REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

TAGUIG CITY TREASURER AND THE CITY GOVERNMENT OF TAGUIG,
Petitioners,

- versus -

FORBESWOOD HEIGHTS CONDOMINIUM ASSOCIATION, INC.,
Respondent.

CTA EB No. 2888
(Formerly [RTC] SCA Case No. 296 and [MeTC] Civil Case No. 22-4601)

Present:

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

Promulgated:
MAY 15 2025 4:30 pm

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DECISION

REYES-FAJARDO, ***J.*:**

For action is the Petition for Review filed by Taguig City Treasurer and the City Government of Taguig assailing the Decision dated February 5, 2024,[1] rendered by the Regional Trial Court, Branch 153 of Taguig City (RTC-Taguig), in SCA Case No. 296 whereby RTC-Taguig affirmed in toto the Decision dated January 3, 2023, rendered by the Metropolitan Trial Court, Branch 74 of Taguig City (MeTC-Taguig), in

1 *Rollo,* pp. 36-44.

Civil Case No. 22-4601. [2] The MeTC-Taguig partially granted Forbeswood Heights Condominium Association, Inc.'s claim for refund of illegally collected Local Business Tax (LBT) for the year 2022, to the extent of ₱624,481.37.

PARTIES

Petitioner City Government of Taguig is a political subdivision of the government, existing under and by virtue of Republic Act No. 7160, otherwise known as the Local Government Code of 1991 (LGC) and Republic Act No. 8487 otherwise known as the Charter of the City of Taguig.[3] Co-petitioner City Treasurer of Taguig is represented by its City Treasurer, Atty. Jonathan Voltaire L. Enriquez. He may be served with pleadings, and other processes at the City Legal Office, 4th Floor, Taguig City Hall, Gen. Luna Street, Tuktukan, 1630, Taguig City.[4]

On the other hand, respondent Forbeswood Heights Condominium Association, Inc. (Forbeswood Heights), is a condominium corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office address at 26th Street, Rizal Drive, Cresent Park West Bonfacio Global City, Fort Bonifacio, Taguig City.[5]

FACTS

The undisputed facts of the case are as follows:

On January 5, 2022, petitioner City Treasurer of Taguig issued Billing Statement, requiring respondent to pay LBT, environmental impact fee (EIF), and business plate fee in the amount of ₱1,441,858.82, relative to its renewal of business permit for 2022 with petitioner City Government of Taguig.[6]

Respondent paid said billing statement on January 10, 2022.[7]

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2 Id., pp. 23 to 35.
3 Paragraph 5, *Petition for Review. Rollo*, p. 3.
4 Paragraph 6, *Petition for Review. Rollo*, p. 3.
5 Paragraph 7, *Petition for Review. Rollo*, p. 3.
6 Paragraph 15, *Petition for Review. Rollo*, p. 6.
7 *Ibid.*

On March 7, 2022, respondent filed with petitioner City Treasurer of Taguig its protest letter seeking the cancellation of the billing statement and requesting for the refund of the LBT, EIF, and business plate fee it paid for 2022.[8]

On May 18, 2022, petitioner City Treasurer of Taguig denied respondent's protest letter and formal written claim for refund, which was received by respondent on May 25, 2022.[9]

Aggrieved, respondent filed a complaint on June 24, 2022,[10] before the MeTC-Taguig, docketed as Civil Case No. 22-4601, praying for the refund of the LBT, EIF and business plate/sticker fees for the year 2022.[11]

On January 3, 2023, the MeTC-Taguig issued the Decision partially granting the Complaint, ordering petitioners to refund respondent the erroneously collected and paid LBT for the year 2022.[12] The dispositive portion thereof states:

> **WHEREFORE,** premises considered, the Complaint for Refund and/or Tax Credit of Illegally Collected Local Business Tax, Environmental Impact Fee, and Business Plate Fee/ Sticker Fees for the year 2022, is **PARTIALLY GRANTED.** As prayed for, the assessment for local business tax for the year 2022 is **CANCELLED.** Defendants City Government of Taguig City and the City Treasurer are directed to **REFUND** in favor of Plaintiff Forbeswood Condominium Association, Inc. the amount of Six Hundred Twenty-Four Thousand Four Hundred Eighty-One Pesos and 37/100 (P624,481.37), representing erroneously collected and paid local business tax for the year 2022.
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> **SO ORDERED.**

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8 Paragraph 16, *Petition for Review. Rollo,* p. 6.
9 Paragraph 17, *Petition for Review. Rollo,* p. 6.
10 Page 3 of the Assailed Decision. *Rollo,* p. 38.
11 Paragraph 18, *Petition for Review. Rollo,* p. 6.
12 *Rollo,* pp. 23-35.

MeTC-Taguig ruled that respondent is not subject to LBT as it is not engaged in business.[13]

On May 22, 2023, petitioner City Treasurer of Taguig filed a Notice of Partial Appeal from the MeTC-Taguig decision to RTC-Taguig.[14]

On February 5, 2024, the RTC-Taguig rendered the assailed Decision,[15] denying petitioners' appeal and upholding the MeTC-Taguig's Decision in Civil Case No. 22-4601, as follows:

> **WHEREFORE,** premises considered, the appeal filed by defendants-appellants and also the appeal filed by plaintiff-appellee are hereby **DENIED** for lack of merit. Accordingly, the Decision dated 03 January 2023 rendered by Metropolitan Trial Court, Branch 74, Taguig City in Civil Case No. 22-4601 is **AFFIRMED IN TOTO.**
>
> **SO ORDERED.**

On February 19, 2024, petitioner received a copy of the RTC-Taguig's Decision.[16] On March 20, 2024, petitioners filed a Petition for Review under Section 2(b), Rule 4, in relation to Section 3(c), Rule 8, of the Revised Rules of the Court of Tax Appeals (RRCTA) before the Court *En Banc,* seeking the reversal of RTC-Taguig's Decision insofar as it orders the refund of LBT to respondent.[17]

On April 29, 2024, respondent filed its Comment (To the Petition for Review dated 19 March 2024).[18]

Under Minute Resolution dated May 15, 2024, this case was submitted for decision.[19]

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13 Paragraph 20, *Petition for Review. Rollo,* p. 7.
14 Paragraph 21, *Petition for Review. Rollo,* p. 7.
15 *Rollo,* pp. 36-44.
16 Paragraph 22, *Petition for Review. Rollo,* p. 7.
17 *Rollo,* pp. 1 to 20.
18 *Rollo,* pp. 46 to 62.
19 Minute Resolution dated May 15, 2024, *Rollo,* p. 64.

ISSUE

Did RTC-Taguig err when it affirmed the Decision of MeTC-Taguig which ruled that respondent is entitled to the refund of the LBT paid for 2022?

ARGUMENTS

Petitioners fault the RTC-Taguig in affirming the decision of MeTC-Taguig which partially granted respondent's refund of LBT. The reasons are: (1) there is no law that specifically grants exemptions from LBT to respondent as a condominium corporation; and (2) Section 75 of the Municipal Ordinance No. 24, Series of 1993, otherwise known as "The Revenue Code of Taguig," as amended, by Taguig City Ordinance No. 34-17 specifically renders respondent as a condominium corporation liable for LBT on contractors.

On the other hand, respondent argues that it is not subject to LBT by virtue of its nature as a condominium corporation and that it is not engaged in any profit-making activities.

RULING

The Petition for Review is bereft of merit.

Section 2(b), Rule 4,[20] of the Revised Rules of the Court of Tax Appeals (RRCTA)[21] states that the CTA *En Banc* shall exercise exclusive appellate jurisdiction to review by appeal, the decisions, resolutions or orders of the Regional Trial Court in local tax cases decided or resolved by them in the exercise of their appellate jurisdiction. In relation thereto, Section 3(c) of Rule 8[22] of the RRCTA

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[20] SECTION 2. Cases Within the Jurisdiction of the Court *En Banc*. — The Court *en banc* shall exercise exclusive appellate jurisdiction to review by appeal the following:

...

(b) Decisions, resolutions or orders of the Regional Trial Courts in local tax cases decided or resolved by them in the exercise of their appellate jurisdiction; ...

[21] A.M. No. 05-11-07-CTA, [November 22, 2005].

[22] SECTION 3. Who May Appeal; Period to File Petition. — ...

states that the party affected by a decision should file the petition for review within thirty (30) days from receipt thereof.

As alleged in its Petition for Review, petitioners received the assailed Decision of RTC-Taguig on February 19, 2024.[23] Counting (30) days therefrom, petitioners had until March 20, 2024, to file an appeal before the Court *En Banc*. Thus, the Petition for Review was timely filed on March 20, 2024 vesting the Court *En Banc* with jurisdiction over CTA EB No. 2888.

Next, the merits.

To be liable for LBT, a person must be engaged in trade or business. Section 131(d) of the LGC defined "business" as a trade or commercial activity regularly engaged in as a means of livelihood or with a view to profit. In the present case, petitioners classified respondent as a contractor for the purpose of imposing LBT on its gross receipts for the preceding calendar year, pursuant to Section 131 (h), in relation to Section 143 of the LGC, and Section 75 (d) of the Revenue Code of Taguig of 1993, as amended by Ordinance No. 34, Series of 2017 otherwise known as the Taguig City Business Tax Ordinance of 2018 (Taguig Revenue Code).[24]

Respondent is a condominium corporation. The Supreme Court in *Luz R. Yamane v. BA Lepanto Condominium Corporation (Yamane)*[25] ordained that a condominium corporation, is not engaged in trade or business and, ergo, is not liable for LBT, to wit:

> ...
>
> **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,**

(c) **A party adversely affected by a decision or ruling** of the Central Board of Assessment Appeals and **the Regional Trial Court in the exercise of their appellate jurisdiction may appeal to the Court by filing before it a petition for review within thirty days from receipt of a copy of the questioned decision or ruling.** Boldfacing supplied.

23 Paragraph 8, Petition for Review, *Rollo*, p. 3.

24 An Ordinance Amending Certain Provisions of Ordinance No. 24, Series of 1993 Otherwise Known as "The Revenue Code of Taguig" As Amended, and Adopting the New Rates of Business and other Taxes Prescribed Under this Ordinance, Taguig City Ordinance No. 034-17, December 22, 2017.

25 G.R. No. 154993, October 25, 2005.

> **irrespective of any local ordinance that seeks to declare otherwise.** ...[26]

In *Fritz Bryn Anthony M. Delos Santos v. Commissioner of Internal Revenue, (Delos Santos)* [27] the Supreme Court citing *Yamane,* [28] reaffirmed that a condominium corporation is not engaged in trade or business as the collection of association dues, membership fees, and other charges is purely for the maintenance of the condominium project and its common areas:

> ...
>
> **For when a condominium corporation manages, maintains, and preserves the common areas in the building, it does so only for the benefit of the condominium owners. It cannot be said to be engaged in trade or business**, thus, the collection of association dues, membership fees, and other assessments/charges is not a result of the regular conduct or pursuit of a commercial or an economic activity, or any transactions incidental thereto.
>
> Neither can it be said that a condominium corporation is rendering services to the unit owners for a fee, remuneration or consideration. Association dues, membership fees, and other assessments/charges form part of a pool from which a condominium corporation must draw funds in order to bear the costs for maintenance, repair, improvement, reconstruction expenses and other administrative expenses.
>
> ...[29]

Following *Yamane* and *De Los Santos,* the collection of assessments by a condominium corporation intended to cover the necessary expenses for maintaining and managing the condominium project and its common areas lacks a profit-oriented motive. This activity does not constitute a business under the LGC, rendering the imposition of LBT on a condominium corporation unwarranted.

Based on these observations, the RTC-Taguig correctly affirmed the decision of the MeTC-Taguig, which ordered the refund of

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26 Boldfacing supplied.
27 G.R. No. 222548, June 22, 2022.
28 *Supra,* Note 26.
29 Boldfacing supplied.

erroneously collected and paid LBT for the year 2022 in favor of respondent, a condominium corporation not engaged in business:

> ...
>
> This Court finds that the general rule laid down in the case of *Yamane v. BA Lepanto Condominium,* is applicable in this case as plaintiff-appellee [respondent] is not engaged in profit-making activities.
>
> Furthermore, defendant-appellants [petitioners] failed to prove that plaintiff-appellee [respondent] is engaged in business. Thus, the latter is not liable for local business tax.
>
> Plaintiff-appellee [respondent] is likewise not liable for business tax under the Taguig Revenue Code. To reiterate, defendant-appellant[s] [petitioners] failed to establish that plaintiff-appellee [respondent] is engaged in business activities. Other than defendant-appellants' [petitioners] bare allegation that plaintiff-appellee [respondent] is a contractor, or alternatively, an owner or operator of business establishment rendering or offering services, subject to local business tax, defendant-appellant[s] [petitioners] did not present sufficient proof to support said contention, settled is the rule that allegation does not constitute proof. ...

Thus, the Court *En Banc* finds no compelling basis to overturn or modify the Decision rendered by RTC-Taguig on February 5, 2024.

WHEREFORE, the Petition for Review, filed by Taguig City Treasurer and the City Government of Taguig on March 20, 2024 in CTA EB No. 2888, is **DENIED**, for lack of merit.

SO ORDERED.

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

WE CONCUR:

ROMAN G. DEL ROSARIO
Presiding 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

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.

ROMAN G. DEL ROSARIO
Presiding Justice