REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

THIRD DIVISION

ATTY. VOLTAIRE ENRIQUEZ, in his capacity as the City Treasurer of Taguig, *Petitioner,*	**CTA AC No. 324** (RTC Civil Case No. 664)
	Members:
-versus-	**REYES-FAJARDO,** *Acting Chairperson, and* **ANGELES,** *JJ.*
EASTHEIGHTS HOLDINGS, INC., *Respondent.*	Promulgated: JAN 08 2026 4:00 p.m.

x - x

DECISION

ANGELES, *J.*:

Before this Court is a *Petition for Review*[1] filed on May 27, 2024 by Atty. Jonathan Voltaire L. Enriquez, in his capacity as the City Treasurer of Taguig (Petitioner) praying that the Decision dated December 6, 2023[2] (Assailed Decision) and Order dated March 20, 2024[3] (Assailed Order) rendered by the Regional Trial Court (RTC) of Taguig City – Branch 70, in Civil Case No. 664, entitled "*EASTHEIGHTS HOLDINGS CORPORATION, Plaintiff, -versus- ATTY. VOLTAIRE ENRIQUEZ, IN HIS CAPACITY AS THE CITY TREASURER OF TAGUIG CITY, Defendant.*" be set aside.

The Assailed Decision ordered petitioner to refund herein respondent the amount of Six Hundred Fifty-Three Thousand Ninety-Nine Pesos and Eighty-One Centavos (Php653,099.81), with legal interest of 6% per annum from the finality of the same until its full satisfaction, and the costs of the suit. The Assailed Order denied the Motion for Reconsideration (to the Decision dated December 6, 2023) filed by petitioner before the court *a quo*.

---

[1] Docket, pp. 11 to 29.
[2] Docket, pp. 32 to 65; RTC Docket (Civil Case No. 664), pp. 469 to 492.
[3] Docket, pp. 66 to 69; RTC Docket (Civil Case No. 664), pp. 506 to 509.

THE PARTIES[4]

Petitioner is the present City Treasurer of Taguig City, with the legal function and responsibility to assess and collect taxes, fees, and charges from corporate and individual taxpayers as levied and imposed by the Local Government Code (LGC) and the tax ordinances of the City of Taguig. His office address is at the City Hall of Taguig, Brgy. Tuktukan Gen. Luna St., 1630 Taguig City.

Respondent, on the other hand, is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office address at No. 2281 Pasong Tamo Extension, Makati City.

THE ANTECEDENTS

In the course of its applications[5] for the renewal of its business permit for the year 2018 before the Business Permits and Licensing Office (BPLO), respondent was issued a Billing Statement dated January 18, 2018[6] (2018 Billing Statement) assessing it, among others, for Local Business Tax (LBT) on dividend income in the amount of Php139,064.34.[7]

On January 20, 2018, respondent fully paid the tax and other fees as provided in the 2018 Billing Statement.[8]

Subsequently, in the course of renewing its business permit for the year 2019, respondent was likewise issued a Billing Statement dated January 17, 2019[9] (2019 Billing Statement) where it was again, assessed LBT on dividend income in the amount of Php514,035.47, among others.[10]

On January 19, 2019, respondent again fully paid the tax and other fees as provided in the 2019 Billing Statement.[11]

On September 18, 2019, respondent filed an administrative claim for refund under Section 196 of the LGC, praying for the refund of the

---

[4] The Parties, *Petition for Review*, Docket, p. 12.
[5] Exhibit K for respondent, RTC Docket (Civil Case No. 664), pp. 273 to 274.
[6] Exhibit 1 for petitioner and Exhibit D for respondent, RTC Docket (Civil Case No. 664), p. 232.
[7] Par. 4, *Complaint*, RTC Docket (Civil Case No. 664), p. 5; Pars. 1 to 2, Statement of Facts, *Petition for Review*, Docket, p. 13.
[8] Par. 5, *Complaint*, RTC Docket (Civil Case No. 664), p. 5; Exhibit E, RTC Docket (Civil Case No. 664), p. 233; Par. 2, Statement of Facts, *Petition for Review*, Docket, p. 13.
[9] Exhibit 2 for petitioner and Exhibit F for respondent, RTC Docket (Civil Case No. 664), p. 234.
[10] Par. 6, *Complaint*, RTC Docket (Civil Case No. 664), p. 6; Par. 3, Statement of Facts, *Petition for Review*, Docket, p. 13.
[11] Par. 7, *Complaint*, RTC Docket (Civil Case No. 664), p. 6; Exhibit G, RTC Docket (Civil Case No. 664), p. 235; Par. 3, Statement of Facts, *Petition for Review*, Docket, p. 13.

/lr

LBT that was erroneously paid by respondent and illegally collected by petitioner in the total amount of Php653,099.81, representing its payment for the years 2018 and 2019. Respondent contends that it is not a bank or financial institution. Rather, it is a holding company which is not liable to LBT. [12]

As evidenced by its stamped received thereof, the office of herein petitioner received the administrative claim for refund on September 25, 2019.[13]

THE PROCEEDINGS BEFORE THE TRIAL COURT

On January 20, 2020, respondent filed a *Complaint* with the RTC of Taguig City, praying that after due notice and hearing, a Decision be rendered ordering petitioner to refund or pay the amount of Php653,099.81, representing the LBT which respondent paid for the years 2018 and 2019; as well as the payment of interests and attorney's fees.[14]

On January 24, 2020, *Summons*[15] was issued requiring petitioner to file his answer within fifteen (15) days from his receipt thereof. On February 12, 2020, petitioner received the same.[16]

On February 28, 2020, petitioner filed an *Entry of Appearance with Motion for Extension of Time to File Responsive Pleading*, praying that he be allowed to file his responsive pleading until March 13, 2020.[17] In an Order dated March 6, 2020, the court *a quo* granted the same.[18]

Subsequently, a *Second Motion for Extension of Time to File Responsive Pleading*[19] was filed by petitioner, and was granted by the court in an Order dated June 3, 2020 in consideration of the "community quarantine" of the National Capital Judicial Region (NCJR).[20]

On July 14, 2020, petitioner filed his *Answer*.[21]

[12] Par. 10, *Complaint*, RTC Docket (Civil Case No. 664), p. 6; Exhibit C, RTC Docket (Civil Case No. 664), pp. 216 to 340.
[13] Exhibit C-1 for respondent, RTC Docket (Civil Case No. 664), p. 216.
[14] *Complaint*, RTC Docket (Civil Case No. 664), pp. 5 to 9.
[15] RTC Docket (Civil Case No. 664), p. 31.
[16] RTC Docket (Civil Case No. 664), p. 33.
[17] RTC Docket (Civil Case No. 664), pp. 34 to 36.
[18] RTC Docket (Civil Case No. 664), p. 38.
[19] RTC Docket (Civil Case No. 664), pp. 39 to 40.
[20] RTC Docket (Civil Case No. 664), pp. 43.
[21] RTC Docket (Civil Case No. 664), pp. 44 to 51.

///*e*

Pre-trial was then set on October 16, 2020.[22] Prior thereto, petitioner filed his *Pre-Trial Brief [For Defendant]* on October 9, 2020.[23] Moreover, in an Order dated October 16, 2020,[24] the parties were referred to the Mediation Office of Taguig City for Court Annex Mediation, and the pre-trial conference was set on January 22, 2021. On January 20, 2021, respondent filed its *Plaintiff's Pre-Trial Brief*.[25]

Following the pre-trial proceedings, a Pre-Trial Conference Order[26] was issued on August 19, 2022.

Trial thus ensued and the parties presented their respective testimonial and documentary evidence. Respondent presented its accountant, Joy B. Fajardo;[27] as well as its corporate secretary and legal officer, Atty. Redencio Villarivera.[28] For his part, petitioner presented Gabriel Cultura, a revenue examiner of the City Treasurer's Office.[29]

Eventually, the court *a quo* rendered the Assailed Decision[30] partially granting respondent's *Complaint* and ordered petitioner to refund the amount of Php653,099.81 with interest. The dispositive portion provides:

> <u>Assailed Decision dated December 6, 2023</u>
>
> **WHEREFORE**, premises considered, the Complaint for Sum of Money and Damages filed by plaintiff Eastheights is hereby **PARTIALLY GRANTED**. Consequently, defendant [herein petitioner] Atty. Voltaire Enriquez, in his capacity as the City Treasurer of Taguig City is ordered to **REFUND** to plaintiff [herein respondent] Eastheights Holdings Corporation, the total amount of Six Hundred Fifty-Three Thousand Ninety-Nine Pesos and Eighty-One Centavos (Php653,099.81), with legal interest of 6% per annum from the finality of this Decision until its full sastisfaction; and the costs of suit.
>
> **SO ORDERED.**

---

[22] Notice of Pre-Trial, RTC Docket (Civil Case No. 664), pp. 57 to 58.
[23] RTC Docket (Civil Case No. 664), pp. 59 to 65.
[24] RTC Docket (Civil Case No. 664), p. 93.
[25] RTC Docket (Civil Case No. 664), pp. 107 to 110.
[26] RTC Docket (Civil Case No. 664), pp. 313 to 315.
[27] Exhibit R, RTC Docket (Civil Case No. 664), pp. 178 to 188; Minutes of the Hearings dated October 28, 2022 and November 25, 2022, RTC Docket (Civil Case No. 664), pp. 318, and 320, respectively.
[28] Exhibit S, RTC Docket (Civil Case No. 664), pp. 322 to 328; Minutes of the Hearing dated February 17, 2023, RTC Docket (Civil Case No. 664), p. 433.
[29] Exhibit 4, RTC Docket (Civil Case No. 664), pp. 66 to 72; Minutes of the Hearings dated April 28, 2023 and July 28, 2023, RTC Docket (Civil Case No. 664), pp. 450, and 452, respectively.
[30] RTC Docket (Civil Case No. 664), pp. 469 to 492.

//R

On March 6, 2024, petitioner filed a *Motion for Reconsideration (To the Decision dated December 6, 2023)*,[31] which the court *a quo* denied in the Assailed Order,[32] to wit:

> Assailed Order dated March 20, 2024
>
> **WHEREFORE**, premises considered, defendant Atty. Voltaire Enriquez, in his capacity as the City Treasurer of Taguig City's *Motion for Reconsideration (To the Decision dated December 6, 2023)* is **DENIED** for lack of merit.

THE PROCEEDINGS BEFORE THIS COURT

On May 9, 2024, petitioner filed a *Motion for Extension of Time to File Petition for Review*.[33] Subsequently, the Court granted the same and allowed petitioner an additional and non-extendible period of fifteen (15) days from May 12, 2024, or until May 27, 2024, within which to file his appeal.[34]

On May 27, 2024, within the extended period granted by this Court, the present *Petition for Review* was filed.[35]

Thereafter, in a Minute Resolution dated June 27, 2024,[36] respondent was ordered to file its comment within ten (10) days from its receipt thereof. The Branch Clerk of Court of the RTC of Taguig City – Branch 70, was likewise directed to elevate the entire original records of Civil Case No. 664 within ten (10) days from notice.

On July 18, 2024, respondent filed its *Comment (To the Petition for Review dated May 27, 2024)*.[37]

On July 29, 2024, the Court received from the Branch Clerk of Court of RTC Taguig City – Branch 70 of the transmittal of the entire original records of Civil Case No. 664, consisting of 510 pages, together with the transcript of stenographic notes and index of exhibits.[38]

Consequently, in a Minute Resolution dated August 12, 2024, the Court noted respondent's *Comment* and the transmittal of the RTC records. In the same Minute Resolution, the case was submitted for decision.

---

[31] RTC Docket (Civil Case No. 664), pp. 493 to 502.
[32] RTC Docket (Civil Case No. 664), pp. 506 to 509.
[33] Docket, pp. 5 to 7.
[34] Minute Resolution dated May 29, 2024, Docket, p. 10.
[35] Docket, pp. 11 to 29.
[36] Docket, p. 83.
[37] Docket, pp. 134 to 145.
[38] Docket, pp. 84 to 88.

/lc

Meanwhile, on August 15, 2024, the Court received a *Motion to Admit Attached Reply [To Respondent's Comment Dated July 18, 2024]*,[39] which the petitioner previously posted on August 9, 2024 via registered mail. It prayed that the attached *Reply*[40] be admitted into the records of the case and that the Court consider the same in the resolution of the case.

In a Resolution[41] dated September 25, 2024, the Court denied petitioner's *Motion to Admit Attached Reply [To Respondent's Comment Dated July 18, 2024]*, and expunged the *Reply* from the records of the case.

THE ISSUES

The following are the issues for this Court's resolution:

"I.
WHETHER OR NOT THE LOWER COURT ERRED IN HOLDING THAT THE CLAIM FOR TAX REFUND ON THE LOCAL BUSINESS TAXES THAT THE RESPONDENT HAD PAID FOR THE TAXABLE YEARS 2018 AND 2019 WAS FILED ON TIME.

II.
WHETHER OR NOT THE LOWER COURT TRANSGRESSED THE POLICE POWER AND THE TAXING POWER OF THE CITY GOVERNMENT OF TAGUIG, AND EXEMPTED THE RESPONDENT FROM PAYMENT OF THE LOCAL BUSINESS TAX FOR THE TAXABLE YEARS 2018 AND 2019 WHEN IT GRANTED THE LATTER A FULL REFUND THEREOF."[42]

THE ARGUMENTS

Petitioner's arguments

Petitioner contends that the RTC was mistaken in applying Section 196 of the LGC and ruling that the administrative and judicial claim for tax refund for the years 2018 and 2019 were filed on time.

---

[39] Docket, pp. 148 to 156.
[40] Docket, pp. 151 to 154.
[41] Docket, pp. 158 to 160.
[42] Issues, *Petition for Review*, Docket, p. 15.

/ǀR

The RTC ruled that Section 195 of the LGC cannot be made applicable in this case considering that the subject Billing Statements are not the notice of assessment contemplated by such provision, for it did not contain the legal basis, amount of deficiency tax, surcharge, or interest. Petitioner disagrees and argues that Section 195 is applicable.

Citing the case of *Commissioner of Internal Revenue v. Pascor Realty and Development Corporation*,[43] petitioner contends that there is no specific form or definition of assessment under the National Internal Revenue Code (NIRC) or any other regulations. Thus, the 2018 and 2019 Billing Statements may be considered notices of assessment as it has all the information, and that these were given to and received by the respondent at the time it applied for renewal.

Petitioner thus argued that under Section 195, a protest must have been filed by respondent within sixty (60) days from its receipt of the 2018 and 2019 Billing Statements – or until March 19, 2018 and March 18, 2019, respectively. Considering that respondent filed its administrative claim for refund for both years only on September 18, 2019, petitioner maintains that the same was filed out of time. Likewise, petitioner points out respondent's failure to elevate its judicial claim for refund to a court of competent jurisdiction within thirty (30) days from the lapse of the sixty (60) days for the office of petitioner to decide. In effect, respondent only until December 18, 2019, within which to file its judicial claim for refund. Since respondent filed its *Complaint* only on January 20, 2020, petitioner posits that it was belatedly filed, and rendered the LBT assessments final, conclusive, and unappealable.

In effect, under Section 195, the LBT assessments in the Billing Statements had already become conclusive and unappealable.

Petitioner further argues that even assuming that Section 196 is applicable, the claim for refund before the RTC was still belatedly filed. He insists that respondent must first question the assessment before it may pray for refund, but failed to do so.

Lastly, petitioner contends that by granting the judicial refund of the respondent, the RTC has exempted the latter from payment of LBT and therefore transgressed the police and taxing power of Taguig City.

Moreover, the lower court likewise disregarded the admissions of the respondent in its pleadings and during the trial that it is a holding company. Considering that respondent is a holding company, it is therefore liable for local business tax under Section 5 of Ordinance No. 47, series of 2006. Thus, respondent should be liable to pay

---

[43] G.R. No. 128315, June 29, 1999.

//R

business taxes for the years 2018(PHP57,943.48) and 2019(PHP214,181.45) in the total amount of PHP272,124.9

Respondent's arguments

Respondent, by way of *Comment*,[44] maintains that the lower court correctly ruled that the claim for tax refund for years 2018 and 2019 were timely filed. It counters petitioner's reliance on the *Pascor* case as misplaced since the nature of the latter case is entirely different from the facts of the present case – as the *Pascor* case involves national taxes, tax evasion, and the filing of a criminal complaint. There was also no such pronouncement that a billing statement is similar to a notice of assessment.

It emphasized that for Section 195 to be applicable, a notice of assessment must first be issued, and it must contain all the necessary information such as the nature of tax, fee, charge, amount of deficiency, surcharges, interests, and penalties. Thus, the 2018 and 2019 Billing Statements cannot be considered as *proper* notices of assessment as these are merely billings and a pre-requisite for the renewal of its business permits. It merely provided for the information regarding Mayor's Permit Fee, Sanitary Inspection Fee, Medical/Health Fee, Building Inspection Fee, Electrical Inspection Fee, Fire Permit Fee, and others. No details as to the nature of the deficiency tax, its legal basis, and the amount of surcharge, interest, and penalties can also be found thereon.

Respondent then cited the case of *International Container Terminal Services, Inc. v. City Treasurer of Manila, et al.* (ICTSI case),[45] where the Supreme Court ruled that Section 196 of the LGC applies whenever no assessment notice issued by the local treasurer, and the taxpayer claims that it erroneously paid a tax, fee, or charge.

Relating the same to the the present case, since no proper notice of assessment was issued, Section 196 of the LGC applies and the administrative claim for refund was timely filed. The administrative claim for refund filed on September 18, 2019, and the case before the RTC filed on January 20, 2020 were both filed within two (2) years from the dates of payment on January 20, 2018 and January 19, 2019.

Lastly, respondent contends that petitioner failed to raise in its Answer that as a holding company, it is liable for business tax on dividend income under Taguig Ordinance No. 47, series of 2006.

---

[44] Docket, pp. 134 to 145.
[45] G.R. No. 185622, October 17, 2018.

/]2-

THE RULING

The arguments of petitioner are unmeritorious. Thus, the *Petition for Review* must be denied.

At the outset, before delving into the merits of the arguments of the parties, the Court shall first determine its jurisdiction over the case, and the timeliness of the same.

The Court has jurisdiction over the case, and the instant Petition was filed on time.

Republic Act (R.A.) No. 1125, as amended by R.A. No. 9282, or the law governing the Court of Tax Appeals (CTA), provides for the latter's exclusive appellate jurisdiction not only over decisions or inactions of the CIR in relation to disputed assessments or refunds under the NIRC, but as well as over local tax cases decided by RTC, *viz.*:

> SECTION 7. Section 7 of the same Act is hereby amended to read as follows:
>
> "SEC. 7. *Jurisdiction.* — The CTA shall exercise:
>
> "(a) **Exclusive appellate jurisdiction** to review by appeal, as herein provided:
>
> xxx xxx xxx
>
> (3) **Decisions, orders** or resolutions of the **Regional Trial Courts in local tax cases** originally decided or resolved by them in the exercise of their original or appellate jurisdiction[46] *(Emphasis supplied)*

Furthermore, the Revised Rules of the Court of Tax Appeals (RRCTA),[47] likewise provides the same, to wit:

> **RULE 4**
> **Jurisdiction of the Court**
>
> SECTION 1. Jurisdiction of the Court. — The Court shall exercise exclusive original jurisdiction over or appellate jurisdiction to **review by appeal the cases specified in Republic Act No. 1125, Section 7, as amended by Republic Act No. 9282, Section 7.** (n)
>
> xxx xxx xxx

[46] Expanding the Jurisdiction of the Court of Tax Appeals, Republic Act No. 9282, March 30, 2004.
[47] Revised Rules of the Court of Tax Appeals, A.M. No. 05-11-07-CTA, November 22, 2005.

//e

> SECTION 3. Cases Within the Jurisdiction of the Court in Divisions. — The Court in Divisions shall exercise:
>
> (a) Exclusive original or appellate jurisdiction to review by appeal the following:
>
> xxx xxx xxx
>
> (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)*

Moreover, Section 11 of the RRCTA provides for the reglementary period within which to file an appeal before the CTA, as follows:

> SEC. 11. *Who May Appeal; Mode of Appeal; Effect of Appeal.* - **Any party adversely affected by a decision, ruling** or inaction of the Commissioner of Internal Revenue, the Commissioner of Customs, the Secretary of Finance, the Secretary of Trade and Industry or the Secretary of Agriculture or the Central Board of Assessment Appeals or **the Regional Trial Courts may file an appeal with the CTA within thirty (30) days after the receipt of such decision or ruling** or after the expiration of the period fixed by law for action as referred to in Section 7(a)(2) herein.
>
> **Appeal shall be made by filing a petition for review under a procedure analogous to that provided for under Rule 42 of the 1997 Rules of Civil Procedure with the CTA within thirty (30) days from the receipt of the decision or ruling or in the case of inaction** as herein provided, from the expiration of the period fixed by law to act thereon. A Division of the CTA shall hear the appeal: Provided, however, That with respect to decisions or rulings of the Central Board of Assessment Appeals and the Regional Trial Court in the exercise of its appellate jurisdiction appeal shall be made by filing a petition for review under a procedure analogous to that provided for under Rule 43 of the 1997 Rules of Civil Procedure with the CTA, which shall hear the case *en banc*. *(Emphasis supplied)*

According to the foregoing provisions, the CTA has jurisdiction and power not only over national tax cases and decisions and inactions of the Commissioner of Internal Revenue relative thereto, but also over local tax cases decided by the Regional Trial Courts, as in the present case. From the receipt of the adverse decision, order, or resolution of the latter, a party has thirty (30) days within which to file a petition for review with the CTA. Additionally, such period may be likewise be extended for a period of fifteen (15) days.[48]

---

[48] *The City of Manila v. Coca-Cola Bottlers Philippines, Inc.*, G.R. No. 181845, August 4, 2009.

//R

In the case at hand, petitioner received the Assailed Order of the RTC on April 12, 2024, as evidenced by a registry return receipt.[49] Counting thirty (30) days therefrom, petitioner had until May 12, 2024 within which to file his appeal before the CTA. Prior to the expiration of such period, petitioner filed a *Motion for Extension of Time to File Petition for Review*[50] on May 9, 2024. The Court granted the same and allowed petitioner an additional and non-extendible period of fifteen (15) days from May 12, 2024, or until May 27, 2024, within which to file his appeal.[51]

On May 27, 2024, within the extended period granted by the Court, petitioner filed the instant *Petition for Review*. Hence, timely filed.

Having settled the jurisdiction of the Court and the timeliness of the appeal, We shall now proceed to address the merits of the arguments of the parties:

The administrative and judicial claim for refund was timely filed. Section 196 of the LGC governs the present case.

In support of the instant appeal, petitioner mainly disputes the timeliness of the case filed before the RTC. Again, he contends that the LBT assessments as provided in the Billing Statements had already become conclusive and unappealable in view of the failure of petitioner to timely file its administrative and judicial claim for refund under the procedures provided in Section 195 of the LGC.

On the other hand, the RTC in the Assailed Decision, ruled that the applicable provision is Section 196 of the LGC; and therefore, the claim for refund is timely filed.

We agree with and uphold the court *a quo*.

At the outset, Sections 196 and 195 of the LGC[52] is reproduced as follows:

> **SECTION 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**

[49] RTC Docket (Civil Case No. 664), p. 509.
[50] Docket, pp. 5 to 7.
[51] Minute Resolution dated May 29, 2024, Docket, p. 10.
[52] Local Government Code of 1991, Republic Act No. 7160, October 10, 1991.

/fe

> **local treasurer**. No case or **proceeding** shall be entertained **in any court** after the expiration of **two (2) years from the date of the payment** of such tax, fee, or charge, or from the date the taxpayer is entitled to a refund or credit. *(Emphasis supplied)*
>
> **Section 195. *Protest of Assessment.*** - When the **local treasurer or his duly authorized representative** finds that correct taxes, fees, or charges have not been paid, he shall **issue a notice of assessment** stating the **nature** of the tax, fee, or charge, the **amount** of deficiency, the surcharges, interests and penalties. Within sixty (60) days from the receipt of the notice of assessment, the taxpayer may file a **written protest** with the local treasurer contesting the assessment; otherwise, the assessment shall become final and executory. The **local treasurer shall decide** the protest **within sixty (60) days** from the time of its filing. If the local treasurer finds the protest to be wholly or partly meritorious, he shall issue a notice cancelling wholly or partially the assessment. However, if the local treasurer finds the assessment to be wholly or partly correct, he shall deny the protest wholly or partly with notice to the taxpayer. The **taxpayer shall have thirty (30) days from the receipt of the denial of the protest or from the lapse of the sixty (60) day period prescribed herein within which to appeal with the court of competent jurisdiction otherwise the assessment becomes conclusive and unappealable**. *(Emphasis supplied)*

In sum, as provided by the foregoing provisions, under Section 196, when a taxpayer claims to have erroneously paid a tax, fee, or charge, an administrative claim for refund may be filed with the local treasurer within two (2) years from payment. Essentially, before the lapse of such period, a judicial claim shall also be filed in court.

Corollarily, Section 195 provides that whenever the local treasurer or the latter's authorized representative discovers that the correct amount of taxes has not been paid, he or she shall issue a notice of assessment detailing the nature and amount of the same. Upon receipt of such notice, the taxpayer may file a written protest which shall be decided by the treasurer within sixty (60) days. Within thirty (30) days from the receipt of the local treasurer's decision or inaction, the taxpayer must then elevate the matter before a court of competent jurisdiction.

The Supreme Court likewise clarified the nature and use of each remedy in the *International Container Terminal Services, Inc. v. City of Manila* (ICTSI case),[53] *viz.*:

> If the taxpayer receives an assessment and does not pay the tax, its remedy is strictly confined to Section 195 of the Local Government Code. Thus, it must file a written protest with the local treasurer within 60 days from the receipt of the assessment. If the protest is

[53] G.R. No. 185622, October 17, 2018.

//2

> denied, or if the local treasurer fails to act on it, then the taxpayer must appeal the assessment before a court of competent jurisdiction within 30 days from receipt of the denial, or the lapse of the 60-day period within which the local treasurer must act on the protest. In this case, as no tax was paid, there is no claim for refund in the appeal.
>
> If the taxpayer opts to pay the assessed tax, fee, or charge, it must still file the written protest within the 60-day period, and then bring the case to court within 30 days from either the decision or inaction of the local treasurer. In its court action, the taxpayer may, at the same time, question the validity and correctness of the assessment and seek a refund of the taxes it paid. "Once the assessment is set aside by the court, it follows as a matter of course that all taxes paid under the erroneous or invalid assessment are refunded to the taxpayer."
>
> On the other hand, if no assessment notice is issued by the local treasurer, and the taxpayer claims that it erroneously paid a tax, fee, or charge, or that the tax, fee, or charge has been illegally collected from him, then Section 196 applies.

Furthermore, in the recent case of *Jose v. Tigerway Facilities and Resources, Inc.*,[54] the High Court likewise highlighted the distinction of the two remedies as follows:

> Sections 195 and 196 of the Local Government Code (LGC) provide avenues for obtaining refunds of local taxes. Section 195 implicitly allows for refunds as a consequence of a successful protest against a tax assessment, while Section 196 explicitly serves as the dedicated remedy for claims of tax refund or credit. **[1] In seeking a refund through Section 195, it is essential that the assessment notice from the local treasurer contains the factual and legal basis of the assessment. [2] Without this, there would be no tax assessment to contest. As a result, the provisions of Section 196 would apply.** *(Emphasis supplied)*

In the present case, as correctly ruled by the RTC, the applicable provision is Section 196. Herein respondent properly availed of the remedy of refund under 196 considering that it was never given a proper notice of assessment as contemplated by Section 195.

Records disclose that when respondent was applying for the renewal of its business permits, it received the subject Billing Statements for the years 2018 and 2019. For reference, the latter is reproduced below:

---

[54] G.R. No. 247331, February 26, 2024.

/l2

BILLING STATEMENT FOR THE YEAR 2018[55]

PARTICULARS	BT	SURCHARGE	INTEREST	TOTAL
Whole Year, Gross:	BT	Surcharge	Interest 0%	Total
115,886,952.50	139,064.34	0.00	0.00	139,064.34
Bank and other Financial				
Institutions (Holding	5,500	0.00	0.00	5,500
Company (Financial))	2,000	0.00	0.00	2,000
Environmental Impact Fee	700.00	0.00	0.00	700.00
Mayor's Permit Fee	10.00	0.00	0.00	10.00
Sanitary Inspection Fee	160.00	0.00	0.00	160.00
Medical/Health Fee	200.00	0.00	0.00	200.00
Building Inspection Fee	100.00	0.00	0.00	100.00
Electrical Inspection Fee	200.00	0.00	0.00	200.00
Plumbing Inspection Fee	200.00	0.00	0.00	200.00
Mechanical Inspection Fee	150.00	0.00	0.00	150.00
Fire Permit Fee	150.00	0.00	0.00	150.00
Sticker	140.00	0.00	0.00	140.00
Form Fee	5,000.00	0.00	0.00	5,000.00
Signboard	951.00	0.00	0.00	951.00
Signage	10,500.00	0.00	0.00	10,500.00
Fire Code RA 9514	165,025.34	0.00	0.00	165,025.34
Cedula Corporation				
SubTotal				
GRAND TOTAL	**165,025.34**	**0.00**	**0.00**	**165,025.34**

BILLING STATEMENT FOR THE YEAR 2019[56]

PARTICULARS	BT	SURCHARGE	INTEREST	TOTAL
1st-4th Qtr, Gross: 428,962,895	BT	Surcharge	Interest 0%	Total
Bank and other Financial	514,035.47	0.00	0.00	514,035.47
Institutions (Holding Company				
(Financial))	5,500	0.00	0.00	5,500
Environmental Impact Fee	2,000	0.00	0.00	2,000
Mayor's Permit Fee	700.00	0.00	0.00	700.00
Sanitary Inspection Fee	10.00	0.00	0.00	10.00
Medical/Health Fee	160.00	0.00	0.00	160.00
Building Inspection Fee	200.00	0.00	0.00	200.00
Electrical Inspection Fee	100.00	0.00	0.00	100.00
Plumbing Inspection Fee	200.00	0.00	0.00	200.00
Mechanical Inspection Fee	200.00	0.00	0.00	200.00
Fire Permit Fee	150.00	0.00	0.00	150.00
Sticker	150.00	0.00	0.00	150.00
Form Fee	140.00	0.00	0.00	140.00
Signboard	5,000.00	0.00	0.00	5,000.00
Signage	951.00	0.00	0.00	951.00
Fire Code RA 9514	10,500.00	0.00	0.00	10,500.00
Cedula Corporation	236,250.00	0.00	0.00	236,250.00
Deficiency Tax	776,246.47	0.00	0.00	776,246.47
SubTotal				
GRAND TOTAL	**776,246.47**	**0.00**	**0.00**	**776,246.47**

In view of the foregoing, it is apparent that the Billing Statements are wanting of any details as to the basis, amount of deficiency tax, surcharge, interest, or penalty due from respondent. What is merely available is a breakdown of the various fees required for the *renewal* of respondent's business permits.

---

[55] Exhibit 1 for petitioner and Exhibit D, for respondent, RTC Docket (Civil Case No. 664), p. 232.
[56] Exhibit 2 for petitioner and Exhibit E, for respondent, RTC Docket (Civil Case No. 664), p. 234.

/lf

Thus, petitioner is mistaken to insist that the subject Billing Statements are not the notice of assessments contemplated under Section 195 of the LGC. In seeking a refund through Section 195, it is essential that the assessment notice from the local treasurer contains the factual and legal basis of the assessment.[57] Without this, there would be no tax assessment to contest. As a result, the provisions of Section 196 would apply.[58]

Even from the testimony of petitioner's lone witness, revenue examiner Gabriel G. Cultura expressed during cross-examination, that no Notices of Assessments were issued to respondent:[59]

ATTY. BUENAVENTURA S.G. SANGUYO III:

Mister Witness, the two Billing Statements were marked as Exhibits "1" and "2" for the defendant, is that correct?

GABRIEL CULTURA:

Yes, sir.

Q These two Billing Statements were specifically designated as Biling Statements and not Notices of Assessment that correct?
A Yes, sir

Q In these two Billing Statements, the word "business tax" is not specifically stated, is that correct?
A Yes, sir.

Q In these two Biling Statements here is no assessment of any penalty, surcharge or interest, is that correct?
A Yes, sir.

Q In these two Biling Statements there is no demand to pay is that correct?
A Yes, sir.

Q In your judicial affidavit, you mentioned Section 195 of the Local Government Code and that according to you, this is your conclusion for the basis that the Complaint was belatedly filed, is that correct?
A Yes, sir.

Q Would you agree with me that aside from Section 195 of the Local Government Code, one can also claim for a tax refund under Section 196 of the Local Government Code?
A Yes, sir.

---

[57] *Jose v. Tigerway Facilities and Resources, Inc.*, G.R. No. 247331, February 26, 2024.
[58] *Id.*
[59] Transcript of Stenographic Notes of the July 28, 2023 Hearing, pp. 3 to 2.

/lb

Q Are you familiar with the Complaint?
A Yes, sir.

Q The Complaint in this case is for Tax Refund and not a collection of any assessed tax, is that correct?
A Yes, sir.

On re-direct examination, petitioner's witness also stated that the 2018 and 2019 Billing Statements were not issued by the petitioner himself, but merely by the BPLO, to wit:

> ATTY. DEXTER CRUDO:
> Mister Witness, you mentioned of a document marked as Exhibits "1" and "2", who issued these documents?
>
> GABRIEL CULTURA:
> Business Permit and Licensing Office, sir.
>
> Q You also testified that the word "business tax" does not appear in those two documents marked as Exhibits "1" and "2", is that correct?
> A Yes, sir.

A perusal of the records would show that on January 20, 2018,[60] and on January 19, 2019,[61] respondent paid the LBT on its dividend income for the years 2018 and 2019, respectively. Thus, respondent had until January 20, 2020 and January 19, 2021, respectively, within which to file both its administrative and judicial claims for refund.

On September 18, 2019, respondent filed an administrative claim for refund for both years.[62] On January 20, 2020, respondent filed its judicial claim for refund before the RTC. Therefore, both its administrative and judicial claims were filed within the two-year prescriptive period under Section 196 of the LGC.

The court a quo correctly ruled in favor of respondent when it granted the judicial claim for refund of the latter.

Aside from the argument of petitioner as regards timeliness, petitioner insists that as a holding company, respondent is still liable to pay business taxes.

---

[60] Par. 5, *Complaint*, RTC Docket (Civil Case No. 664), p. 5; Exhibit E, RTC Docket (Civil Case No. 664), p. 233; Par. 2, Statement of Facts, *Petition for Review*, Docket, p. 13.
[61] Par. 7, *Complaint*, RTC Docket (Civil Case No. 664), p. 6; Exhibit G, RTC Docket (Civil Case No. 664), p. 235; Par. 3, Statement of Facts, *Petition for Review*, Docket, p. 13.
[62] Par. 10, *Complaint*, RTC Docket (Civil Case No. 664), p. 6; Exhibit C, RTC Docket (Civil Case No. 664), pp. 216 to 340.

We are not convinced.

As previously discussed, it is settled that 2018 and 2019 Billing Statements cannot be considered as *proper* notices of assessments – as it lacks the necessary details as to the nature of the deficiency tax, legal basis, and the amount of surcharge, interest, and penalties. When the case was filed with the RTC, only then petitioner raised that as a holding company, respondent may be held liable to business taxes under Section 5 of City of Taguig Ordinance No. 47, Series of 2006.

While it is settled that a Local Government Unit (LGU) has the power to levy taxes, such power must be exercised in accordance with law. We affirm the court *a quo*'s pronouncement in the Assailed Decision as follows:

> Moreover, based on the allegations of both plaintiff [herein respondent] and defendant [herein petitioner], the issue in this case also concerns the provisions of the Tax Ordinance of the City of Taguig that should be applied in the computation of plaintiff's LBT liability. While defendant invoke Tax Ordinance No. 34, series of 2017, of the City of Taguig, the Ordinance's pertinent provision were not stated in the subject Billing Statements. Clearly, the Billing Statements did not state the legal basis for coming up with the amount of LBT indicated therein. Thus, with more reason, the said Billing Statements cannot be considered as the Notice of Assessment contemplated under Section 195 of the LGC of 1991.

We likewise hold that raising such ordinance as basis only at the judicial level does not change the fact that at the time the 2018 and 2019 Billing Statements were given to respondent, no sufficient legal basis is indicated to inform the latter of its liability to pay taxes.

As held in the case of *Yamane v. BA Lepanto Condominium Corp.*,[63] the Supreme Court pronounced that a notice of assessment, being the first instance where a taxpayer is informed of its pending tax liability, it must be sufficiently informative to apprise the taxpayer of the legal basis thereof. Likewise, in *National Power Corp. v. Province of Pampanga*,[64] it was further emphasized that the taxpayer must be informed of the nature of the deficiency tax, fee, or charge, as well as the amount of deficiency, surcharge, interest, and penalty. Further, such notice of the facts and laws used as bases for the assessment is not to be taken lightly for it is essential to adequately inform the taxpayer of the basis of the assessment to enable him to prepare for an intelligent protest.[65]

---

[63] G.R. No. 154993, October 25, 2005.
[64] G.R. No. 230648, October 6, 2021.
[65] *Id.*

/ll

Again, in the present case, petitioner failed to issue a valid notice of assessment. Petitioner cannot likewise attempt to cure the lack of a legal basis by only raising the same by the time the case has reached the court. In other words, at the administrative level, petitioner did not in any way inform respondent of such legal basis.

Thus, in light of the foregoing discussions, the refund granted by the court *a quo* to herein respondent is proper.

WHEREFORE, premises considered, the *Petition for Review* filed on May 27, 2024 is **DENIED** for lack of merit.

Accordingly, the Assailed Decision dated December 6, 2023 and the Assailed Order dated March 20, 2024 rendered by the RTC of Taguig City – Branch 70, in Civil Case No. 664, are **AFFIRMED**.

SO ORDERED.

HENRY S. ANGELES
Associate Justice

WE CONCUR:

Marian Ivy F. Reyes-Fajardo
MARIAN IVY F. REYES-FAJARDO
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's Division.

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

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, and the Division 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's Division.

MA. BELEN RINGPIS-LIBAN
Presiding Justice