REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

MUNICIPAL (now CITY) GOVERNMENT OF TAGUIG, MUNICIPAL (now CITY) TREASURER OF TAGUIG, and their duly authorized representatives, *Petitioners,*	**CTA *EB* NO. 2522** (CTA AC No. 212)
	Present:
- versus -	**DEL ROSARIO,** *PJ,* **UY, RINGPIS-LIBAN, MANAHAN, BACORRO-VILLENA, MODESTO-SAN PEDRO, REYES-FAJARDO, CUI-DAVID,** *and* **FERRER-FLORES,** *JJ.*
VETERANS FEDERATION OF THE PHILIPPINES, *Respondent.*	Promulgated: APR 18 2023 4:17pm

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RESOLUTION

CUI-DAVID, *J.*:

This resolves petitioners' *Motion for Reconsideration (of the Decision dated 04 November 2022)* filed *via* registered mail on December 7, 2022,[1] with respondent's *Comment/ Opposition (To the Motion for Reconsideration [of the 04 November 2022 Decision])* filed *via* registered mail on January 16, 2023.[2]

Petitioners seek reconsideration of the Decision[3] promulgated on November 04, 2022 (assailed Decision), the dispositive portion of which reads:

[1] Received by the Court on December 15, 2022.
[2] Received by the Court on January 26, 2023.
[3] *En Banc* Docket, pp. 219-243.

> **WHEREFORE**, premises considered, the instant Petition for Review is **DENIED**. Accordingly, the Decision dated September 25, 2020, and the Resolution dated March 16, 2021 of the CTA Third Division in CTA AC No. 212, are **AFFIRMED**.
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> **SO ORDERED.**

In their Motion, petitioners reiterate that respondent is a non-stock, non-profit organization that is not exempt from paying real property tax (RPT) considering that the exemption granted to respondent is withdrawn by the Local Government Code (LGC) and that Republic Act (RA) No. 7291 is *silent* on exemption of RPT. Petitioners insist that under Section 234 of the LGC, respondent cannot the pass liability to pay RPT to its lessees that are taxable entities.

Respondent counters that the arguments raised by petitioners in their motion are merely a rehash of their previous arguments, which had already been duly passed upon by the Court. Petitioners' motion being *pro forma*, it does not deserve any judicial cognizance and should be denied outright. Respondent also echoes the findings of the Court that it is a government instrumentality, which is exempt from payment of RPT and that under the Beneficial Use doctrine, the subject property's RPT is chargeable against the taxable persons who have actual or beneficial use of the subject property.

We agree with respondent's contentions.

A careful evaluation of petitioners' arguments in their *Motion for Reconsideration* reveals that they are mere reiterations of arguments that have already been previously pleaded, determined, exhaustively discussed, and resolved by this Court in the assailed Decision.

The relevant portion of our ruling in the assailed Decision, which squarely addressed petitioners' discussion in their *Motion for Reconsideration*, is hereunder quoted:

> ***The Court in Division did not err in finding respondent VFP a government instrumentality exempt from payment of real property tax.***
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> ... ...

Petitioners claim that respondent VFP is a non-stock, non-profit organization *not exempt* from paying RPT; that respondent declared and identified itself as a non-stock, non-profit organization, and not a government instrumentality; that in its petition before the RTC Branch 155, it stated that it "is a non-stock and non-profit organization created under Republic Act 2640 ...;" and that it offered documentary evidence to support its claim that it is a non-stock and non-profit organization.

... ...

As found by the Court in Division, the issue of whether respondent is a GOCC or a government instrumentality has already been resolved in the case of *Veterans Federation of the Philippines v. Angelo T. Reyes, et al. (VFP v. Reyes)*, where the Supreme Court declared that VFP is a **public corporation**, *viz.*: ...

Further, RA No. 2640 is entitled "An Act to Create a Public Corporation to be known as the Veterans Federation of the Philippines, Defining its Powers, and for Other Purposes." Thus, any attempt to classify respondent as a government-owned or controlled non-stock corporation would be incomprehensible since no less than the law which created it had designated it as a public corporation, and its statutory functions enshrined in Section 4 of the Act fall within the category of sovereign functions, *viz.*: ...

In the case of *Boy Scouts of the Philippines v. Commission on Audit (Boy Scout of the Philippines)*, the Supreme Court expressly ruled that **public corporations** are treated by law as **agencies or instrumentalities of the government**, to wit: ...

Like the *Boy Scouts of the Philippines*, respondent remains to be a public corporation or a government instrumentality that is placed under the control and supervision of the Secretary of National Defense. Hence, it is outside the purview of local taxation under Section 133 of the LGC, which provides that:

> SEC. 133. Common Limitations on the Taxing Powers of Local Government Units. — Unless otherwise provided herein, the exercise of the taxing powers of provinces, cities, municipalities, and barangays shall ***not extend*** to the levy of the following: ...

> (o) **Taxes, fees, or charges of any kind on the National Government, its agencies and instrumentalities**, and local government units. *(Emphasis supplied)*

Assuming for the sake of argument that respondent is not or ceases to be a government instrumentality, it is still exempt from the payment of RPT as expressly provided under Section 11 of RA No. 2640, the law that created it, which took effect on June 18, 1960, *viz.*:

> SEC. 11. The Federation is expressly exempted from **payment of any and all taxes**. *(Emphasis supplied)*

Respondent's tax-exempt status was reiterated and confirmed by RA No. 7291 on March 24, 1992, after the LGC took effect on January 1, 1992, when it expressly restored the tax and duty incentives of respondent under RA No. 2640, to wit:

> SEC. 1. Notwithstanding the provisions of Executive Order No. 93 and Presidential Decree No. 1931, **the tax and duty incentives previously enjoyed by the Veterans Federation of the Philippines under Republic Act Numbered Twenty-six hundred and forty are hereby restored**: *Provided*, That ...
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> SEC. 2. **All laws**, decrees, orders, issuances, rules and regulations, or parts thereof, **inconsistent with this Act are hereby repealed or modified accordingly**. *(Emphasis supplied)*

The clear and express wording of RA No. 7291 negates petitioners' assertion that RA No. 7291 is "silent on exemption from real property tax," and it only pertains to respondent's exemption on national internal revenue taxes and customs duties. On the contrary, there is no room for distinction as to the kind of taxes respondent is exempted to pay as none is indicated in the law. The principle that the courts should not distinguish when the law itself does not distinguish squarely applies to this case. Thus, respondent is exempt from *all* taxes of any kind, whether national, local or provincial taxes.

Given the foregoing, the Court in Division did not err in holding that respondent is exempt from the payment of real property tax.

... ...

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The Court in Division did not err in ruling that the RPT is chargeable against the taxable persons who had actual or beneficial use and possession of the property.

The Beneficial Use Doctrine is applicable in favor of respondent.

Respondent admits that the beneficial use of a portion of the Veterans Center, its property was given to various taxable entities by virtue of lease agreements. The *Court En Banc*, therefore, finds that respondent's leased properties shall be taxable pursuant to the *"Beneficial Use Doctrine"* under Section 234 (a) of the LGC, which exempts from RPT any "[r]eal property owned by the Republic of the Philippines," unless the beneficial use of the property is transferred to a taxable person, *viz.*:

> SEC. 234. Exemptions from Real Property Tax. — The following are exempted from payment of real property tax: (a) Real property owned by the Republic of the Philippines or any of its political subdivisions **except when the beneficial use thereof has been granted, for consideration or otherwise to a taxable person**;... *(Emphasis supplied)*

The above provision is invoked by petitioners who insist that it is respondent, and not its lessees, that is liable for the payment of RPT to the City of Taguig.

Petitioners' understanding of Section 234 (a) is erroneous.

The issue of who between respondent, as property owner, and the lessees of Veterans Center, as the beneficial users, the real property tax liability falls, is not novel and has been the subject of numerous decisions of the Supreme Court.

... ...

In the recent case of *Unimasters Conglomeration, Incorporated v. Tacloban City Government, et al. (Unimasters)*, the Supreme Court reiterated its ruling in *Philippine Heart Center* that "the Republic and its instrumentalities ...retain their exempt status despite leasing out their properties to private individuals." This exemption comes from its character as a government entity. But the moment beneficial use of the property owned by the government instrumentality is granted to a taxable person, the

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> tax exemption is lifted and the liability to pay falls on the beneficial user or possessor.
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> ... ...
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> Applying the foregoing, respondent, as a government instrumentality, is not a taxable person under Section 133 (o) of the LGC. Thus, even if respondent has granted to other taxable entities the beneficial use of a portion of its properties, such fact does not lose the tax-exempt status of respondent. Following the *beneficial use rule* under the LGC, the assessed RPTs are owed by respondent's lessees, being in possession and having actual use of respondent's properties, regardless of ownership.

Indeed, it is clear from the confluence of law[4] and jurisprudence[5] that respondent is a government instrumentality that is exempt from RPT. Unfortunately, petitioners failed to demonstrate any compelling reason that would warrant the modification or reversal of the Court's findings and conclusions in the assailed Decision.[6]

WHEREFORE, premises considered, petitioners' *Motion for Reconsideration (of the Decision dated 04 November 2022)* is **DENIED** for lack of merit.

SO ORDERED.

LANEE S. CUI-DAVID
Associate Justice

We Concur:

ROMAN G. DEL ROSARIO
Presiding Justice

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[4] RA 7291, March 24, 1992, SEC. 1. Notwithstanding the provisions of Executive Order No. 93 and Presidential Decree No. 1931, the tax and duty incentives previously enjoyed by the Veterans Federation of the Philippines under Republic Act Numbered Twenty-six hundred and forty are hereby restored.
[5] *Veterans Federation of the Philippines v. Angelo T. Reyes, et al.*, G.R. No. 155027, February 28, 2006.
[6] *Ortigas and Company Limited Partnership v. Judge Tirso Velasco, et al.*, G.R. No. 109645, July 25, 1994.

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ERLINDA P. UY
Associate Justice

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

CATHERINE T. MANAHAN
Associate Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

MARIAN IVY F. REYES-FAJARDO
Associate Justice

CORAZON G. FERRER-FLORES
Associate Justice