to the evidence on record which proves that petitioner and Mirant Sual Corporation are one and the same corporation.

Respondents' counter-arguments:

Respondents contend that the subject Decision is valid. They aver that jurisprudence dictates that decisions which failed to include laws on which they were based do not render the decisions void.

Moreover, respondents maintain that the same Decision is not contrary to law, nor to the evidence on record. According to respondents, if only a change of name of the corporation actually

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[23] Division Docket, p. 12.

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transpired, then the comparison of the incorporators/stockholders as well as the directors should have been logically the same.

Furthermore, according to respondents, Mirant Corporation and petitioner are entirely separate and distinct corporations, as they have distinct and separate principal place of office.

Respondents also maintain that petitioner cannot avoid its obligation under the law because the transaction is actually a transfer/sale of all the assets therein, and necessarily includes the transfer of control and ownership of the interest or properties of which the stocks necessarily represent.

THE COURT'S RULING

The instant *Petition for Review* is meritorious.

The Decision dated February 10, 2016 rendered by the RTC Branch 37 of Lingayen, Pangasinan, in Civil Case No. 19095, is valid.

As already stated, petitioner is assailing the Decision dated February 10, 2016 of the RTC Branch 37 of Lingayen, Pangasinan, in Civil Case No. 19095, as being void, for failure to state therein the law on which the same is based.

We do not agree.

Indeed, Article VIII, Section 14, of the 1987 Constitution provides as follows:

> "SECTION 14. No decision shall be rendered by any court without expressing therein **clearly and distinctly the facts and the law on which it is based**." *(Emphasis supplied)*

In relation thereto, Rule 36, Section 1, of the 1997 Rules of Civil Procedure reads:

> "SECTION 1. *Rendition of judgments and final orders.* — A judgment or final order determining the

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> merits of the case shall be in writing personally and directly prepared by the judge, **stating clearly and distinctly the facts and the law in which it is based**, signed by him, and filed with the clerk of court." *(Emphasis supplied)*

In *Nicos Industrial Corporation, et al. vs. Court of Appeals, et al.*,[24] the Supreme Court held:

> "It is a requirement of due process that the parties to a litigation be informed of how it was decided, with an explanation of the factual and legal reasons that led to the conclusions of the court. The court cannot simply say that judgment is rendered in favor of X and against Y and just leave it at that without any justification whatsoever for its action. The losing party is entitled to know why he lost, so he may appeal to a higher court, if permitted, should he believe that the decision should be reversed. **A decision that does not clearly and distinctly state the facts and the law on which it is based leaves the parties in the dark as to how it was reached and is especially prejudicial to the losing party, <u>who is unable to pinpoint the possible errors of the court for review by a higher tribunal</u>.**" *(Emphasis and underscoring supplied)*

Put succinctly, the said constitutional requirement is intended to assure that judicial decisions can stand the light of scrutiny both from the bar and the informed public and that party litigants are not left in the dark as to the basis of the decision arrived at.[25]

However, the judge is given leeway in drafting a decision, so long as the same is not ambiguous. In *Jose, et al. vs. Santos, et al.*,[26] the High Court said:

> "xxx. Since a case involves a dispute with the plaintiff or petitioner asserting that a right has been violated by defendant or respondent, there being a need for the operation of the sanction that the law affords to redress the wrong all that is required of the judiciary is that the decision rendered makes clear why either party

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[24] G.R. No. 88709, February 11, 1992.
[25] *Jose, et al. vs. Santos, et al.*, G.R. No. L-25510, October 30, 1970.
[26] G.R. No. L-25510, October 30, 1970.

prevailed under the applicable law to the facts established.

Nor is there any rigid formula as to the language to be employed to satisfy the requirement of clarity and distinctness. The discretion of the particular judge in this respect, while not unlimited, is necessarily broad. There is no sacramental form of words which he must use upon pain of being considered as having failed to abide by what the Constitution directs. This is a realm where his individuality is not stifled, his habitual mode of giving expression to his thought respected. <u>It suffices that his decision is not tainted with that decree of ambiguity that opens vistas of doubt both as to what the facts really were and the significance attached to them by the law</u>." *(Emphasis and underscoring supplied)*

Furthermore, in *People of the Philippines vs. Sadiosa,*[27] the Supreme Court said:

"The constitutional requirement that every decision must state distinctly and clearly the factual and legal bases therefor should indeed be the primordial concern of courts and judges. **Be that as it may, there should not be a mechanical reliance on this constitutional provision. The courts and judges should be allowed to synthesize and to simplify their decision considering that at present, courts are harassed by crowded dockets and time constraints.** Thus, the Court held in *Del Mundo v. Court of Appeals*:

> **It is understandable that courts with heavy dockets and time constraints, often find themselves with little to spare in the preparation of decisions to the extent most desirable. We have thus pointed out that judges might learn to synthesize and to simplify their pronouncements.** Nevertheless, concisely written such as they may be, decision must still distinctly and clearly express at least in minimum its factual and legal bases."[28]

Depending on the writer's character, genre and style, the language should be fresh and free-flowing, not necessarily

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[27] G.R. No. 107084, May 15, 1998.
[28] Cited also in *Chung, Jr., et al vs. Mondragon, et al.*, G.R. No. 179754, November 21, 2012.

stereotyped or in a fixed form; much less highfalutin, hackneyed and pretentious.[29]

Nevertheless, it is required that the trial court should exert effort to ensure that its decisions present a comprehensive analysis or account of the factual and legal findings which would substantially address the issues raised by the parties.[30]

Applying the foregoing principles to the case at bar, We find that the assailed Decision complied with the requirements set forth in the aforequoted Article VIII, Section 14, of the 1987 Constitution, and Rule 36, Section 1, of the Rules of Court.

A cursory reading of the assailed Decision would reveal that the parties were **not** left in the dark as to how it was reached. This is especially true in the case of petitioner (the losing party therein), where it was able to pinpoint the supposed errors committed by the Court *a quo* in the instant *Petition for Review.*

Furthermore, since the Court *a quo* has been given broad discretion as to the language to be employed to satisfy the requirement of clarity and distinctness in the assailed Decision, We do not find that the format or presentation it employed therein failed to satisfy the subject constitutional requirement. This is so because We do not see that it is tainted with that decree of ambiguity so as to create doubt as to what the facts really were and the significance attached to them by law. The assailed Decision clearly presented the issue to be resolved, *i.e.*, whether petitioner and Mirant Sual Corporation are one and the same entity, which issue, in turn, is determinative of the proper imposition of the transfer tax; and has, in fact, resolved the said issue therein, albeit erroneously, as will be shown momentarily.

Moreover, while it may be true that the assailed Decision does not refer to any specific law which it relied upon in arriving at the conclusion that petitioner and Mirant Sual Corporation are separate and distinct entities, the same is understandable. This must be so because the legal principles relating as to whether two (2) or more corporations are one and the same entity, or are separate and distinct, may be found only in jurisprudence.

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[29] *Velarde vs. Social Justice Society*, G.R. No. 159357, April 28, 2004.
[30] *Madrid vs. Court of Appeals, et al.*, G.R. No. 130683, May 31, 2000; *Velarde vs. Social Justice Society*, supra.

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Be that as it may, it must be emphasized that the validity of a court decision is one thing; the correctness thereof is quite another. We shall proceed to determine whether the subject Decision is contrary to law and evidence.

The changing of petitioner's name from "Mirant Sual Corporation" to "Team Sual Corporation" did not make a new corporation, nor did it change its corporate being

The basis for the imposition of the transfer tax being collected by respondents from petitioner is Section 135(a) of the Local Government Code (LGC) of 1991, which provides as follows:

> "SEC.135. *Tax on Transfer of Real Property Ownership.* —(a) **<u>The province may impose a tax on the sale, donation, barter, or on any other mode of transferring ownership or title of real property</u> at the rate of not more than fifty percent (50%) of one percent (1%) of the total consideration involved in the acquisition of the property or of the fair market value in case the monetary consideration involved in the transfer is not substantial, whichever is higher.** The sale, transfer or other disposition of real property pursuant to R.A. No. 6657 shall be exempt from this tax." *(Emphasis and underscoring supplied)*

The foregoing provision gives a province the power to impose tax on *"the sale, donation, barter, or on any other mode of transferring ownership or title of real property"*. Thus, for the province to validly impose the said tax, it must be clearly shown that there was a sale, donation, barter, or any other mode of transferring ownership or title of real property.

Thus, central to the resolution of whether there was a transfer of ownership or title of real property in this case, is the determination whether indeed petitioner merely changed its corporate name, or is a separate corporate entity from that of Mirant Sual Corporation.

We find that petitioner merely changed its corporate name from *"Mirant Sual Corporation"* to *"Team Sual Corporation"*, and this finding is supported by the evidence presented, formally offered, and admitted, in the case *a quo*. The RTC Branch 37 of Lingayen, Pangasinan, in rendering the assailed Decision should have relied on the said evidence.

Specifically, to establish that petitioner and Mirant Sual Corporation are one and the same corporation, petitioner presented its Articles of Incorporation (AOI), and amendments thereto relating to its change of name, with their corresponding Certificates issued by the Securities and Exchange Commission (SEC). The significant information found in the said documents are as follows:

Exhibit	**Name of petitioner as indicated in the AOI and its subsequent amendments**	**SEC Registration No.**	**Date of Registration/ Approval of Change of Name by SEC**
"G"	Pangasinan Electric Corporation	AS094-002935	March 29, 1994
"F"	Southern Energy Pangasinan, Inc.	AS094-002935	August 17, 1999
"E"	Mirant Sual Corporation	AS094-002935	June 28, 2001
"D"	Team Sual Corporation	AS094-002935	July 23, 2007

Without doubt, the SEC is the repository of the said documents, pursuant to Sections 14, 16, and 18 of the Corporation Code of the Philippines[31], to wit:

> "SEC. 14. *Contents of Articles of Incorporation.* — **All corporations organized under this Code shall file with the Securities and Exchange Commission articles of incorporation** in any of the official languages, duly signed and acknowledged by all of the incorporators, xxx." *(Emphasis supplied)*
>
> "SEC. 16. *Amendment of Articles of Incorporation.* — xxx.
>
> The original and amended articles together shall contain all provisions required by law to be set out in the articles of incorporation. **Such articles, as amended,** shall be indicated by underscoring the change or changes made, and a copy thereof duly certified under oath by the corporate secretary and a majority of the directors or trustees stating the fact that said amendment or amendments have been duly approved by the required vote of the stockholders or members, **shall be submitted to the Securities and Exchange Commission.**

[31] Batas Pambansa Bilang 68.

> **The amendments shall take effect upon their approval by the Securities and Exchange Commission** or from the date of filing with the said Commission if not acted upon within six (6) months form the date of filing for a cause not attributable to the corporation." *(Emphases supplied)*
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> "SEC. 18. *Corporate name.* — No corporate name may be allowed by the Securities and Exchange Commission if the proposed name is identical or deceptively or confusingly similar to that of any existing corporation or to any other name already protected by law or is patently deceptive, confusing or contrary to existing laws. **When a change in the corporate name is approved, the Commission shall issue an amended certificate of incorporation under the amended name.**" *(Emphasis supplied)*

Thus, the said Exhibits "G", "F", "E", and "D" are considered public documents,[32] and as such, are *prima facie* evidence of the facts therein stated, pursuant to Rule 132, Section 23, of Rules of Court provides as follows:

> "SEC. 23. *Public documents as evidence.* — **Documents consisting of entries in public records made in the performance of duty by a public officer are *prima facie* evidence of the facts therein stated.** All other public documents are evidence, even against a third person, of the fact which gave rise to their execution and of the date of the latter." *(Emphasis supplied)*

Based on the foregoing provision, since Exhibits "G", "F", "E", and "D" is clearly indicative that petitioner merely and recently changed its name from *"Mirant Sual Corporation"* to *"Team Sual Corporation"*, said corporate entities refer to one and the same

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[32] Rule 132, Section 19, of the Rules of Court provides as follows:

"SEC. 19. *Classes of documents.* — For the purpose of their presentation in evidence, documents are either public or private.

Public documents are:

(a) The written official acts or records of the official acts of the sovereign authority, official bodies and tribunals, and public officers, whether of the Philippines, or of a foreign country;

(b) Documents acknowledged before a notary public except last wills and testaments; and

(c) Public records, kept in the Philippines, of private documents required by law to be entered therein." *(Emphasis supplied)* corporation. Thus, it was error for the Court *a quo* to rule that the said corporate entities are separate and distinct.

Moreover, it must be pointed out that in *Republic Planters Bank vs. Court of Appeals, et al.*,[33] the Supreme Court said:

> "**The corporation, upon such change in its name, is in no sense a new corporation, nor the successor of the original corporation. It is the same corporation with a different name, and its character is in no respect changed.**
>
> **A change in the corporate name does not make a new corporation**, and whether effected by special act or under a general law, **has no effect on the identity of the corporation,** or on its property, rights, or *liabilities*.
>
> The corporation continues, as before, responsible in its new name for all debts or other liabilities which it had previously contracted or incurred." *(Emphases supplied)*

Furthermore, in *Zuellig Freight and Cargo Systems vs. National Labor Relations Commission, et al.*,[34] the Supreme Court held:

> "xxx. For sure, the Corporation Code defined and delineated the different modes of dissolving a corporation, and amendment of the articles of incorporation was not one of such modes. **The effect of the change of name was not a change of the corporate being**, for, as well stated in *Philippine First Insurance Co., Inc. vs. Hartigan*:[35] '**The changing of the name of a corporation is no more the creation of a corporation than the changing of the name of a natural person is begetting of a natural person. The act, in both cases, would seem to be what the language which we use to designate it imports — a change of *name*, and not a change of *being*.**'" *(Emphases supplied)*

Correspondingly, since the changing of petitioner's name from *"Mirant Sual Corporation"* to *"Team Sual Corporation"* did not make a new corporation, nor did it change its corporate being, there was no sale or transfer of ownership or title over the subject real property,

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[33] G.R. No. 93073, December 21, 1992.
[34] G.R. No. 157900, July 22, 2013.
[35] No. L-86370, July 31, 1970, citing *Pacific Bank v. De Ro*, 37 Cal. 538.

and thus, the tax that may be imposed by respondent Province under Section 135(a) of the LGC of 1991 cannot become due.

In addition, respondents' argument to the effect that *"Mirant Sual Corporation"* and *"Team Sual Corporation"* are separate corporate entities because they have different set of stockholders, deserves scant consideration.

This is so because, as the evidence show, SEC records are to the effect that *"Mirant Sual Corporation"* and *"Team Sual Corporation"* are the same corporation. This is primarily apparent in that they bear the same SEC Registration Number, *i.e.*, "AS094-002935".

But more importantly, it must be emphasized that a corporation is an artificial being invested with a personality separate and distinct from those of the stockholders.[36] Relative thereto, in *SME Bank Inc., et al. vs. De Guzman, et al., etseq.*,[37] the Supreme Court ruled:

> "There are two types of corporate acquisitions: asset sales and stock sales. In asset sales, the corporate entity sells all or substantially all of its assets to another entity. In stock sales, the individual or corporate shareholders sell a controlling block of stock to new or existing shareholders.
>
> xxx xxx xxx
>
> In contrast with asset sales, in which the assets of the selling corporation are transferred to another entity, the transaction in stock sales takes place at the shareholder level. **Because the corporation possesses a personality separate and distinct from that of its shareholders, a shift in the composition of its shareholders will not affect its existence and continuity.** xxx." *(Emphases supplied)*

Thus, even granting that there was indeed a shift in the composition of, or a substantial change in, the stockholders of petitioner, the same is of no moment, insofar as its corporate existence and continuity are concerned.

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[36] *Kukan International Corporation vs. Reyes, et al.*, G.R. No. 182729, September 29, 2010.
[37] G.R. Nos. 184517 and 186641, October 8, 2013.

Lastly, there is likewise no merit in respondents' arguments that *"Mirant Sual Corporation"* and *"Team Sual Corporation"* have distinct and separate principal places of office, *i. e.*, the former , in Sual, Pangasinan, and the latter, in Pasay City, Metro Manila.

Respondents are clearly mistaken.

In addition to the above disquisitions regarding the reasons why the said two (2) corporations are one and the same, they have the same principal place of office. These are reflective in the Amended Articles of Incorporation of petitioner, to wit:

"AMENDED ARTICLES OF INCORPORATION
OF

TeaM Sual Corporation
(Formerly, Mirant Sual Corporation)

KNOW ALL MEN BY THESE PRESENTS:

That we, all of legal age, citizens and residents of the Republic of the Philippines, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the Philippines.

AND WE CERTIFY:
FIRST. That the name of the said corporation shall be:

TeaM Sual Corporation
(Formerly, Mirant Sual Corporation)

xxx xxx xxx

THIRD. **The principal office of the Corporation shall be established in Sual, Province of Pangasinan, Philippines.**"[38] *(Emphases and underscoring supplied)*

"AMENDED ARTICLES OF INCORPORATION
OF

MIRANT SUAL CORPORATION
(formerly, Southern Energy Pangasinan, Inc.)

[38] Exhibit "D".

KNOW ALL MEN BY THESE PRESENTS:

That we, all of legal age, citizens and residents of the Republic of the Philippines, have this day voluntarily associated ourselves together for the purpose of forming a corporation under the laws of the Philippines.

AND WE CERTIFY:

FIRST. That the name of the said corporation shall be:

MIRANT SUAL CORPORATION

xxx xxx xxx

THIRD. **The principal office of the Corporation shall be established in Sual, Province of Pangasinan, Philippines.**"[39] *(Emphases and underscoring supplied)*

In fine, the evidence point to the fact that *"Mirant Sual Corporation"* and *"Team Sual Corporation"* are one and the same entity. Hence, it was error for the Court *a quo* to rule that they are otherwise. Consequently, respondents may not collect from petitioner the tax being contemplated under Section 135(a) of the LGC of 1991.

WHEREFORE, in light of the foregoing considerations, the instant *Petition for Review* is hereby **GRANTED**.

Accordingly, the Decision dated February 10, 2016 and Order dated May 31, 2016, both rendered by the RTC Branch 37 of Lingayen, Pangasinan, in Civil Case No. 19095, are **REVERSED AND SET ASIDE**.

The Assessment dated November 3, 2010, demanding payment of transfer tax on the alleged transfer of machineries and buildings of the Sual Power Plant in the amount of ₱178,457,040.00 plus interest and surcharges, is **SET ASIDE AND NULLIFIED** for lack of factual and legal basis.

[39] Exhibit "E".

SO ORDERED.

ERLINDA P. UY
Associate Justice

WE CONCUR:

ROMAN G. DEL ROSARIO
Presiding Justice

CIELITO N. MINDARO-GRULLA
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 before the case was assigned to the writer of the opinion of the Court's Division.

ROMAN G. DEL ROSARIO
Chairperson
Presiding Justice