REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

THE CITY TREASURER and THE CITY GOVERNMENT OF TAGUIG CITY, Petitioners,	**CTA EB No. 3181** (Formerly SCA Case No. 336 and Civil Case 23-4708)
	Present:
- *versus* -	**RINGPIS-LIBAN,** *P.J.*, **BACORRO-VILLENA, MODESTO-SAN PEDRO, REYES-FAJARDO, CUI-DAVID, FERRER-FLORES,** *and* **ANGELES,** *JJ.*
ONE UPTOWN RESIDENCES CONDOMINIUM ASSOCIATION, INC., Respondent.	Promulgated: APR 21 2026 4:41

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DECISION

RINGPIS-LIBAN, *P.J.*:

Before the Court *En Banc* is a *Petition for Review* filed by petitioners City Treasurer of Taguig and City of Taguig, posted on July 21, 2025[1] and received by the Court *En Banc* on July 31, 2025. Petitioners seek to: (1) reverse and set aside the Decision[2] dated December 27, 2024 and the Order[3] dated March 17, 2025 of the Regional Trial Court (RTC); and (2) reverse and set aside the Decision[4] dated April 3, 2024 of the Metropolitan Trial Court (MeTC).

For easy reference, the dispositive portions of the December 27, 2024 and March 17, 2025 Decision and Order of the RTC, respectively read:

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[1] EB Docket, pp. 19-51.
[2] EB Docket, pp. 56-58.
[3] EB Docket, pp. 59-63.
[4] EB Docket, pp. 65-87.

In view thereof, the Partial Appeals filed by the parties in the herein case over the decision of the court aquo are **DISMISSED**.

SO ORDERED.[5]

In view of all the foregoing, Plaintiff, being a condominium corporation, cannot be subjected to local business tax.

The Court NOTES the *Comment/Opposition* filed by the Plaintiff-Appellee.

SO ORDERED.[6]

On the other hand, the dispositive portion of the April 3, 2024 of the MeTC reads:

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

Accordingly, defendant Taguig City Government is hereby **ORDERED** to **REFUND** or issue **TAX CREDIT** in the total amount of Five Hundred Eighty-Seven Thousand Eight Hundred Fifty-Nine and 31/100 **(Php587,859.31)** representing the erroneously collected local business tax against the plaintiff for year 2023. As to the claim for refund on business plate sticker, environmental impact fee, and award of attorney's fees, litigation expense and cost of suit, the same are hereby **DENIED**.

So Ordered.[7]

FACTS

The following are the facts as found by the MeTC:

On 09 January 2023, plaintiff [now, respondent] sought to renew its business permit with the City Government of Taguig City for the year 2023. Pursuant to plaintiff's application for renewal, the Office of the Treasurer of Taguig City issued Billing Statement dated 09 January 2023, imposing against Plaintiff a business renewal fee in the total amount of Eight Hundred Twelve Thousand Forty-Six & 49/100 Pesos (Php812,046.49) consisting of the following: xxx (q) Business Tax: Contractors (Condo Association)- Php587,859.31; and Deficiency Tax – Contractors – Php116,628.18.

[5] See Note 2, p. 58.
[6] See Note 3, p. 63.
[7] See Note 4, pp. 86-87.

On 18 January 2023, plaintiff paid the entirety of the business permit renewal fee in full in order to avoid any additional surcharges and penalties. Realizing that defendants should not have collected local business tax xxx since it is not considered an entity engaged in business, but rather a condominium corporation designated as the management body of the condominium project, plaintiff filed a Letter on March 9, 2023 with the Office of the City Treasurer of Taguig City praying for the cancellation of the year 2023 Local Business Taxes imposed and the refund of the amount already paid for local business taxes xxx.

On April 24, 2023, plaintiff received a Letter dated April 12, 2023 from defendant City Treasurer denying its protest, ruling that the Local Government Code and the Taguig Revenue Code mandate the imposition and collection of taxes against all establishments engaged in activities subject to local government regulation based on their gross sales or receipts, and that there exists no basis for plaintiff's exemption from local taxes.

Believing that it erroneously paid the subject taxes and fees collected from them, plaintiff filed the instant Complaint for Refund. It bears noting that no notice of assessment has been issued in the present case.[8]

On April 3, 2024, the MeTC of Taguig City rendered the assailed Decision. On June 10, 2024 and June 13, 2024, both parties filed their respective Partial Appeals before the RTC of Taguig City.[9] On December 27, 2024, the RTC of Taguig City rendered the assailed Decision. On March 17, 2025, the RTC of Taguig City rendered the assailed Order denying petitioner's Motion for Reconsideration.

On July 3, 2025, petitioners filed their *Motion for Extension of Time to File Petition for Review.*[10] On July 21, 2025, petitioners filed through registered mail the present *Petition for Review.*[11]

On August 12, 2025, the Court *En Banc* issued a *Minute Resolution*[12] directing respondent One Uptown Residences Condominium Association, Inc. (Uptown) to file its Comment. On August 28, 2025, Uptown filed through accredited courier service its *Comment (To the Petition for Review dated 14 July 2025).*[13]

[8] See Note 4, p. 66.
[9] See Note 2, p. 56.
[10] EB Docket, pp. 1-4.
[11] See Note 1.
[12] EB Docket, p. 91.
[13] EB Docket, pp. 92-113.

On October 13, 2025,[14] the Court *En Banc* issued a Minute Resolution submitting the case for decision. Hence, this Decision.

ISSUE

The following are the issues to be resolved by the Court *En Banc*: (1) Whether Uptown's refund claim had already prescribed; and (2) Whether Uptown is liable to pay Local Business Tax (LBT)

Petitioners' Arguments

With regard to the issue of prescription, petitioners assert that Uptown's protest and refund claim for LBT, which Uptown filed on March 9, 2023, was denied by petitioner City Treasurer in a letter dated April 12, 2023. Said letter was received by Uptown on April 24, 2023. Counting thirty (30) days therefrom, Uptown had 30 days from April 24, 2023, or until May 24, 2023, within which to file its claim. Considering that the claim for refund was only filed on June 8, 2023, the same had already prescribed.

Petitioners anchor their argument in the case of *City of Manila v. Cosmos Bottling Corporation*,[15] Where the Supreme Court ruled that:

> Where an assessment is to be protested or disputed, the taxpayer may proceed *(a)* without payment, or *(b)* with payment of the assessed tax, fee or charge. Whether there is payment of the assessed tax or not, it is clear that the protest in writing must be made within sixty (60) days from receipt of the notice of assessment; otherwise, the assessment shall become final and conclusive. Additionally, the subsequent court action must be initiated within thirty (30) days from denial or inaction by the local treasurer; **otherwise, the assessment becomes conclusive and unappealable.**

On the other hand, with regard to Uptown's liability for LBT as a contractor, petitioners assert that: (1) Uptown is in the business of selling services. (2) there is no law which grants LBT exemption to Uptown; and (3) Uptown consistently secured business permits.

[14] EB Docket, p.121.
[15] G.R. No. 196681, June 27, 2018.

Uptown's Arguments

Uptown counters that, following the ruling of the Supreme Court in *International Container Terminal Services, Inc. v. the City of Manila*,[16] claims for refund may be made by the taxpayer within the two (2)-year prescriptive period provided for under Section 196 of the Local Government Code (LGC), when there is no notice of assessment issued by the local treasurer. Uptown further argues that it is not subject to LBT and it is not engaged in business.

RULING

After careful consideration, the Court *En Banc* finds the instant Petition is bereft of merit.

Uptown timely filed its refund claim within two (2) years from the date of payment of the subject LBT under Section 196 of the LGC

On this score, Sections 195 and 196 of the LGC respectively provide:

> 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.
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> 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

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

claim for refund or credit has been filed with the 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.

Ruling[17] in favor of Uptown, the MeTC of Taguig City reasoned that:

xxx what was issued to the [plaintiff] is a **Billing Statement** stating the taxes that it must pay in order to renew its business permit. What the law requires xxx us an assessment issued by the City Treasurer for deficiency taxes paid. An "**assessment**," xxx is one made by the local treasurer or his duly authorized representative for **nonpayment of the correct taxes**, fees or charges. xxx

In this case, the **Billing Statement** was issued to the plaintiff for the renewal of its business permit, and the same only enumerated the fees and taxes to be paid by the plaintiff with the [defendant] City consisting of the following:

xxx xxx xxx

These amounts must be paid as prerequisites for the renewal of plaintiff's business permit in the defendant City of Taguig. There was no mention in the said Billing Statement that the same was issued because the [plaintiff] paid an incorrect tax which the latter must pay in order to be considered as an assessment.

xxx xxx xxx

Furthermore, the [defendants] clamed that the bottom portion of the Billing Statement, there is a statement "this shall serve as your notice of assessment." Nonetheless, and without being repetitive, a notice of assessment issued by the local treasurer, must be upon a finding that the correct taxes, fees, or charges have not been paid. The notice of assessment must state the nature of the tax, fee, or charge, **the amount of deficiency**, the surcharges, interests and penalties. xxx

xxx xxx xxx

Thus, based on the foregoing, xxx it appears that there was no assessment issued by the [defendant] City to the [plaintiff] for deficiency tax. What was issued was a Billing Statement showing the taxes and fees to be paid by the plaintiff in order for the latter

[17] Decision dated November 28, 2022, EB Docket, pp. 203-210.

to be able to renew its business permit. This being the case, as there was **no assessment issued**, the Section to be applied in resolving the issue at hand is Section 196 of the [LGC]. xxx

xxx In this case, the [plaintiff] was able to file its letters or claim for refund before the local treasurer of the [defendant] City on **March 9, 2023**, and filed the instant Court action on **June 8, 2023**. Both the claim for refund and the court action were initiated <u>within the two-year period</u> from the date of the payment of such tax, fee, or charge which was made on **January 18, 2023**. Thus, the instant action was timely filed.[18]

The Court *En Banc* finds no error in the above-conclusion reached by the MeTC, which was later affirmed by the RTC on appeal.

In *City Treasurer of Manila v. Philippine Beverage Partners, Inc., substituted by Coca-Cola Bottlers Philippines,*[19] which was also cited in the MeTC assailed Decision, the Supreme Court discussed the remedies provided for under Section 195 and Section 196 of the LGC, as follows:

The taxpayers' remedies of protesting an assessment and refund of taxes are stated in Sections 195 and 196 of the LGC, to wit:

Section 195. Protest of Assessment. — xxx

Section 196. Claim for Refund of Tax Credit. — xxx

The first provides the procedure for contesting an assessment issued by the local treasurer; whereas, the second provides the procedure for the recovery of an erroneously paid or illegally collected tax, fee or charge. Both Sections 195 and 196 mention an administrative remedy that the taxpayer should first exhaust before bringing the appropriate action in court. **In Section 195, it is the written protest with the local treasurer that constitutes the administrative remedy; while in Section 196, it is the written claim for refund or credit with the same office.** As to form, the law does not particularly provide any for a protest or refund claim to be considered valid. It suffices that the written protest or refund is addressed to the local treasurer expressing in substance its desired relief. xxx

Obviously, **the application of Section 195 is triggered by an assessment** made by the local treasurer or his duly authorized representative for nonpayment of the correct taxes, fees or charges.

[18] See Note 4, pp. 76-79.
[19] G.R. No. 233556, September 11, 2019.

> Should the taxpayer find the assessment to be erroneous or excessive, he may contest it by filing a written protest before the local treasurer within the reglementary period of sixty (60) days from receipt of the notice; otherwise, the assessment shall become conclusive. The local treasurer has sixty (60) days to decide said protest. In case of denial of the protest or inaction by the local treasurer, the taxpayer may appeal with the court of competent jurisdiction; otherwise, the assessment becomes conclusive and unappealable.
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> On the other hand, **Section 196 may be invoked by a taxpayer who claims to have erroneously paid a tax, fee or charge, or that such tax, fee or charge had been illegally collected from him. The provision requires the taxpayer to first file a written claim for refund before bringing a suit in court which must be initiated within two years from the date of payment. By necessary implication, the administrative remedy of claim for refund with the local treasurer must be initiated also within such two-year prescriptive period but before the judicial action.**
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> Unlike Section 195, however, Section 196 does not expressly provide a specific period within which the local treasurer must decide the written claim for refund or credit. It is, therefore, possible for a taxpayer to submit an administrative claim for refund very early in the two-year period and initiate the judicial claim already near the end of such two-year period due to an extended inaction by the local treasurer. In this instance, the taxpayer cannot be required to await the decision of the local treasurer any longer, otherwise, his judicial action shall be barred by prescription.
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> Additionally, **Section 196 does not expressly mention an assessment made by the local treasurer**. This simply means that **its applicability does not depend upon the existence of an assessment notice**. By consequence, **a taxpayer may proceed to the remedy of refund of taxes even without a prior protest against an assessment that was not issued in the first place**. This is not to say that an application for refund can never be precipitated by a previously issued assessment, for it is entirely possible that the taxpayer, who had received a notice of assessment, paid the assessed tax, fee or charge believing it to be erroneous or illegal. Thus, under such circumstance, the taxpayer may subsequently direct his claim pursuant to Section 196 of the LGC.

Here, records show that, while petitioners issued a Billing Statement against Uptown, the same does not constitute as a notice of assessment, as correctly found by the MeTC, *i.e.*, the Billing Statement did not provide the amount of the deficiency and it also failed to provide the reason, if any, as to why the correct taxes have not been paid. There being no notice of assessment issued by petitioners, the lower courts are correct in applying the provisions of Section 196 of the LGC, which applies to claims for refund.

Hence, applying Section 196 of the LGC, *i.e.*, both administrative and judicial claim for refund must be filed within two (2) years from the date of payment of such tax, fee, or charge, Uptown timely filed both its administrative and judicial claims, as follows:

Date of payment of LBT	Administrative Claim	Judicial Claim	Expiration of the 2-year period
January 18, 2023	March 9, 2023	June 8, 2023	January 18, 2025

Uptown is not liable for LBT on contractors

Petitioners contend that Uptown is a contractor liable under Section 7 of the 2017 Taguig Revenue Code. It pertinently provides:

> SECTION 7. TAX ON CONTRACTORS – Section 75(d) of the Revenue Code of Taguig of 1993, as amended, is hereby amended as follows:
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> d) The business of Contractors, including persons, natural or juridical whose activity consists essentially in the sale of all kinds of services for a fee, regardless of whether or not the performance of the service calls for the exercise or use of their physical or mental faculties, shall be taxed at the rates of:
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> xxx xxx xxx

Ruling in favor of Uptown, the MeTC found that:

> As per the Articles of Incorporation of the [plaintiff], [plaintiff] is a non-stock, non-profit association under the laws of the Republic of the Philippines and the provisions of Republic Act No. 4726, otherwise known as the Condominium Act. Likewise, in its By-Laws it is also stated that the said corporation is a non-stock, non-profit organization xxx
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> Furthermore, the above-cited Ordinance also enumerated those entities which are considered as a contractor and none of the said enumeration includes a condominium corporation to which the [plaintiff] is classified. xxx

> xxx [plaintiff] is not an entity engaged in sale of services, and the money and assets collected from the [plaintiff's] members were only to sustain its operation and management, and are not from any income earned from any profit-making activity. Likewise, the law which allowed the creation of a Condominium Corporation prohibits the latter from engaging in [a] profit-making activities. This being the case, the [plaintiff] should not be imposed with a local business tax. Hence, refund is proper.[20]

Consequently, the RTC agreed to the findings of the MeTC in the assailed Order dated March 17, 2025, as follows:

> As discussed in *In the Matter of Declaratory Relief on the Validity of BIR Revenue Memorandum Circular No. 65-2012 "Clarifying the Taxability of Association Dues, Membership Fees and Other Assessments/Charges Collected by Condominium Corporations* condominium corporation is not designed to engage in activities that generate income or profit.
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> Association dues, membership fees, and other assessment/charges are not subject to income tax because they do not constitute profit or gain. To repeat, they are collected purely for the benefit of the condominium owners and are the incidental consequence of a condominium corporation's responsibility to effectively oversee, maintain, or even improve the common areas of the condominium as well as its governance.
>
> 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.[21]

The Court *En Banc* likewise agrees with the foregoing findings of the respective lower courts.

In *Luz R. Yamane, in her capacity as the City Treasurer of Makati v. BA Lepanto Condominium Corporation*,[22] the Supreme Court ruled that:

> 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

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[20] See Note 4, pp. 81-84.
[21] *See Note 3*, p. 62.
[22] G.R. No. 154993, October 25, 2005.

> 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 **condominium corporations are generally exempt from local business taxation under the Local Government Code, irrespective of any local ordinance that seeks to declare otherwise.**
>
> Still, **we can note a possible exception to the rule.** It is not unthinkable that **the unit owners of a condominium would band together to engage in activities for profit under the shelter of the condominium corporation.** Such activity would be prohibited under the Condominium Act, but **if the fact is established, we see no reason why the condominium corporation may be made liable by the local government unit for business taxes.** Even though such activities would be considered as *ultra vires*, since they are engaged in beyond the legal capacity of the condominium corporation, the principle of estoppel would preclude the corporation or its officers and members from invoking the void nature of its undertakings for profit as a means of acquitting itself of tax liability.

Petitioners argue that it is merely a general rule that condominium corporations are exempt from LBT. Thus, the *Yamane* case may not serve as basis for a claim rom LBT exemption.

The Court *En Banc* agrees with the said argument of petitioners. In fact, the *Yamane* case illustrated an instance where a condominium corporation may be subjected to payment of LBT, *i.e.*, if it is found that the unit owners engaged in activities for profit under the shelter of the condominium corporation.

Yet, petitioners failed to prove before the proceedings below that Uptown, or its unit owners, band together and engaged in activities for profit under the shelter of the condominium corporation. As such, consistent with the ruling of the Supreme Court in *Yamane*, condominium corporations, like Uptown, are generally exempt from LBT under the LGC.

To end, the Court *En Banc* finds no cogent reason to disturb the ruling of the lower courts. Hence, the denial of the instant Petition is in order.

ACCORDINGLY, the instant Petition for Review is **DENIED**, for lack of merit.

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