REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

Third Division

PUERTO AZUL LAND, INC.,
Petitioner,

-versus-

HON. CARLOS G. DOMINGUEZ, in his capacity as Secretary of Finance of the Department of Finance,
Respondent.

CTA CASE NO. AC-246

Members:
RINGPIS-LIBAN, *Chairperson*
MODESTO-SAN PEDRO, *and*
FERRER-FLORES, *JJ.*

Promulgated:

MAR 29 2023 2:02 p.m.

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RESOLUTION

For resolution is respondent's **Motion to Dismiss [Petition for Review dated 24 February 2021]**[1] ("Motion"), filed on 10 August 2022 with petitioner's **Comment/Opposition**[2] ("Comment"), filed on 31 August 2022.

In his Motion, respondent prays for the dismissal of the instant case as the issues to be resolved herein have supposedly been rendered moot and academic by the issuance of Department of Finance (DOF) Department Order (DO) No. 30-2022,[3] which prescribed reduced zonal valuations for properties in the areas affected by the earlier DOF DO 72-2018. Respondent brings to the fore that the DOF issued DO No. 30-2022 on 1 June 2022 and that the same took effect on 10 July 2022. The said issuance implemented the 4th revision of the schedule of zonal values of real properties in the Province of Cavite, which includes the municipality of Ternate. Respondent then argues that the new issuance effectively superseded DO No. 072-2018, the issuance subject of the Petition for Review. Considering that the reliefs prayed for in the Petition for Review[4] show that petitioner is ultimately seeking the nullification of DOF DO 72-2018, which increases the zonal values for the declared areas of Ternate, Cavite, due to violation of procedural and substantive due process,[5] respondent argues that the case is rendered moot and academic, thereby ultimately warranting the dismissal of the Petition for Review.

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1 Docket, Vol III, pp. 1685 – 1699, with Annex.
2 *Id.,* pp. 1707 – 1713.
3 See Motion to Dismiss, Annex A, pp. 1692 – 1699.
4 Docket, Vol. I, pp. 5 – 32.
5 See Petition for Review, Docket, Vol I, pp. 30-31.

Meanwhile, in its Comment, petitioner argues that the mere reduction of the zonal valuation of the residential lands belonging to petitioner did not fully render the instant case moot.

According to petitioner, the issues on the merits which gave rise to the filing of the complaint before the Regional Trial Court (RTC) and of the Petition for Review before this Court have not been resolved by the subsequent reduction in the zonal valuations through the issuance of DO No. 30-2022. It posits that the resolution by the Court regarding the question on whether respondent and his agents complied with the due process requirements when adjusting the zonal valuations continues to be imbued with legal and factual value to petitioner, the public at large, and the Court. In other words, according to petitioner, the issues raised in the Petition for Review are susceptible to repetition unless there is a clear and categorical adjudication of the duties of the respondent to ensure compliance with requirements of due process.

On the basis of the foregoing arguments and after a careful review of the records, the Court hereby agrees with the respondent in holding the case moot and academic, and does not find merit in petitioner's opposition.

A case or controversy is moot when a supervening event has terminated the legal issue between the parties, such that the court is left with nothing to resolve.[6] In the case of ***Express Telecommunications Co., Inc. vs. AZ Communications***,[7] citing ***Peñafrancia Sugar Mill, inc. vs. Sugar Regulatory Administration***,[8] the Supreme Court held:

> "A case or issue is considered moot and academic when it **ceases to present a justiciable controversy by virtue of supervening events, so that an adjudication of the case or a declaration on the issue would be of no practical value or use.** In such instance, **there is no actual substantial relief which a petitioner would be entitled to**, and which would be negated by the dismissal of the petition. Courts generally decline jurisdiction over such case or dismiss it on the ground of mootness. This is because the judgment will not serve any useful purpose or have any practical legal effect because, in the nature of things, it cannot be enforced." (Emphasis and underscoring supplied.)

In the case at hand, the supervening issuance of DOF DO No. 30-2022, which revoked the effectivity of DOF DO No. 72-2018, has rendered moot the main issue in the instant case—the validity of the assailed order. Such revocation leaves the Court with no actual substantial relief to grant to petitioner, even if found entitled thereto based on the merits of the allegations in the Petition for Review.

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6 Express Telecommunications Co., Inc. vs. AZ Communications, G.R. No. 196902, 13 July 2020.
7 G.R. No. 196902, 13 July 2020.
8 G.R. No. 208660, 5 March 2014.

Petitioner argues that the issues raised in the Petition for Review, particularly in relation to whether respondent has complied with due process requirements on adjusting zonal valuations, are susceptible to repetition. Hence, the case allegedly falls under one of the exceptional instances enumerated by the Supreme Court in the case of ***David vs. Macapagal-Arroyo,***[9] cited in the latter case of ***Republic of the Philippines vs. Moldex Realty, Inc.***,[10] wherein the Court may rule on moot cases, to wit:

> "The "moot and academic" principle is not a magical formula that can automatically dissuade the courts in resolving a case. Courts will decide cases, otherwise moot and academic, if: *first*, there is a grave violation of the Constitution; *second*, the exceptional character of the situation and the paramount public interest is involved; *third*, when constitutional issue raised requires formulation of controlling principles to guide the bench, the bar, and the public; and *fourth*, **the case is capable of repetition yet evading review**."
> (Emphasis and underscoring supplied.)

The Court is not convinced.

Section 6 (E) of the National Internal Revenue Code ("***Tax Code***"), as amended, states that:

> "(E) *Authority of the Commissioner to Prescribe Real Property Values.* — The Commissioner is hereby authorized to divide the Philippines into different zones or areas and shall, upon mandatory consultation with competent appraisers both from the private and public sectors, and **with prior notice to affected taxpayers**, determine the fair market value of real properties located in each zone or area, subject to automatic adjustment once every three (3) years through rules and regulations issued by the Secretary of Finance based on the current Philippine valuation standards: Provided, That **no adjustment in zonal valuation shall be valid unless published in a newspaper of general circulation in the province, city or municipality concerned, or in the absence thereof, shall be posted in the provincial capitol, city or municipal hall and in two (2) other conspicuous public places therein:** Provided, further, That the basis of any valuation, including the records of consultations done, shall be public records open to the inquiry of any taxpayer. For purposes of computing any internal revenue tax, the value of the property shall be, whichever is the higher of:
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> (1) the fair market value as determined by the Commissioner; or
> (2) the fair market value as shown in the schedule of values of the Provincial and City Assessors."
> (Emphasis supplied.)

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[9] G.R. No. 171396, 171409, 171485, 171483, 71400, 171489, and 171424, 3 May 2006.
[10] G.R. No. 171041, 10 February 2016.

Pursuant to the foregoing mandate of the NIRC, the Bureau of Internal Revenue issued ***Revenue Memorandum Order No. 041-10,***[11] prescribing the specific hearing and notice requirements prior to the revision of the schedule of zonal of values of real properties, to wit:

> "V. Public Hearing/Notice to the Public
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> 1. Public Hearing —
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> a. A public hearing shall be held with the following in attendance: (a) Assistant Regional Director, (b) Chairman, Vice-Chairman and members of the STCRPV, (c) members of the TCRPV and representatives of the TCRPV's secretariat;
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> b. The public hearing shall be given wide publicity in newspapers of general circulation, radio and television;
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> c. The RDO concerned shall likewise disseminate the information by preparing notices of the hearing to be posted in strategic places and local officials, associations of developers/realtors/appraisers and other civic organizations shall be sent letters of invitations.
>
> 2. Notice to the Public — In the municipalities where a public hearing is not feasible, notice to the public regarding the recommended zonal values shall instead be made through the Municipal and Barangay Officials thereat, by posting the said proposed zonal values in public places, within the municipality for thirty (30) calendar days and/or weekly publication in local newspapers of general circulation for three (3) consecutive weeks. If no comment/objection is received within the said period the Schedule of Zonal Values shall be forwarded to the TCRPV."

The above-quoted ***Section 6(E) of the NIRC*** and ***RMO No. 41-10*** clearly state the due process requirements for a valid adjustment of real property zonal valuations. The fear of petitioner of the possible repetition of denial of due process is, therefore, ungrounded. The points raised by petitioner are actually **factual issues** pertinent to its particular circumstances and are no longer justiciable, given that its case has already been rendered moot and academic.

Neither does the instant case fall under any of the exceptional circumstances wherein the Court may rule on moot cases.

WHEREFORE, premises considered, respondent's Motion to Dismiss is **GRANTED**. The Petition for Review docketed as CTA Case No. AC-246, entitled *Puerto Azul Land, Inc. v. Hon. Carlos G. Dominguez in his capacity as Secretary of Finance of the Department of Finance* is **DISMISSED** for being moot and academic.

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[11] Revised Policies and Guidelines and Procedures in the Establishment/Revision of Schedule of Zonal Values of Real Properties within the Jurisdiction of the Revenue District Offices and for Other Purposes, 23 April 2010.

SO ORDERED.

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

CORAZON G. FERRER-FLORES
Associate Justice