REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

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

-versus-

ROSEWOOD POINTE RESIDENCES CONDOMINIUM CORP.,
Respondent.

CTA *EB* NO. 3008
(Formerly SCA Case No. 298 and MeTC Civil Case No. 22-4575)

Present:

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

Promulgated:

NOV 27 2025 4:11 p.m.

x- x

DECISION

CUI-DAVID, J.:

Before the Court is a *Petition for Review*[1] filed by registered mail on October 30, 2024, seeking to reverse and set aside the *Decision* dated July 11, 2024[2] (assailed *Decision*) and the *Order* dated August 28, 2024[3] (assailed *Order*) of Branch 267 of the Regional Trial Court (RTC) of Taguig City. The RTC ordered the refund of ₱392,051.96, representing the Local Business Tax (LBT) for the year 2022 paid by respondent.

[1] *En Banc (EB)* Docket, pp. 16–33.
[2] *Id.* at 47–59.
[3] *Id.* at 62.

THE PARTIES

Petitioner City Government of Taguig (petitioner Taguig) is a political subdivision of the government, existing under and by virtue of Republic Act (RA) No. 7160, also known as the Local Government Code (LGC) of 1991, and RA No. 8487, also known as the Charter of the City of Taguig.[4]

Petitioner City Treasurer (petitioner Treasurer) is represented by Atty. Jonathan Voltaire L. Enriquez as the City Treasurer of Taguig.[5]

Respondent Rosewood Pointe Residences Condominium Corporation is a condominium corporation duly incorporated and existing under the laws of the Republic of the Philippines, with principal office address at G/F Clubhouse Building, Acacia Estates, Ususan, City of Taguig.[6]

THE FACTS

On January 12, 2022, respondent sought to renew its business permit for the year 2022 with petitioner Taguig, who then issued a billing statement on the same date for a business renewal fee amounting to ₱1,328,894.75, which included, among others, the LBT, Environmental Impact Fees (EIF), and Business Plate Fee (BPF). Respondent paid the entire amount on January 20, 2022.[7]

On March 10, 2022, respondent filed a claim for refund with petitioners, seeking to reclaim the LBT, EIF, and BPF that it had paid. Petitioner Treasurer denied the refund claim on April 1, 2022.[8]

Thereafter, respondent filed a *Complaint* before Branch 117 of the Metropolitan Trial Court (MeTC) of Taguig City, arguing that it is erroneous and illegal for petitioners to impose and collect LBT, EIF, BPF and registration sticker fees for the year 2022, considering its status as a condominium corporation. It also prayed for petitioner to pay the cost of suit.[9]

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4 *Id.* at 18. Petition for Review. par. 7.
5 *Id.* at 18. par. 8.
6 *Id.* at 18–19. par. 9.
7 *Id.* at 39. MeTC Decision dated March 27. 2023.
8 *Id.*
9 *Id.*

The MeTC partially granted the *Complaint*, ordering petitioners to refund or issue a tax credit in favor of respondent for the erroneously collected LBT, EIF, and BPF for the year 2022.[10] The dispositive portion of the MeTC Decision dated March 27, 2023 reads:

> **WHEREFORE**, in view of the foregoing, the Complaint for Refund and/or Tax Credit of Illegally Collected Local Business Tax, Environmental Impact Fee, and Business Plate Fee/Appeal of Denial of Protest filed by plaintiff ***The Rosewood Pointe Residences Condominium Corporation*** is **PARTIALLY GRANTED**.
>
> Accordingly, defendants are directed to REFUND or ISSUE TAX CREDIT in favor of plaintiff the amount of **Php392,051.96**,[11] representing the erroneously collected and paid local business tax for the year 2022.
>
> There being no basis for plaintiff's prayer for attorney's fees, the same is hereby **DENIED**.
>
> **SO ORDERED.**

Both parties partially appealed the MeTC Decision to the RTC,[12] but were denied by the RTC in the assailed *Decision* dated July 11, 2024.[13] The *fallo* reads:

> Upon review of the dissertation of the court a quo involving the matters subject of the Partial Appeals of the parties in the herein case, as it appeared that the opinion of the court over the same was consistent with the law and jurisprudence, the partial appeals of both Plaintiff Rosewood and Defendants Taguig City are **DENIED**.
>
> SO ORDERED.

Both parties filed their respective motions for reconsideration, but were likewise denied in the assailed *Order* dated August 28, 2024, which petitioners allegedly received on September 18, 2024:[14]

> Acting on the Motion for Reconsideration filed by both herein appellants, through counsels, on 20 August 2024 and 21 August 2024, seeking to reconsider the Decision rendered

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[10] *Id.* at 45.
[11] Mayor's other business – ₱4,000; Contractors (Condominium Corporation) – ₱318,873.41; Other business – ₱69,178.55
[12] *Id.* at 47, RTC Decision dated July 11, 2024.
[13] *Id.* at 47–49.
[14] *Id.* at 2, Motion for Extension of Time to File Petition for Review, par. 3.

by this court on 11 July 2024, which denied their respective partial appeals and upon meticulously re-examining the record of this case, the court finds no cogent reason to reverse, or set aside the said decision.

Therefore, the Motions for Reconsideration of herein appellants are **DENIED**.

SO ORDERED.

On October 16, 2024, petitioners filed a *Motion for Extension of Time to File Petition for Review*,[15] which the Court *En Banc* granted on October 22, 2024, on condition that the motion was timely filed. The extension was granted until November 2, 2024.[16]

Petitioners posted the instant *Petition for Review* on October 30, 2024, which was received by the Court *En Banc* on November 5, 2024.

On January 2, 2025, petitioners were directed to submit proof of the date of receipt of the assailed *Order* issued by the RTC within five (5) days from notice.[17]

On January 27, 2025, the Court *En Banc* received petitioner's *Compliance*[18] filed by registered mail on January 20, 2025, submitting a certified true copy of the Return Card from RTC Branch 267, Taguig City, as proof of receipt of the assailed *Order* on September 18, 2024.

On February 26, 2025, the Court *En Banc* noted petitioner's *Compliance* and directed respondent to file a *Comment* on the *Petition for Review* within ten (10) days from notice.[19]

Respondent filed its *Comment (To the Petition For Review dated 30 October 2024)*[20] on March 10, 2025.

On March 20, 2025, the case was submitted for decision.[21]

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15 *Id.* at 1–4.
16 *Id.* at 13. Notice of Resolution.
17 *Id.* at 67. Notice of Resolution.
18 *Id.* at 69–74.
19 *Id.* at 77. Notice of Resolution.
20 *Id.* at 78–89.
21 *Id.* at 94. Notice of Resolution.

THE ISSUE

Petitioners assign this lone error to the assailed issuances of the RTC:

> THE HONORABLE REGIONAL TRIAL COURT BRANCH 267 OF TAGUIG CITY COMMITTED REVERSIBLE ERROR IN DENYING THE NOTICE OF APPEAL FILED BY THE PETITIONER AND AFFIRMING THE DECISION OF THE METC WITH REGARD TO THE GRANT OF REFUND OF LOCAL BUSINESS TAX TO RESPONDENT.[22]

Petitioners' arguments:

Petitioners argue that respondent is not entitled to a refund of ₱392,051.96, representing the paid LBT for the year 2022, as there is no law that specifically grants LBT exemption to respondent; whereas, Taguig Revenue Code specifically renders respondent liable for LBT based on its gross receipts.

Petitioners further allege that the case of *Yamane v. BA Lepanto Condominium Corporation*[23] (*BA Lepanto*) is not on all fours in this case and so is inapplicable.

Respondent's arguments:

Respondent contends that it is not subject to LBT because it is a non-stock, non-profit organization for the purpose of holding title to the common areas. It does not engage in trade or business, nor does it earn profit from its operations.

Respondent argues that it cannot be considered as a contractor under the Taguig Revenue Code as it is not engaged in trade or commercial activity and does not earn income to sustain its operations. Instead, respondent asserts that its money and assets are derived from the association dues it assesses and collects from its members, which are exclusively used for the furtherance of its purpose as a condominium corporation, and no dividends are distributed to its members. Respondent emphasizes that it is not claiming exemption but asserting non-liability; as such, it does not have the burden to prove exemption.

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[22] *Id.* at Petition for Review, Statement of the Issue, par. 23.
[23] G.R. No. 154993, October 25, 2005 [Per J. Tinga, Second Division].

THE COURT *EN BANC'S* RULING

Petitioners' appeal is without merit.

The present Petition for Review was timely filed.

Under Section 2(b), Rule 4 of the Revised Rules of the Court of Tax Appeals (RRCTA), as amended, decisions of the RTC rendered in the exercise of its appellate jurisdiction in local tax cases are appealable to the Court *En Banc*:

> 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:
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> ....
>
> (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;

In relation thereto, Section 3(c), Rule 8 of the RRCTA provides that a party aggrieved by such decision must file a petition for review before the Court *En Banc* within thirty (30) days from receipt of the questioned ruling:

> SEC. 3. *Who may appeal; period to file petition.* –
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> ....
>
> (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.

Petitioners received the assailed *Order* on September 18, 2024,[24] giving them until October 18, 2024 to file a *Petition for Review*. On October 16, 2024, they filed a *Motion for Extension of Time to File Petition for Review*, which was granted by the Court *En Banc*. The extension allowed petitioners to file the *Petition for Review* until November 2, 2024.

[24] *EB* Docket, p. 74.

Petitioners then posted the instant *Petition for Review* on October 30, 2024. Accordingly, the filing was timely.

Respondent is not engaged in business and is not liable for LBT.

Under Section 131(d) of the LGC, "business" refers to a trade or commercial activity regularly engaged in as a means of livelihood or with a view to profit. Liability for LBT, therefore, presupposes that the taxpayer is engaged in trade or business.

In this case, petitioners classified respondent as a "contractor" for purposes of imposing LBT on its gross receipts for the preceding calendar year, citing Section 131(h)[25] in relation to Section 143[26] of the LGC, as well as Section 75(d)[27] of the Taguig Revenue Code of 1993, as amended by Ordinance No. 34, Series of 2017 (Taguig City Business Tax Ordinance of 2018).

Respondent, however, is a condominium corporation. Under Condominium Act (Republic Act No. 4726), condominium corporations are created solely to manage and preserve the common areas of the condominium project.[28] This was extensively discussed in *Bureau of Internal Revenue v. First E-Bank Tower Condominium Corp.*[29] (*First E-Bank*), which emphasized the non-profit nature of condominium corporations under the Condominium Act:

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[25] SEC. 131. *Definition of Terms.* - When used in this Title, the term:

....

(h) "Contractor" includes persons, natural or juridical, not subject to professional tax under Section 139 of this Code, 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.

[26] SEC. 143. *Tax on Business.* - The municipality may impose taxes on the following businesses:

....

The sanggunian concerned may prescribe a schedule of graduated tax rates but in no case to exceed the rates prescribed herein.

[27] d) The business of Contractors, including persons, natural or juridical, whose activity consists essentially in 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 their physical or mental faculties, shall be taxed at the rates of: ...

[28] SEC. 2. A condominium is an interest in real property consisting of separate interest in a unit in a residential, industrial or commercial building and an undivided interest in common, directly or indirectly, in the land on which it is located and in other common areas of the building. A condominium may include, in addition, a separate interest in other portions of such real property. Title to the common areas, including the land, or the appurtenant interests in such areas, may be held by a corporation specially formed for the purpose (hereinafter known as the "condominium corporation") in which the holders of separate interest shall automatically be members or shareholders, to the exclusion of others, in proportion to the appurtenant interest of their respective units in the common areas.

[29] G.R. Nos. 215801 & 218924, January 15, 2020 [Per J. Lazaro-Javier, First Division].

The creation of the condominium corporation is sanctioned by Republic Act No. 4726 (RA 4726) (The Condominium Act). Under the law, a condominium is an interest in real property consisting of a separate interest in a unit in a residential, industrial or commercial building and an undivided interest in common, directly or indirectly, in the land on which it is located and in other common areas of the building. To enable the orderly administration over these common areas which the unit owners jointly own, RA 4726 permits the creation of a condominium corporation for the purpose of holding title to the common areas. The unit owners shall in proportion to the appurtenant interests of their respective units automatically be members or shareholders of the condominium corporation to the exclusion of others.

Sections 10 and 22 of RA 4726 focus on the non-profit purpose of a condominium corporation. Under Section 10, the corporate purposes of a condominium corporation are limited to holding the common areas, either in ownership or any other interest in real property recognized by law; management of the project; and to such other purposes necessary, incidental, or convenient to the accomplishment of these purposes. Additionally, Section 10 prohibits the articles of incorporation or by-laws of the condominium corporation from containing any provisions contrary to the provisions of RA 4726, the enabling or master deed, or the declaration of restrictions of the condominium project.

Also, under Section 22, the condominium corporation, as the management body, may only act for the benefit of the condominium owners in disposing tangible and intangible personal property by sale or otherwise in proportion to the condominium owners' respective interests in the common areas.

Further, Section 9 allows a condominium corporation to provide for the means by which it should be managed. Specifically, it authorizes a condominium corporation to collect association dues, membership fees, and other assessments/charges for: a) maintenance of insurance policies; b) maintenance, utility, gardening and other services benefiting the common areas, for the employment of personnel necessary for the operation of the building, and legal, accounting and other professional and technical services; c) purchase of materials, supplies and the like needed by the common areas; d) reconstruction of any portion or portions of any damage to or destruction of the project; and e) reasonable assessments to meet authorized expenditures.

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

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

In *First E-Tower,* the Supreme Court stressed that the collection of association dues, membership fees, and other charges is solely for the benefit of the unit owners and to fund maintenance, repairs, and improvements to the common areas. Any profit derived therefrom is merely incidental, if not accidental.

This reaffirmed the earlier pronouncement of the Supreme Court in *BA Lepanto,* which held that condominium corporations are not engaged in business within the contemplation of the LGC and are generally exempt from LBT.

Subsequently, in *Delos Santos v. Commissioner of Internal Revenue* (*Delos Santos*),[30] the Supreme Court, reiterating its ruling in *BA Lepanto,* held that association dues are not intended for profit, but are collected 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 unit owners.

Petitioners' reliance on the definition of "contractor" under the Taguig Revenue Code is misplaced. As discussed in the cited jurisprudence, respondent does not render services to the general public for a fee. It merely collects assessments from its members to defray common expenses. Such collections are not "gross receipts" from business transactions.

It bears emphasizing that the burden of proving tax exemption does not arise in this case. Respondent is not claiming an exemption from a tax to which it is otherwise subject; rather, it asserts that it is not engaged in business at all, and thus no LBT liability ever attached.

Consistent with *First E*-Bank, *BA Lepanto,* and *Delos Santos,* the collection of assessments by a condominium corporation, being a necessary incident to its mandate to manage and preserve the condominium project, lacks any profit motive and does not fall within the statutory concept of "business" under the LGC. Likewise, its operations cannot be deemed those of a "contractor," since the services are rendered

[30] *Delos Santos v. Commissioner of Internal Revenue*, G.R. No. 222548, June 22, 2022 [Per J. Leonen, Second Division].

exclusively for the benefit of its members and not offered to the public for profit.

Thus, the RTC correctly affirmed the MeTC decision ordering the refund of erroneously collected and paid LBT for 2022 in favor of respondent, ruling that:

> With the foregoing, it is clear that the condominium corporation's assessments and charges from its members do not constitute an act of doing business for which it may be subjected to Local Business Tax. Again, condominium corporations are not engaged in trade or business and they are not operating for profit. Whatever they may have collected from its members are for the benefit of the condominium owners themselves and are used to defray expenses for the maintenance, repair and improvement of the condominium project.
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> Moreover, the condominium corporation's operation cannot fall within the definition of a "contractor" because its activity cannot be considered as "selling of services for a fee". The condominium corporation's services are rendered for the benefit of the unit owners and not for the purpose of gaining profit.

Accordingly, the Court *En Banc* finds no compelling reason to overturn or modify the assailed *Resolution* and *Order* of the RTC.

WHEREFORE, the *Petition for Review* filed by the City Treasurer and the City Government of Taguig City is **DENIED** for lack of merit.

SO ORDERED.

LANEE S. CUI-DAVID
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

Catherine T. Manahan

CATHERINE T. MANAHAN
Associate Justice

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

ON LEAVE

CORAZON G. FERRER-FLORES
Associate Justice

HENRY S. ANGELES
Associate Justice

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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
Acting Presiding Justice