REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

Third Division

MUNICIPAL (now CITY) GOVERNMENT OF TAGUIG, MUNICIPAL (now CITY) TREASURER OF TAGUIG, and their duly authorized representatives, *Petitioners,*	**CTA AC NO. 212**
	Members: **UY,** *Chairperson,* **RINGPIS-LIBAN,** *and* **MODESTO-SAN PEDRO,** *JJ.*
-versus-	
VETERANS FEDERATION OF THE PHILIPPINES, *Respondent.*	Promulgated: MAR 16 2021 12:32 p.m.

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RESOLUTION

MODESTO-SAN PEDRO, J.:

For resolution is petitioners' ***Motion for Reconsideration (Of the Decision dated 25 September 2020) ("Motion")***, posted on 30 October 2020,[1] with respondent's ***Opposition (to Petitioner's Motion for Reconsideration) (hereinafter referred to as "Opposition")***, posted on 3 December 2020.

In their Motion, petitioners move for the reconsideration and reversal of the Court's Decision dated 25 September 2020 and for the issuance of a new Decision dismissing the original Petition dated 28 March 2000.

Petitioners explain that the Court erred in not giving weight to respondent's own assertions that it is a non-stock and non-profit organization and not a government instrumentality.

Petitioners also insist that, even assuming respondent is indeed a government instrumentality, its exemption from local taxation, including, Real Property Tax ("RPT"), had already been withdrawn by the ***Local Government Code of 1991 ("LGC")***.

[1] Petitioners received the assailed Decision on 15 October 2020. Hence, the Motion was timely filed.

Petitioners allege that respondent is engaged in profitable business of leasing a vast portion of land to commercial entities which is an exemption to ***Section 234 of the LGC***, which states that Real property owned by the Republic of the Philippines or any of its political subdivisions are exempt from RPT *except when the beneficial use thereof has been granted to a taxable person.*

Finally, they argue that the liability to pay the RPT cannot be passed on to the lessees of respondent since, as owner of said property, it is the one liable for said taxes.

Meanwhile, respondent, in its Opposition, reiterates its arguments in the original Petition and the findings of this Court in the assailed Decision.

After a thorough review of the allegations of both parties, the Court finds petitioners contention bereft of merit.

Although respondent made the impression in its pleadings that it is a government owned and/or controlled corporation ("GOCC"), still the Court cannot be bound by the same considering the clear import of ***Republic Act No. 2640***,[2] the ***Administrative Code of 1987***,[3] as well as jurisprudence categorizing respondent as a government instrumentality. Unfortunately for petitioners, they failed to cite any specific law or jurisprudence to convince the Court otherwise.

Having established that respondent is a government instrumentality, it follows that it is exempt from paying real property tax under ***Section 133(o) of the Local Government Code ("LGC")***, to wit:

> "SEC. 133. **Common Limitations on the Taxing Powers of Local Government Units. - Unless otherwise provided herein, the exercise of the taxing powers of provinces, cities, municipalities, and barangays shall not extend to the levy of the following:**
>
> (o) **Taxes, fees or charges of any kind** on the National Government, its agencies and **instrumentalities**, and local government units."[4]

In addition, as discussed in the assailed Decision, the exemption of respondent does not only emanate from the fact that it is a government instrumentality. It is also exempted by virtue of ***R.A. No. 7291***[5] which took

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[2] An Act to Create a Public Corporation to be Known as the Veterans Federation of the Philippines, Defining its Powers, and for Other Purposes, 18 June 1960.
[3] Executive Order No. 292, s. 1987, 25 July 1987.
[4] Emphasis supplied.
[5] An Act Restoring the Tax and Duty Incentives Previously Enjoyed by the Veterans Federation of the Philippines under Republic Act Numbered Twenty-Six Hundred and Forty, 24 March 1992.

effect on 24 March 1992 or after the enactment of the ***LGC***. The said law restored the tax exemption of respondent under ***RA No. 2640***. Petitioners' contention, then, that respondent is no longer exempted from RPT due to the enactment of the ***LGC*** is erroneous, in light of ***RA No. 7291***. Not only did this law expressly restore the tax and duty incentives enjoyed by respondent, it also repealed all laws inconsistent therewith, including the ***LGC***.

Finally, pertaining to the issue as to which entity the RPT is chargeable for the portions of the Veterans Center which are being leased out to taxable entities, numerous jurisprudence have already settled the same that the burden of paying said RPT lies on the taxable person who has beneficial use over the property, one of which is the case of ***Light Rail Transit Authority v. Quezon City***,[6] to wit:

> In sum, a **government instrumentality though vested with corporate powers** are exempt from real property tax, but the exemption shall not extend to taxable private entities to whom the beneficial use of the government instrumentality's properties has been vested. **<u>The taxable private entities are subject to real property tax, but not the government instrumentality</u> they have dealt with, much less, the properties of the government instrumentality subject of such beneficial use.**

All told, petitioners failed to convince the Court that respondent is liable to pay the RPT on the Veterans Property. As such petitioners has no basis to issue the Warrant of Levy and Notice of Publication and Auction Sale against it.

WHEREFORE, premises considered, the Motion for Reconsideration (Of the Decision dated 25 September 2020) is hereby **DENIED** for lack of merit.

SO ORDERED.

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

WE CONCUR:

ERLINDA P. UY
Associate Justice

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

6 G.R. No. 221626, 9 October 2019.