REPUBLIC OF THE PHILIPPINES
*Court of Tax Appeals*
QUEZON CITY

*En Banc*

**CITY GOVERNMENT OF DAVAO, Represented by Hon. City Mayor Atty. Sara Z. Duterte-Carpio; City Assessor of Davao Represented by Engr. Jaime G. Adalin in his capacity as City Assessor, and City Treasurer of Davao Represented by Bella Linda N. Tanjili in her capacity as the City Treasurer of Davao,**
*Petitioner,*

-*versus*-

**NATIONAL FOOD AUTHORITY, Represented by: Ma. Theresa S. Villafuerte, Director of NFA-Legal Affairs Department,**
*Respondent.*

**CTA *EB* NO. 2691**
(CTA AC No. 262)

Present:
**RINGPIS-LIBAN, P.J.,**
**BACORRO-VILLENA,**
**MODESTO-SAN PEDRO,**
**REYES-FAJARDO,**
**CUI-DAVID,**
**FERRER-FLORES,** *and*
**ANGELES,** *JJ.*

Promulgated:
APR 14 2026 3:40

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## AMENDED DECISION

For resolution is respondent National Food Authority's ("NFA") Motion for Reconsideration,[1] assailing the *Court En Banc's* Decision,[2] dated March 15, 2024, wherein it was held that NFA is a government owned and controlled corporation ("GOCC") subject to real property tax ("RPT"), thus validating RPT assessments issued by petitioner against respondent. The dispositive portion of the Assailed Decision states:

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[1] *Rollo*, pp. 247-261.
[2] *Id.* at pp. 213-233.

> **ACCORDINGLY**, premises considered, the instant Petition for Review is hereby **GRANTED**. The Decision dated March 18, 2022 and the Resolution dated August 10, 2022 of the Court's First Division are hereby **REVERSED AND SET ASIDE**. The original Petition for Review with Motion for Suspension of Collection of Taxes filed before the Court in Division on June 28, 2019 is hereby **DENIED** for lack of merit.

In the Assailed Decision, the Court *En Banc* discussed the characteristics of a GOCC and found that NFA possesses all of them:

> 1. It is organized as a stock or non-stock corporation;
> 2. It is vested with functions relating to public needs whether governmental or proprietary in nature;
> 3. It is owned by the government directly or through its instrumentalities either wholly, or, where applicable as in the case of stock corporation, to the extent of at least a majority of its of its outstanding capital stock; and
> 4. It must be created or established in the interest of the common good and subject to the test of economic viability.

Further, the Court *En Banc* referred to the "Classification of GOCCs by Sectors" released by the Governance Commission for Government Owned or Controlled Corporation ("GCG") in June 2022 wherein NFA is clearly listed as a GOCC under "Trade, Area Development and Tourism Sector."

Now, in the instant Motion, petitioner raises various arguments: (1) that NFA is exempt from RPT under its charter *Presidential Decree* ("*PD*") *No. 4*; and (2) that NFA is a Government Instrumentality with Corporate Power ("GICP") under the Local Government Code ("LGC"), not a GOCC. For purposes of arguing the latter point, NFA advances that it is neither a stock nor a non-stock corporation.

Meanwhile, on July 19, 2024, petitioner submitted a Manifestation with attached decision of the Supreme Court in the case of *National Food Authority vs. City Government of Tagum, City Assessor and City Treasurer*, G.R. No. 261472, promulgated on May 21, 2024. Respondent highlights that, in the unanimous 15-0 decision, the High Court reversed the decision of the Court of Tax Appeals and ultimately ruled that NFA is a government instrumentality exempt from RPT. As such, the Supreme Court granted NFA's Petition for Review on *Certiorari*.

In light of the foregoing, the Court *En Banc* finds that the doctrine laid down in the *Tagum case* squarely applies to the case at bar. It must be highlighted that in our country's judicial hierarchy, the pronouncements of the Supreme Court are doctrinal and binding on all courts notwithstanding the fact that cases may involve different parties, pursuant to the principle of *stare decisis*.

In the case of *Mendaros v. Lazada E-Services Phil., Inc.*,[3] citing *Department of Transportation and Communication vs. Cruz*,[4] the principle of *stare decisis* is elucidated as follows:

> ***Stare decisis simply means that for the sake of certainty, a conclusion reached in one case should be applied to those that follow if the facts are substantially the same, even though the parties may be different.*** It proceeds from the first principle of justice that, absent any powerful countervailing considerations, like cases ought to be decided alike. Thus, where the same questions relating to the same event have been put forward by the parties similarly situated as in a previous case litigated and decided by a competent court, the rule of stare decisis is a bar to any attempt to relitigate the same issue.
> (Emphasis and italics supplied)

Clearly, the facts and issues in the *Tagum case* are substantially similar to the case at bar. The taxpayer involved in both cases is the NFA. Also, the issue involves the invoked RPT exemption of NFA which springs from the determination of whether it is a government entity exempt from RPT under the LGC. Given that the Supreme Court has already shed light on the same controversy, the Court *En Banc* has no alternative but to apply the ruling in the *Tagum case* strictly.

As such, the following matters are hereby adopted:

1. *NFA is a government instrumentality*

    a. NFA performs special governmental functions

The Supreme Court explained that with the passage of *Republic Act No. 11203*, or the "Rice Tariffication Law", NFA was refocused on the acquisition, maintenance, and distribution of rice buffer stock. It is mandated to maintain an optimal level of national rice inventory to be sourced solely from local farmers and to distribute rice during emergency situations and sustain the disaster relief program of the government during natural or man-made calamities. NFA thus performs essential public service.

    b. NFA is vested with corporate powers under PD No. 4.

The High Court likewise found that NFA's powers and function under *PD No. 4* (*i.e.*, the acquisition, maintenance and distribution of rice buffer stock) remain, including the capitalization, funding and sovereign guarantee. It is still a government corporation as designated under *PD No. 1770*, under

[3] G.R. No. 257821, August 19, 2024.
[4] G.R. No. 178256, July 23, 2008.

the supervision and control of the Department of Agriculture. Therefore, as held by the Supreme Court, NFA bears the essential characteristics of a government instrumentality vested with corporate powers. It was further clarified that NFA's corporate status does not divest itself of its character as a government instrumentality since the resources and reputation of the government are at stake in the capitalization and operation of NFA.

c. NFA is not a GOCC.

One of the characteristics of a GOCC is that it is either a stock or non-stock corporation. According to the Supreme Court, NFA is not a stock corporation because while it has capitalization divided into shares of stocks, it has no stockholders or voting shares. It is not also not authorized to declare and distribute dividend, while its surpluses are controlled by the President of the Philippines, taking into consideration the fund requirements of NFA. Likewise, it cannot be deemed as a non-stock corporation, as a non-stock corporation cannot distribute any part of its income to its members.

d. NFA is operationally autonomous.

NFA is found not integrated within the department framework. Instead, it operates under the supervision and control of the Department of Agriculture.

2. *NFA is exempt from the payment of real property taxes.*

As it was established by the NFA is a government instrumentality, its properties are thus properties of public dominion intended for public use or service. Hence, they must be considered exempt from RPT pursuant to *Section 133(o)* and *Section 234 (a) of the LGC.*

All told, We deem it necessary to amend Our Decision, dated March 15, 2024, and declare NFA exempt from RPT due to petitioner City of Davao.

**ACCORDINGLY,** respondent's Motion for Reconsideration, is **GRANTED.**

The Court *En Banc*'s Decision dated March 15, 2024 is hereby **REVERSED.**

Consequently, the Court in Division's Decision, dated March 18, 2022, is hereby **UPHELD.** The *Petition for Review (under Section 11 of R.A. No. 1125/Rule 8 Section 3a of A.M. No. 05-11-07-CTA) With Motion for Suspension of Collection of Tax,* filed by National Food Authority is hereby

**PARTIALLY GRANTED**. The Notice dated June 27, 2018 and Notice of Delinquency dated August 3, 2018 are hereby declared **NULL** and **VOID** and of **NO EFFECT.**

Further, petitioner City of Davao is hereby **PROHIBITED, ENJOINED** and **RESTRAINED** from assessing, imposing and collecting real property taxes against NFA, and from declaring NFA's properties as tax delinquent.

This Decision is without prejudice to a refund claim filed in accordance with *Section 253 of the LGC* within two years from the finality of this Decision.

**SO ORDERED.**

**MARIA ROWENA MODESTO-SAN PEDRO**
Associate Justice

***WE CONCUR:***

**MA. BELEN M. RINGPIS-LIBAN**
Presiding Justice

**JEAN MARIE A. BACORRO-VILLENA**
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 Resolution 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