REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SECOND DIVISION

CITY OF TAGUIG, ATTY. J. VOLTAIRE ENRIQUEZ in his capacity as OIC Treasurer-City of Taguig, and ATTY. FANELLA JOY PANGA-CRUZ in her capacity as Head of the Business Permits and Licensing Office-City of Taguig,
Petitioners,

- versus -

COCA COLA FEMSA PHILIPPINES, INC.,
Respondent.

CTA AC NO. 287

Members:

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

Promulgated:

DEC 2_ 20__ 1:NP.M.

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RESOLUTION

FERRER-FLORES, J.

Before this Court is petitioners' **Motion for Reconsideration** (*Motion*) filed on August 20, 2025 via registered mail, and received by the Court on August 28, 2025, with respondent's **Comment (Re: Petitioners' Motion for Reconsideration**) filed on September 30, 2025 through an accredited courier service and received by the Court on October 1, 2025.

On July 18, 2025, the Court promulgated a Decision denying the *Petition for Review* by affirming the Decision of the Regional Trial Court (RTC) – Branch 153, Taguig City in Civil Case No. 75027 finding that petitioners cannot validly impose deficiency local business tax (LBT) on income generated from the toll-manufacturing services conducted by respondent's manufacturing plants located outside the City of Taguig, the dispositive portion of which reads as follows:

> **WHEREFORE**, in light of the foregoing considerations, the present *Petition for Review* is **DENIED** for lack of merit.

Accordingly, the Decision dated December 1, 2022, and the Order dated February 21, 2023, both rendered by the RTC–Branch 153, Taguig City in Civil Case No. 75027, are **AFFIRMED *in toto***.

SO ORDERED.

In their *Motion*, petitioners stress that Section 150 of Republic Act (RA) No. 7160,[1] or the *Local Government Code (LGC) of 1991,* provides for the situs of taxation wherein paragraph (a) of the said Section states that sales transaction shall be recorded in the branch or sales outlet and, in the principal office when there is no such branch or sales outlet in the city of municipality where the sale or transaction is made. Petitioners continue that paragraph (b) of the same Section, however, no longer mentions the place where the sales shall be recorded but instead indicates sales allocation of businesses shall apply to manufacturers, factory, plantation, etc. as follows: 30% of all sales recorded in the principal office shall be taxable by the city or municipality where the principal office is located, and 70% of all sales recorded in the principal office shall be taxable by the city or municipality where the manufacturer, factory, plantation, etc. is located. For the said reason, petitioners reiterate that respondent's plants and factories outside Taguig City should not be treated as sales made by branches or sales outlets but instead apply the sales allocation for the purpose of the situs of taxation. They argue that, while respondent is contracted for the manufacturing of products for Cosmos Bottling Corporation (CBC), as evidenced by the *Toll Manufacturing Agreement,*[2] the same does not automatically imply that respondent is likewise contracted to render the separate service of selling the products it manufactures for CBC.

Petitioners further assert that respondent's fixed bottling plants and distribution centers merely serve as warehouses/display areas of the products for sale. Petitioners expound that the said locations are not operating as separate business in selling the products and, as such, cannot be deemed as respondent's branch or sales offices. Moreover, assuming that sales were made by such bottling plants and distribution centers, the same should be recorded in the principal office located in Taguig City –which is the situs of taxation.

Lastly, petitioners posit that respondent's remedy should have been a prayer for refund of the excess payment it made to the other local government units where its sales offices, warehouses, and bottling plants are allegedly located.

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1 "AN ACT PROVIDING FOR A LOCAL GOVERNMENT CODE OF 1991", took effect on January 1, 1992.

2 Exhibit "H", RTC Docket (Civil Case No 75207) –Vol. III, pp. 420 to 430.

On the other hand, in its *Comment*, respondent asserts that the arguments presented by petitioners in their present *Motion* are a mere rehash of its pleadings, all of which have been considered and found without merit by the Court. Nonetheless, respondent emphasizes that petitioner cannot legally assess local business tax against it for the toll manufacturing activities performed by its factories/manufacturing plants outside the territorial jurisdiction of Taguig City pursuant to Section 150(a) of the LGC of 1991, as amended. Respondent also reiterates that the term "business" means a trade or commercial activity regularly conducted by an entity as a means of livelihood or with a view to profit; thus, business taxes are due in the city or municipality where such trade or commercial activity is conducted.

After due consideration, the Court finds petitioners' *Motion for Reconsideration* bereft of merit.

Notably, and as correctly pointed out by respondent, the arguments raised by petitioners in the present *Motion* are a mere rehash of the matters raised in the *Memorandum (For the Petitioners)* filed on July 11, 2020,[3] which have already been thoroughly considered and resolved by the Court in the Decision petitioners assail.

To emphasize again, there is no doubt that local government units have the power to impose LBTs on the privilege of doing business within their territorial jurisdictions. The term *doing business* contemplates some "trade or commercial activity regularly engaged in as a means of livelihood or with a view to profit." For purposes of imposing LBT, it is crucial to determine whether the taxpayer conducted business operations within the territorial jurisdiction the city or municipality during the period of assessment.

Herein, it was clearly established that respondent has no production facilities within the territorial jurisdiction of the City Government of Taguig. Petitioners, however, argue that respondent's income derived from its *Toll Manufacturing Agreement* with CBC are still subject to petitioners' LBT since respondent's production facilities located outside Taguig City are not operating as a separate business in selling the products and, as such, cannot be deemed as respondent's branch or sales offices for purposes of resolving the situs of the tax.

The Court does not agree.

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[3] Docket, pp. 225 to 242.

As held in the assailed Decision, the crucial characteristic necessary for the determination of whether respondent's production facilities should be considered as a branch or sales office is that the facility is engaged in the sale of the goods/services of the principal office. The pertinent LBT is, thus, payable by every separate or distinct establishment or place only where business is conducted, or only where there is a trade or commercial activity regularly engaged in by the taxpayer, as a means of livelihood or with a view to profit. Simply put, a branch or sales office may only be treated as such when there is trade or commercial activity regularly engaged in by the taxpayer, as a means of livelihood or with a view to profit, in such establishment or place.

Based on the evidence on record, and as found by the Court *a quo* in its Decision dated December 1, 2022,[4] respondent's factories/manufacturing plants are engaged in the separate business of selling their products, thus:

> A punctilious examination of the records will reveal that plaintiff CCF[P]I's bottling plants in various LGUs are separately registered in the Bureau of Internal Revenue (BIR), as evidenced in BIR Permit No. 0909-116-00086-CBA/AR, BIR Letter dated 26 May 2009, BIR Letter dated 13 September 2010, and their Official Receipts, *viz.*:

LOCAL GOVERNMENT UNIT	VAT REGISTRATION NO.
Calasiao, Pangasinan	000-112-104-078
San Nicolas, Ilocos Norte	000-112-104-085
Ilagan, Isabela	000-112-104-090
San Fernando, Pampanga	000-112-104-027
Sta. Rosa, Laguna	000-112-104-062
Meycauayan, Bulacan	000-112-104-024
Calamba, Laguna	000-112-104-022
Naga, Camarines Sur	000-112-104-109
Bacolod City	000-112-104-067
Pavia, Iloilo	000-112-104-098
Mandaue City, Cebu	000-112-104-005
Tacloban City	000-112-104-097
Tagbilaran City	000-112-104-004
Davao City	000-112-104-136
Villanueva, Misamis Oriental	000-112-104-202
Zamboanga City	000-112-104-110

> **The abovementioned documents are proof that plaintiff CCF[P]I's bottling plants are engaged in the separate business of**

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[4] Regional Trial Court of Taguig City –Branch 153 in Civil Case No. 75027, entitled *Coca Cola FEMSA Philippines, Inc. vs. City of Taguig, Atty. J. Voltaire Enriquez in his capacity as OIC Treasurer – City of Taguig, and Atty. Fanella Joy Panga-Cruz, in her capacity as Head of Business Permits and Licensing Office, City of Taguig*

> **selling their products**. Otherwise, said bottling plants would not be separately registered in the BIR and their sales should have been reflected in plaintiff CCF[P]I's principal office.
>
> Essentially, local business taxes are taxes imposed by local government units on the privilege of doing business within their jurisdictions. The IRR of the Local Government Code defines business as trade or commercial activity regularly engaged in as a means of livelihood or with a view to profit. The pertinent local business tax is payable only where there is a trade or commercial activity regularly engaged in by the taxpayer, as a means of livelihood or with a view to profit. Accordingly, the separate BIR registration of each bottling plant manifests that the said privilege was exercised by plaintiff CCF[P]I.
>
> **The pertinent local business tax is payable by every separate or distinct establishment or place only where business is conducted, or only where there is a trade or commercial activity regularly engaged in by the taxpayer, as a means of livelihood or with a view to profit**."[5]

Evidently, respondent's bottling plants and distribution centers are engaged in the separate business of selling their products which makes them outside the territorial jurisdiction of respondents. Having clearly established that, there is nothing more left to discuss.

In view of the foregoing disquisitions, there being no new matter or substantial issue raised by petitioners in their *Motion for Reconsideration*, the Court finds no compelling reason to reverse or modify the Decision promulgated on July 18, 2025.

WHEREFORE, premises considered, petitioners' **Motion for Reconsideration** is **DENIED** for lack of merit.

SO ORDERED.

CORAZON G. FERRER-FLORES
Associate Justice

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[5] RTC Docket (Civil Case No. 75027) -Vol. Ill, pp. 142 to 156.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

(On Leave)
MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice