REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

THE CITY TREASURER OF TAGUIG, MR. VOLTAIRE L. ENRIQUEZ AND THE CITY GOVERNMENT OF TAGUIG CITY, REPRESENTED BY HON. MAYOR LINO CAYETANO, Petitioners,	**CTA EB NO. 3164** (Formerly RTC SCA Case No. 338 and MeTC Civil Case No. 23-4693)
- versus -	Present: **RINGPIS-LIBAN,** *P.J.*, **BACORRO-VILLENA, MODESTO-SAN PEDRO, REYES-FAJARDO, CUI-DAVID, FERRER-FLORES,** *and* **ANGELES,** *JJ.*
THE BIRCHWOOD CONDOMINIUM CORPORATION, Respondent.	Promulgated: JUN 03 2026 11:45

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DECISION

RINGPIS-LIBAN, *J.*:

The Case

Before the Court is a Petition for Review seeking to reverse and set aside the Decision[1] dated December 18, 2024 ("assailed Decision") and Order[2] dated April 24, 2025 ("assailed Order") of Branch 153 of the Regional Trial Court ("RTC") of Taguig City, affirming the Decision dated March 06, 2024 of Branch 116 of the Metropolitan Trial Court ("MeTC") of Taguig City in Civil Case No.

[1] Rollo, pp. 49-56.
[2] *Id.*, pp. 57-58.

22-4534. MeTC Taguig City Branch 116 partially granted the complaint instituted by respondent, and ordered the refund or issuance of tax credit in the amount of Php277,134.39, representing erroneously collected local business tax ("LBT") for year 2023.

The Parties

Petitioner City Government of Taguig ("petitioner Taguig City") is a political subdivision of the government, existing under and by virtue of Republic Act ("R.A.") No. 7160 otherwise known as the Local Government Code ("LGC") of 1991, R.A. No. 8487 otherwise known as the Charter of the City of Taguig, and other laws of the Philippines. It has legal personality to sue and be sued.[3]

Petitioner City Treasurer of Taguig ("petitioner City Treasurer") is vested with authority to exercise the functions of his office, including, among others, the implementation of the Revenue Code of the City of Taguig and pertinent provisions of the LGC, and the collection and assessment of local taxes, fees and charges within the jurisdiction of Taguig City, represented by Atty. Jonathan Voltaire L. Enriquez.[4]

Petitioners may be served and furnished with pleadings, orders, notices, and other processes of this Court through its counsel at the City Legal Office, 4th Floor, Taguig City Hall, Gen. Luna Street, Tuktukan, 1630 Taguig City.[5]

Respondent The Birchwood Condominium Corporation is a condominium corporation duly incorporated and existing under the laws of the Republic of the Philippines, with principal office address at Acacia Estates Avenue, Brgy. San Miguel, Taguig City. Respondent may be served with pleadings, orders, and other processes of this Court at its given address and/or through its counsel of record, Belo Valdez & Esguerra with address at Equitable Tower 4 ADB Avenue cor. Poveda Drive, Ortigas Center, Pasig City.[6]

The Facts

The facts as found by RTC Taguig City Branch 153 are as follows:

> "As alleged in the *Complaint*, on January 10, 2023, [respondent] sought to renew its business permit with the City Government of Taguig City for the year 2023. Pursuant to [respondent's] application for renewal, the Office of the City

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3 *Id.*, Parties, Petition for Review, p. 22.
4 *Id.*, Parties, Petition for Review, p. 23.
5 *Id.*
6 *Id.*

Treasurer of Taguig City issued a Billing Statement dated 10 January 2023, imposing against [respondent] a business renewal fee in the total amount of Four Hundred [Eighty]-Three Thousand Three Hundred Seventy-Seven and 95/100 Pesos (Php483,377.95) consisting of the following: (a) Mayors – Condominium Corporation – Php6,000.00; (b) Mayors – Other Business – 700.00; (c) Environmental Impact Fee – Php140,707.20; (d) Sanitary Inspection fee – Php1,100.00; (e) Building Inspection Fee – Php400.00; (f) Electrical Inspection Fee – Php400.00; (g) Plumbing Inspection Fee – Php250.00; (h) Mechanical Inspection Fee – Php500.00; (i) Medical/Health Fee – Php10.00; (j) Fire Permit Fee – Php200.00; (k) Business Plate (Sticker) – Php150.00; (l) Form Fee – Php150.00; (m) Signboard Fee – Php140.00; (n) Fire Code – Php22,501.08; (o) Cedula Corporation – Php10,500.00; (p) Barangay Fee – Php1,000.00; (q) Contractors (Condominium Corporation) – Php277,134.39; (p) Other Business (Other Business) – Php5,492.03; (q) Deficiency Tax – Php16,043.25.

On January 20, 2023, [respondent] paid the entirety of the business permit renewal fee in order to avoid any additional surcharges and penalties.

Realizing that [petitioners] should not have collected local business tax, environmental fee, and business plate fee from [respondent] since it is not considered an entity engaged in business, but rather a condominium corporation designated as the management body of the condominium project, [respondent] filed a Protest with the Office of the City Treasurer of Taguig City on 09 March 2023 praying for the cancellation of the [2023] Local Business Taxes imposed and the refund of the amount already paid for local business taxes, environmental fee and business plate fee.

On 31 March 2023, [respondent] received a Letter dated 28 March 2023 from [petitioners] 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 [respondent's] exemption from local taxes.

Believing that it erroneously paid the subject taxes and fees collected from them, [respondent] thus filed the instant Complaint before the court *a quo*."[7]

[7] *Id.*, Decision dated December 18, 2024, The Factual Antecedents, pp. 50-51.

On March 06, 2024, MeTC Taguig City Branch 116 issued a Decision partially granting respondent's complaint and ordering the refund or issuance of tax credit in the amount of Php277,134.39, the dispositive portion of which reads:

> "**WHEREFORE**, premises considered, the instant Complaint is **PARTIALLY GRANTED**.
>
> Accordingly, [petitioner] Taguig City Government is hereby **ORDERED** to **REFUND** or issue **TAX CREDIT** in the total amount of Two Hundred Seventy Seven Thousand, One Hundred Thirty Four Pesos and Thirty Nine centavos **(Php277,134.39)** representing the erroneously collected local business tax against [respondent] for year 2023. As to the claim for refund on business plate, sticker, and award of attorney's fees, litigation expense and cost of suit, the same are hereby **DENIED**.
>
> **SO ORDERED**."[8]

On May 07, 2024, petitioners filed a Notice of Partial Appeal to RTC Taguig City Branch 153 seeking to assail the decision of MeTC Taguig City Branch 116.[9]

On December 18, 2024, RTC Taguig City Branch 153 promulgated the assailed Decision denying the appeal filed by petitioners, the dispositive portion of which reads:

> "**WHEREFORE**, premises considered, the instant appeal filed by [petitioners] is hereby **DENIED** for lack of merit. Accordingly, the *Decision* dated 06 March 2024 rendered by Metropolitan Trial Court, Branch 116, Taguig City in Civil Case No. 22-4693 is **AFFIRMED in toto**."[10]

Petitioners then filed a Motion for Reconsideration (of the Decision dated 18 December 2024), which RTC Taguig City Branch 153 denied in the assailed Order, thus:

> "Thus, [petitioners] Motion for Reconsideration is **DENIED**."[11]

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8 *Id.*, Decision dated December 18, 2024, The Factual Antecedents, p. 52.
9 *Id.*
10 *Id.*, p. 56.
11 *Id.*, Order dated April 24, 2025, p. 58.

On May 28, 2025, Petitioners filed a Motion for Extension of Time to File Petition for Review[12] with this Court *En Banc.*

On June 13, 2025, Petitioners filed the instant Petition for Review[13] *via* registered mail.

On July 07, 2025, a Minute Resolution[14] was issued:

> 1) Deeming the Motion for Extension of Time to File Petition for Review as granted, it appearing that a Petition for Review has already been filed by the petitioners by registered mail on June 13, 2025 and received by the Court on June 19, 2025; and
>
> 2) directing respondent to file its Comment, not a motion to dismiss, within ten (10) days from notice.

On July 24, 2025, respondent filed its Comment [To the Petition For Review dated 13 June 2025][15] *via* licensed courier.

On September 01, 2025, the Court issued a Minute Resolution[16]:

> 1) Noting the Comment [To the Petition For Review dated 13 June 2025]; and
>
> 2) submit the case for decision.

Assignment of Errors

Petitioners raise a single ground[17] for their petition:

> Whether or not RTC Taguig City Branch 153 committed reversible error in finding respondent exempt from local business tax.

The Arguments of the Parties

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[12] Rollo, pp. 1-6.
[13] *Id.*, pp. 20-48.
[14] *Id.*, p. 55.
[15] *Id.*, pp. 68-91.
[16] *Id.*, p. 93.
[17] *Id.*, Petition for Review, p. 25.

Petitioners' Arguments

Petitioners submit that unlike the condominium corporation in *Luz R. Yamane v. BA Lepanto Condominium Corporation*[18] ("*Yamane v. BA Lepanto*"), respondent is engaged in the business of selling services as it undertakes to, among others, manage, administer, maintain and/or preserve the common areas of the condominium corporation for the benefit of its members, in violation of the Condominium Act and its Articles of Incorporation.

According to petitioners, that respondent is not engaged in business is belied by the fact that it consistently secured a business permit with petitioners in the previous years. Petitioners contend that the doctrine of estoppel finds application in this case. Respondent is precluded from disputing petitioners' authority to levy the LBT, considering that it had previously been assessed for the same tax and had paid such assessments in prior years.

Petitioners also insist that there is no law that exempts from taxation the association dues and income collected by condominium corporations from members. As such, the judiciary cannot grant the same as such power is vested only in Congress. Petitioners point out that the Supreme Court should reexamine its ruling in *Yamane v. BA Lepanto* to determine whether it constitutes an encroachment upon Congress' exclusive power to grant tax exemptions.

Petitioners aver that since the LBT, under the LGC of 1991 and Taguig Revenue Code, is based on gross sales or receipts, income and profit are deemed irrelevant. Condominium corporations nowadays have evolved to operate more complex estates and facilities and have grown more akin to clubs offering recreational facilities to members and guests.

Lastly, petitioners point out that respondent's claimed exemption is devoid of legal basis, whereas petitioners' power to impose and collect LBT is expressly granted by the Constitution, the LGC of 1991, and the Taguig Revenue Code.

Respondent's Arguments

Respondent alleges that it does not claim exemption from LBT because it is not subject thereto in the first instance. The fees it collects from members are not payments for business services but are meant only to cover shared operating costs of all unit owners.

Additionally, respondent denies estoppel by conduct. It previously applied for and paid business permit fees because these were required to operate as a

[18] G.R. No. 154993, October 25, 2005.

condominium corporation within the petitioners' locality. This was not an admission that it was engaged in business, but merely compliance with local requirements. When it later realized that it should not have been charged LBT, environmental impact fees, and business plate (sticker) fees, it promptly filed a protest with the City Treasurer to have them cancelled.

The Ruling of the Court

The Petition for Review was timely filed.

RTC Taguig City Branch 153 issued the assailed Order, denying petitioners Motion for Reconsideration (of the Decision dated 18 December 2024) on April 24, 2025. As alleged by petitioners, and as left uncontroverted by respondent, the said Order was received by petitioners on April 28, 2025.[19] Pursuant to Rule 4, Section 2(b)[20] in relation to Rule 8, Section 3(c)[21] of the Revised Rules of the Court of Tax Appeals[22] (RRCTA), petitioners had thirty (30) days from date of receipt of the Order or until May 28, 2025 within which to file their petition for review.

On May 28, 2025, petitioners filed a Motion for Extension of Time to File Petition for Review[23], praying for an extension of fifteen (15) days to file or until June 21, 2025. The motion was deemed granted by the Court in a Minute Resolution[24] dated July 07, 2025.

Meanwhile, on June 13, 2025, petitioners timely filed their Petition for Review[25] *via* registered mail.

Hence, the Court *En Banc* validly acquired jurisdiction.

We now proceed with the merits of the case.

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19 Rollo, Petition for Review, Timeliness of the Petition, par. 6, p. 21.

20 **Sec. 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 **Sec. 3.** *Who may appeal; period to file petition.* — x x x

(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. *(n)*

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

23 Rollo, pp. 1-6.

24 *Id.*, p. 55.

25 *Id.*, pp. 20-48.

The imposition of local business tax on dues from unit owners received by respondent is erroneous.

Unlike the power to tax by the State which is inherent,[26] the power to tax by provinces, cities and municipalities is limited by the law that granted it – the LGC of 1991.

Following this, the taxing power of petitioner Taguig City over contractors under Section 143(e)[27] of the LGC of 1991 presupposes that the taxpayer is engaged in business. For purposes of local business taxation, "business" is defined under Section 131 as "trade or commercial activity regularly engaged in as a means of livelihood or with a view to profit". That LBT under Section 143 is imposed on gross sales or receipts from business activities further confirms that only businesses may be subjected to such tax.

To reiterate, LBT may be imposed only on entities engaged in trade or business for profit, with gross sales or receipts as the tax base. Where a person, transaction, or property is not subject to tax, there is no need to invoke any exemption as no law imposes the tax in the first instance.

In the case at bar, respondent is a condominium corporation.

Jurisprudence has squarely ruled that a condominium corporation is a non-stock, non-profit corporation, which exists mainly to hold title and manage common areas, and collect association dues from unit owners merely to defray shared expenses and not to earn any income. This was laid down in the controlling case of *Yamane v. BA Lepanto*, *viz*.:

> "The Condominium Act imposes several limitations on the condominium corporation that prove crucial to the disposition of this case. Under Section 10 of the law, the corporate purposes of a condominium corporation are limited to the holding of the

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[26] *Pelizloy Realty Corporation v. The Province of Benguet, G.R. No. 183137, April 10, 2013.*

[27] Section 143(e) of the 1991 LGC provides:

SECTION 143. *Tax on Business. - The municipality may impose taxes on the following businesses:*

xxx xxx xxx

(e) On contractors and other independent contractors, in accordance with the following schedule:

With gross sales or receipts for the preceding calendar year in the amount of:	Amount of Tax Per Annum

xxx xxx xxx

common areas, either in ownership or any other interest in real property recognized by law; to the management of the project; and to such other purposes as may be necessary, incidental or convenient to the accomplishment of such purpose. Further, the same provision prohibits the articles of incorporation or by-laws of the condominium corporation from containing any provisions which are contrary to the provisions of the Condominium Act, the enabling or master deed, or the declaration of restrictions of the condominium project.

We can elicit from the Condominium Act that a condominium corporation is precluded by statute from engaging in corporate activities other than the holding of the common areas, the administration of the condominium project, and other acts necessary, incidental or convenient to the accomplishment of such purposes. Neither the maintenance of livelihood, nor the procurement of profit, fall within the scope of permissible corporate purposes of a condominium corporation under the Condominium Act.

xxx xxx xxx

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 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 **<u>condominium corporations are generally exempt from local business taxation under the Local Government Code, irrespective of any local ordinance that seeks to declare otherwise</u>**."[28]

The doctrine in *Yamane v. BA Lepanto*, was then reiterated by the Supreme Court in *Bureau of Internal Revenue v. First E-Bank Tower Condominium Corp.*,[29] where again it was emphasized that a condominium corporation is not designed to engage in activities that generate income or profit, to wit:

"In fine, the collection of association dues, membership fees, and other assessments/charges is purely for the benefit of the condominium owners. It is a necessary incident to the purpose to

[28] *Emphasis and underscoring supplied.*
[29] G.R. Nos. 215801 & 218924, January 15, 2020.

effectively oversee, maintain, or even improve the common areas of the condominium as well as its governance.

As held in **Yamane**, '*[t]he profit motive in such cases is hardly the driving factor behind such improvements, if it were contemplated at all. Any profit that would be derived under such circumstances would merely be incidental, if not accidental.*' 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."

From the foregoing, condominium corporations are, as a rule, not subject to LBT. The sole exception arises when the condominium corporation derives income from activities undertaken for profit. In such cases, the local government unit bears the burden of proving that the activity is commercial and profit-oriented, and not merely incidental to condominium management.

Here, petitioners failed to meet this burden.

Respondent has no income-generating activities. Its funds come from association dues it assesses and collects from its members. Assessment and dues collected from unit owners to cover the costs of maintaining and administering the condominium's common areas are not "gross receipts from business," because respondent is not selling goods for profit but merely pooling funds of unit owners in their capacity as co-owners of the common areas.

In *Fritz Bryn Anthony M. Delos Santos v. Commissioner of Internal Revenue,*[30] the Supreme Court ruled that "[a]ssociation dues are not intended for profit, but for the maintenance of the condominium project. The collection of association dues, membership fees, and other charges is purely for the benefit of the condominium owners."

Moreover, petitioners' bare assertion that respondent is a contractor does not withstand scrutiny under The Revenue Code of Taguig.[31] Section 74 of the said Code defines contractor as follows:

"...**includes persons**, natural or juridical, not subject to professional tax **whose activity consists essentially of 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 the physical or mental faculties of such contractor or his employees.

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[30] G.R. No. 222548, June 22, 2022.
[31] Taguig City Ordinance No. 085-05, December 09, 2005.

> As used in this Article, the term contractor shall include general engineering, general building and specialty contractors as defined under applicable laws, filling, demolition and salvage works contractors, proprietors or operators of mine drilling apparatus, proprietors or operators of computer services/rental, proprietors or operators of dockyards, persons engaged in the installation of water systems, and gas or electric light, heat, or power, proprietors or operators of smelting plants; engraving, plating, and plastic lamination establishments; proprietors or operators of establishments for repairing, repainting, upholstering, washing or greasing of vehicles, heavy equipment, vulcanizing, recapping and battery charging; proprietors or operators of furniture shops and establishments for planting or surfacing and recutting of lumber, sawmills under contract to saw or cuts logs belonging to others; proprietors or operators of dry-cleaning or dyeing establishments, steam laundries, and laundries using washing machines, proprietors or owners of shops for the repair of any kind of mechanical and electrical devices, instrument, apparatus, or furniture and shoe repairing by machine or any mechanical contrivance, proprietors of tailor shops, dress shops, milliners and hatters, beauty parlors, barbershops, massage clinics, sauna, Turkish and Swedish baths, slenderizing and building saloons and similar establishments; photographic studios; funeral parlors; proprietors or operators of arrastre and stevedoring, warehousing, or forwarding establishments; master plumbers, smiths, and house or sign painters; printers, bookbinders, lithographers, publishers except those engaged in the publication or printing of any newspaper, magazine, review or bulletin which appears at regular intervals with fixed prices for subscription and sale and which is not devoted principally to the publication of advertisements; business agents, private detective or watchman agencies, commercial and immigration brokers, and cinematographic film owners, lessors and distributors."[32]

A condominium corporation is not embraced within the foregoing definition, its nature and activities bearing no close similarity to those enumerated. Clearly, it was not intended to be classified as a contractor; hence, the imposition of LBT on contractors does not apply to it.

Considering that respondent, as a condominium corporation, is not subject to local business tax on gross receipts as a contractor and is not engaged in trade or business in the first place, RTC Taguig City Branch 153 correctly affirmed the grant of refund by MeTC Taguig City Branch 116 in favor of respondent.

[32] *Emphasis supplied.*

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ACCORDINGLY, premises considered, the instant Petition for Review is **DENIED**. The Decision dated December 18, 2024 and Order dated April 24, 2025 of Branch 153 of the Regional Trial Court of Taguig City, affirming the Decision dated March 06, 2024 of Branch 116 of the Metropolitan Trial Court of Taguig City in Civil Case No. 22-4534, are **AFFIRMED.**

SO ORDERED.

Ma. Belen M. Ringpis-Liban

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