REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

THE LOCAL GOVERNMENT UNIT OF CAMARINES SUR,
Petitioner,

-versus-

CAMARINES SUR II ELECTRIC COOPERATIVE, INC. (CASURECO II) AND THE LOCAL GOVERNMENT UNIT OF NAGA CITY,
Respondents.

CTA *EB* NO. 2941
(CTA AC No. 264)

Present:

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

Promulgated:
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DECISION

CUI-DAVID, J.:

Before the Court is a *Petition for Review En Banc*[1] filed by petitioner, the Local Government Unit (**LGU**) of Camarines Sur, assailing the *Decision* dated December 19, 2023 (the **assailed *Decision***)[2] and the *Resolution* dated May 6, 2024 (the **assailed *Resolution***)[3] of the Court's Special First Division (**Court in Division**). The assailed *Decision* denied petitioner's *Petition for Review,* which sought the reversal of the *Decision* dated September 17, 2021 (***RTC Decision***),[4] and the *Order* dated November 2, 2021 (***RTC Order***),[5] both rendered by Branch 21 of the Regional Trial Court of Naga City (**RTC**) in Special Civil Case No. RTC 2020-0105, entitled "*Camarines Sur II Electric*

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[1] *En Banc (EB)* Docket, pp. 1–15.
[2] *Id.* at 18–32.
[3] *Id.* at 33–35.
[4] Division Docket, pp. 18–30.
[5] *Id.* at 31–32.

Cooperative, Inc. (CASURECO II) vs. The Local Government Unit of Camarines Sur and The Local Government Unit of Naga City."

The *RTC Decision* declared the LGU of Naga City (**Naga City**) as "the sole local government unit entitled to plaintiff Camarines Sur II Electric Cooperative, Inc.'s (**CASURECO II**) local franchise tax on gross receipts earned" and enjoined defendant LGU of Camarines Sur (**Camarines Sur**) "from assessing and collecting local franchise tax from plaintiff CASURECO II."

THE PARTIES

Petitioner **Camarines Sur** is an LGU duly organized and existing under Philippine laws, with its official station at the Provincial Capitol Complex, Cadlan, Pili, Camarines Sur, and herein represented by its Governor, Hon. Vincenzo Renato Luigi R. Villafuerte.[6]

Respondent **CASURECO II** is an electric cooperative duly organized and existing by virtue of Presidential Decree No. 269, as amended by Republic Act No. 10531, with principal office address at CASURECO II Compound, Barangay Del Rosario, Naga City.[7] It is a holder of exclusive franchise for the distribution of electric power to various end-users and member-consumers within the City of Naga and nine (9) municipalities in the Province of Camarines Sur, namely: Pili, Milaor, Minalabac, Canaman, Magarao, Bombon, Calabanga, Tinambac, and Siruma.[8]

Respondent **Naga City** is likewise an LGU with its principal office at the Office of the City of Naga, City Hall Compound, J. Miranda Avenue, Concepcion Pequeña, Naga City.[9]

THE FACTS

The relevant facts, as found by the Court in Division, are as follows:

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6 *EB* Docket, p. 2; Division Docket, p .4.
7 *EB* Docket, p. 3; Division Docket, pp. 301–302.
8 *EB* Docket, p. 3; Division Docket. p. 302.
9 *Id.*

ANTECEDENTS (ADMINISTRATIVE LEVEL)

Respondent Naga City assessed and collected franchise tax from respondent CASURECO II based on gross receipts earned within Naga City, while petitioner Province of Camarines Sur assessed and collected franchise tax from respondent CASURECO II based on gross receipts earned within the aforesaid nine (9) municipalities in Camarines Sur.

On September 5, 2012, the Supreme Court promulgated its Decision in "*City of Iriga v. Camarines Sur III Electric Cooperative, Inc.*" (***City of Iriga* case**), affirming the City of Iriga's power to assess and collect franchise tax based on gross receipts earned within the entire coverage of CASURECO III, specifically, the City of Iriga and other covered municipalities of the Fifth (5th) District of Camarines Sur known as the *"Rinconada Area"*.

Notwithstanding the aforesaid ruling, petitioner Province of Camarines Sur still assessed respondent CASURECO II on May 5, 2017 for franchise tax for calendar years (CYs) 2012 to 2016. As such, respondent CASURECO II made a partial payment of the said franchise tax, but only for CYs 2012 and 2016 on July 7, 2017 and March 27, 2017, in the respective amounts of ₱323,990.03 and ₱395,744.37.

However, the City Treasurer of Naga City also made the same demand for payment of franchise tax based on respondent CASURECO II's gross receipts earned not only within the City of Naga, but also gross receipts earned from the said nine (9) municipalities, pursuant to the ruling in the *City of Iriga* case.

Due to conflicting claims on franchise tax, respondent CASURECO II entered into series of talks with both local government units [LGUs.]

Meanwhile, respondent Naga City allowed respondent CASURECO II to merely pay the franchise taxes based on gross receipts earned within Naga City, pending resolution of the issue with the provincial government. But in the letter dated May 30, 2019 issued by the City Treasurer of Naga City, the latter demanded payment of franchise tax based on gross receipts of the entire coverage area of respondent CASURECO II [Naga City and the subject nine (9) municipalities].

As such, respondent CASURECO II sent the letter dated January 27, 2020, to the Office of the Provincial Treasurer of the Province of Camarines Sur, requesting confirmation that it will no longer assess and collect franchise tax on gross receipts earned within the said nine (9) municipalities, in light of the ruling in the *City of Iriga* case. However, said request

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was denied by the Office of the Provincial Treasurer in its letter dated February 7, 2020.

PROCEEDINGS BEFORE THE RTC-NAGA CITY

Due to conflicting claims on franchise tax based on gross receipts earned within the subject nine (9) municipalities, respondent CASURECO II filed a *Verified Complaint for Interpleader* against petitioner Province of Camarines Sur and respondent Naga City before the RTC on December 22, 2020. The said case was docketed as Special Civil Case No. RTC 2020-0105 and was raffled to RTC-Branch 21.

Respondent Naga City filed its Answer on January 29, 2021, alleging that respondent CASURECO II is liable to pay respondent Naga City of franchise tax for all its gross receipts within the City of Naga and the subject nine (9) municipalities, pursuant to the ruling in the *City of Iriga* case.

On the other hand, petitioner Province of Camarines Sur submitted its *Answer* on April 14, 2021, alleging certain special and affirmative defenses, to wit: (1) that franchise tax is territorial and jurisdictional in nature and, thus, it is the rightful taxing authority entitled thereto; (2) that for a LGU to impose a franchise tax, the gross receipt realized must likewise be within its territorial jurisdiction; (3) that since petitioner Province of Camarines Sur is the LGU rightfully entitled to franchise tax, there is no unjust enrichment in the instant case; and (4) that petitioner Province of Camarines Sur has legitimately exercised its power to tax and is, thus, not liable to reimburse respondent CASURECO II of its paid franchise tax.

On March 15, 2021, the *Pre-Trial Brief for Defendant Local Government Unit of Naga City* was filed. Respondent CASURECO II's Pre-Trial Brief was submitted on March 16, 2021. The *Pre-Trial Brief (Provincial Government of Camarines Sur)* was forwarded on March 25, 2021.

Thereafter, the Pre-Trial Order was issued on March 19, 2021. However, respondent CASURECO II filed a *Motion to Correct Pre-Trial Order* on April 6, 2021, which was granted by the court a quo in its Order dated April 18, 2021. As such, an Amended Pre-Trial Order was issued on April 19, 2021.

There being no factual matters to be determined, respondent Naga City and respondent CASURECO II filed their respective *Memoranda* on April 19, 2021 and May 5, 2021, while the *Memorandum (For Defendant Province of Camarines Sur)* was submitted on April 20, 2021.

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Subsequently, RTC-Branch 21 promulgated the assailed Decision on September 17, 2021.

On October 22, 2021, petitioner Province of Camarines Sur filed a *Partial Motion for Reconsideration,* to which respondent Naga City filed *its Comment and Opposition (to Defendant LGU Camarines Sur's Partial Motion for Reconsideration)* on November 2, 2021.

However, RTC-Branch 21 issued the assailed Order, denying petitioner Province of Camarines Sur's *Partial Motion for Reconsideration* on November 2, 2021.[10]

The dispositive portion of the *RTC Decision* reads:

> **WHEREFORE**, in view of all the foregoing, judgment is hereby rendered as follows:
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> 1. **DECLARING** defendant LGU-Naga City as the sole local government unit entitled to plaintiff CASURECO II's local franchise tax on gross receipts earned within its entire coverage area, particularly Naga City and the Municipalities of Pili, Milaor, Minalabac, Canaman, Magarao, Bombon, Calabanga, Tinambac, and Siruma, all in the Province of Camarines Sur. Consequently, plaintiff CASURECO II is directed to PAY LGU-Naga City the proper local franchise tax due within the aforesaid coverage area, unless prescribed;
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> 2. **ENJOINING** defendant LGU-Camarines Sur from assessing and collecting local franchise tax from plaintiff CASURECO II; and
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> 3. **DISMISSING** plaintiff CASURECO II's claim from LGU-Camarines Sur for refund of collected franchise taxes for calendar years 2012 and 2016 amounting to P323,990.03 and P395,744.37, respectively, or a total amount P719,734.40, as well as for the reimbursement of filing fees it paid in instituting this interpleader case, for lack of factual, legal, and equitable justification.
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> **SO ORDERED.**[11]

The dispositive portion of the *RTC Order* reads:

> **WHEREFORE,** the instant *Partial Motion for Reconsideration* filed by defendant LGU-Camarines Sur is ***DENIED*** for lack of merit.

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[10] *EB* Docket, pp. 20–23.
[11] Division Docket, p. 29.

SO ORDERED. [12]

The assailed *Decision* narrates the proceedings before the Court in Division, *viz.*:

> Petitioner Province of Camarines Sur posted the present *Petition for Review* on December 9, 2021, which was received by the Court on April 22, 2022.
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> In the Resolution dated June 6, 2022, the Court noted that the subject *Petition for Review* failed to attach the proof of receipt of the assailed Order dated November 2, 2021 which was rendered by RTC-Branch 21; and authority of the affiant to sign the *Verification and Certification of Non-Forum Shopping*. Thus, it directed petitioner Province of Camarines Sur to submit the said lacking documents within ten (10) days from notice. However, no submission was made by petitioner Province of Camarines Sur. Such being the case, the Court dismissed the *Petition for Review* on August 10, 2022 due to the failure of petitioner Province of Camarines Sur to comply with the rules and order of the Court.
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> Meanwhile, petitioner Province of Camarines Sur posted its *Compliance* on June 27, 2022, and the same was received by the Court only on August 18, 2022.
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> Petitioner Province of Camarines Sur then filed a *Motion for Reconsideration* through private courier on August 24, 2022, praying for the setting aside of the August 10, 2022 Resolution, and for the issuance of a new Resolution giving due course to the instant *Petition for Review*.
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> In the Resolution dated September 30, 2022, the Court: (1) granted the said *Motion for Reconsideration*; (2) set aside the Resolution dated August 10, 2022; (3) reinstated the *Petition for Review*; and (4) directed respondents Naga City and CASURECO II to file their respective comments within ten (10) days from notice.
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> In compliance, respondent CASURECO II filed its *Comment* via electronic mail on October 28, 2022, while respondent Naga City posted its *Comment (to the Petitioner's Petition for Review)* on November 2, 2022.
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> Thus, the present Petition for Review was submitted for decision on December 13, 2022. [13]

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[12] *Id.* at 31.
[13] *EB* Docket, pp. 24–25.

On December 19, 2023, the Court in Division rendered the assailed *Decision* denying petitioner's *Petition for Review*. The dispositive portion states:

> **WHEREFORE**, in light of the foregoing considerations, the present *Petition for Review* is **DENIED** for lack of merit.
>
> Accordingly, the assailed Decision dated September 17, 2021 and Order dated November 2, 2021, both rendered by RTC-Branch 21, in Special Civil Case No. RTC-2020-0105, are **AFFIRMED**.
>
> **SO ORDERED**.[14]

On January 19, 2024, petitioner filed a *Motion for Reconsideration,*[15] to which respondent CASURECO II filed its *Comment on/Opposition to Petitioner's Motion for Reconsideration [From the Decision dated 19 December 2023]*[16] on February 26, 2024, and respondent Naga City filed its *Comment (to the Petitioner's Motion for Reconsideration)* thereafter.[17]

On August 13, 2024, the Court in Division denied petitioner's *Motion for Reconsideration.* The dispositive portion of the assailed *Resolution* reads:

> **ACCORDINGLY**, petitioner's *Motion for Reconsideration* filed on January 19, 2024 is **DENIED** for lack of merit.
>
> **SO ORDERED**.[18]

PROCEEDINGS BEFORE THE COURT *EN BANC*

On June 27, 2024, petitioner filed its *Petition for Review,*[19] to which respondent CASURECO II filed a *Comment On/Opposition to the Petition for Review En Banc*[20] on August 29, 2024, while respondent Naga City filed its *Comment (to the Petitioner's Petition for Review En Banc dated May 24, 2024)*[21] on September 9, 2024.

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[14] *Id.* at 31-32.
[15] Division Docket, pp. 317–320.
[16] Division Docket, pp. 344–;348354–358.
[17] *Id.* at pp. 365 370.
[18] *EB* Docket, p. 35.
[19] *Id.* at 1–15.
[20] *Id.* at 45–55.
[21] *Id.* at 66–76.

The instant case was submitted for decision on February 26, 2025.[22]

THE ISSUES

Petitioner raises the following issues:

I

Whether or not the imposition of franchise tax under Section[s] 137 and 151 of the LGC is territorial and jurisdictional as intended by the Congress in approving the LGC.

II

Whether or not LGU-CamSur is the rightful LGU entitled to the franchise tax due from CASURECO II based on gross receipts derived from the subject nine (9) municipalities, which are within the territorial jurisdiction of the province of Camarines Sur.

III

Whether or not the City of Iriga case, which was pronounced primarily on the consideration that CASURECO III is liable for tax and not exempt therefrom, finds applicable to the instant case.[23]

PETITIONER'S ARGUMENTS

Petitioner contends that the imposition of franchise tax under Sections 137 and 151 of the Local Government Code (**LGC**) of 1991, as amended, is limited by Congress to be territorial and jurisdictional, and that this characterization is "evident, not only in its nature but also in its unique provision."

Thus, petitioner insists that Camarines Sur is the rightful LGU entitled to the franchise tax due from CASURECO II over the nine municipalities.

As to the applicability of the *City of Iriga v. Camarines Sur III Electric Cooperative, Inc.* (***City of Iriga* case**),[24] petitioner insists that it should not be applied to the instant case, as the pronouncement therein was "primarily on the consideration that CASURECO III is liable for tax."

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[22] *Id.* unpaged.
[23] *EB* Docket, p.5.
[24] G.R. No. 192945, September 5, 2012 [Per J. Perlas-Bernabe, Second Division].

RESPONDENTS' ARGUMENTS

Respondents CASURECO II and Naga City assert that the pronouncements of the Supreme Court in the *City of Iriga* case are applicable, and that Naga City has the sole authority to assess and collect local franchise tax on the gross receipts earned within the entire coverage area of CASURECO II.

THE COURT *EN BANC'S* RULING

The instant *Petition for Review* is *not* impressed with merit.

The Court En Banc has jurisdiction over the instant case.

Before addressing the merits, the Court *En Banc* first determines whether the present *Petition for Review* was timely filed.

On May 6, 2024, the Court in Division denied petitioner's *Motion for Reconsideration* through the assailed *Resolution*, which petitioner received on May 13, 2024.

Under Section 3(b), Rule 8[25] of the Revised Rules of the Court of Tax Appeals (**RRCTA**), petitioner had 15 days from receipt of the assailed *Resolution* on May 13, 2024, or until May 28, 2024, to file a *Petition for Review*.

On May 28, 2024, petitioner timely filed the *Petition for Review* via registered mail.

Having established the timeliness of the filing, the Court *En Banc* also finds that it has jurisdiction to take cognizance of this case under Section 2(a)(1), Rule 4[26] of the RRCTA.

[25] SEC. 3. *Who may appeal; period to file petition.* – ....
(b) A party adversely affected by a decision or resolution of a Division of the Court on a motion for reconsideration or new trial may appeal to the Court by filing before it a petition for review within fifteen days from receipt of a copy of the questioned decision or resolution. Upon proper motion and the payment of the full amount of the docket and other lawful fees and deposit for costs before the expiration of the reglementary period herein fixed, the Court may grant an additional period not exceeding fifteen days from the expiration of the original period within which to file the petition for review.

[26] *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:
(a) Decisions or resolutions on motions for reconsideration or new trial of the Court in Division in the exercise of its exclusive appellate jurisdiction over:
(1) Cases arising from administrative agencies — Bureau of Internal Revenue, Bureau of Customs, Department of Finance, Department of Trade and Industry, Department of Agriculture . . .

The sole authority to impose and collect franchise tax against CASURECO II rests with Naga City.

Section 137 of the LGC empowers provinces, such as petitioner Camarines Sur, to impose a franchise tax, *viz.*:

> SECTION 137. Franchise Tax. — Notwithstanding any exemption granted by any law or other special law, the province may impose a tax on businesses enjoying a franchise, at a rate not exceeding fifty percent (50%) of one percent (1%) of the gross annual receipts for the preceding calendar year **based on the incoming receipt, or realized, within its territorial jurisdiction**. . . . (Emphasis supplied)

This power is likewise conferred upon cities, such as respondent Naga City. Section 151 of the LGC provides:

> SECTION 151. *Scope of Taxing Powers.* — Except as otherwise provided in this Code, the city, may levy the taxes, fees, and charges which the province or municipality may impose: Provided, however, That the taxes, fees and charges levied and collected by highly urbanized and independent component cities shall accrue to them and distributed in accordance with the provisions of this Code.
>
> The rates of taxes that the city may levy may exceed the maximum rates allowed for the province or municipality by not more than fifty percent (50%) except the rates of professional and amusement taxes.

In the case at bar, the issue is **not** whether CASURECO II is liable for the franchise tax, but **which LGU has the authority to impose and collect it**. The controversy lies in the proper interpretation of the phrase "based on the incoming receipt, or realized, within its territorial jurisdiction" under Section 137 of the LGC.

In the *City of Iriga*, the Supreme Court definitively clarified the situs of franchise taxation:

> CASURECO III further argued that its liability to pay franchise tax, if any, should be limited to gross receipts received from the supply of the electricity within the City of Iriga and not those from the Rinconada area.
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> Again, the Court is not convinced.

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> It should be stressed that what the petitioner seeks to collect from CASURECO III is a franchise tax, which as defined, is a tax on the exercise of a privilege. As Section 137 of the LGC provides, franchise tax shall be based on gross receipts precisely because it is a tax on business, rather than on persons or property. Since it partakes of the nature of an excise tax, **the situs of taxation is the place where the privilege is exercised, in this case in the City of Iriga, where CASURECO III has its principal office and from where it operates, regardless of the place where its services or products are delivered**. Hence, franchise tax covers all gross receipts from Iriga City and the Rinconada area. (Emphasis supplied)

Although CASURECO III was operating (distributed electricity) not only within Iriga City but also in the **Rinconada area**, consisting of the municipalities of Nabua, Bato, Baao, Buhi, Bula, and Balatan of the Province of Camarines Sur, the Supreme Court nevertheless ruled that **only the City of Iriga**, where its principal office was located and from where it operated, had the authority to impose and collect franchise tax based on **its entire gross receipts**.

This Court *En Banc* and its Divisions have consistently adhered to the Supreme Court's ruling in the *City of Iriga* case.

For instance, in *National Transmission Corporation v. Province of Davao del Norte*,[27] the Court's Second Division ruled that since petitioner's principal office was not located in Davao del Norte, the province could not impose franchise tax on petitioner's gross receipts, even if services were rendered within its territory:

> It is undisputed that petitioner supplies power to DANECO, which is located in Montevista, a municipality within the territorial jurisdiction of the Province of Compostela Valley. DANECO, in turn, delivers the same to its customers including certain municipalities of respondent Province of Davao del Norte. As such, respondent Province of Davao del Norte based the subject franchise tax liabilities of petitioner on its gross receipts from its transmission of power to DANECO.
>
> Following the principle laid down by the Supreme Court in *City of Iriga*, and considering that there is no showing that petitioner's principal office is located in the Province of Davao del Norte, respondent Province of Davao del Norte therefore cannot impose franchise tax on petitioner's gross receipts from DANECO or any part thereof, even if it allegedly caters its services within the such province's territory.

[27] CTA AC No. 298. October 15. 2025.

Further, in *National Transmission Corporation v. Province of Agusan Del Norte*,[28] this Court, sitting *En Banc*, clarified that the *City of Iriga* case applies to entities "tasked with the distribution of electricity to end-users."

In the present case, CASURECO II holds an exclusive franchise **to distribute electric power to end-users and member-consumers** within Naga City and nine municipalities in the Province of Camarines Sur, namely: Pili, Milaor, Minalabac, Canaman, Magarao, Bombon, Calabanga, Tinambac, and Siruma.[29] There is no dispute that CASURECO II's principal office is located in **Naga City**, from where it operates and exercises its franchise rights.

Given these circumstances, the Court *En Banc* finds that the doctrine laid down in the *City of Iriga* case squarely applies to the case at bar. The situs of franchise taxation is determined by the location of the principal office and the place where the privilege is exercised, not by the geographic distribution of customers. Thus, Naga City, as the situs of CASURECO II's operations, has the sole authority to impose and collect franchise tax on its gross receipts.

Moreover, the Supreme Court's interpretation in the *City of Iriga* case is binding upon this Court. The Court *En Banc* quotes with approval the discussion of the Court's Special First Division in the assailed *Decision*, *viz.*:

> Correspondingly, the said interpretation on, and application of, Sections 137 and 151 of the LGC, as enunciated in the City of Iriga case, formed a part of the legal system of the Philippines, pursuant to Article 8 of the Civil Code of the Philippines, to wit:
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> > "Article 8. Judicial decisions applying or interpreting the laws or the Constitution shall form a part of the legal system of the Philippines."
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> In *Columbia Pictures, Inc. vs. Court of Appeals, et al.*, the Supreme Court has already held as follows:
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> > "Article 4 of the Civil Code provides that '(l)aws shall have no retroactive effect, unless the contrary is provided. Correlatively, Article 8 of the same Code declares that '(j)udicial decisions

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[28] CTA EB Case No. 950 (CTA AC No. 75), March 17, 2014.
[29] *EB* Docket, p.2; Division Docket, p.4.

> applying the laws or the Constitution shall form part of the legal system of the Philippines.'
>
> Jurisprudence, in our system of government, cannot be considered as an independent source of law; it cannot create law. While it is true that judicial decisions which apply or interpret the Constitution or the laws are part of the legal system of the Philippines, still they are not laws. Judicial decisions, though not laws, are nonetheless evidence of what the laws mean, and it is for this reason that they are part of the legal system of the Philippines. Judicial decisions of the Supreme Court assume the same authority as the statute itself.
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> ... ...
>
> It is consequently clear that a judicial interpretation becomes a part of the law as of the date that law was originally passed, subject only to the qualification that when a doctrine of this Court is overruled and a different view is adopted, and more so when there is a reversal thereof, the new doctrine should be applied prospectively and should not apply to parties who relied on the old doctrine and acted in good faith. xxx."

> The judicial interpretation then in the *City of Iriga* case on Sections 137 and 151 of the LGC of 1991 becomes part thereof as of the date that law was originally passed. Considering that the said judicial interpretation has never been overruled or reversed by the High Court, the said case stands, and must be applied to the present case, since it has similar factual milieux.
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> Moreover, it must be pointed out that in our judicial hierarchy, only the pronouncements of the Supreme Court are doctrinal and binding on all other courts. There is only one Supreme Court from whose decisions all other courts should take their bearings. Thus, whenever applicable, such as in the present case, this Court is bound to apply, and adhere to, the doctrinal pronouncements in the *City of Iriga* case.

It is axiomatic that lower courts, such as the Court of Tax Appeals (**CTA**), cannot vary the mandate of the superior court or reexamine it for any purpose other than execution; much less may it review the same upon any matter decided on appeal or

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error apparent; nor intermeddle with it further than to settle so much as has been demanded.[30]

In the Philippine judicial system, there exists a hierarchy of courts. The Supreme Court sits at the top of the hierarchy, being the only court established by the Constitution.[31] It has appellate jurisdiction to review decisions and resolutions issued by all other courts, all of which are deemed subordinate to the judicial power of the Supreme Court.

In fact, even in mere doctrinal pronouncements and interpretations of law of the Supreme Court, even though cases may involve different parties, lower courts are still bound in accordance with the principle of *stare decisis*. The principle of *stare decisis* enjoins adherence by lower courts to doctrinal rules established by the Supreme Court in its final decisions. It is based on the principle that once a question of law has been examined and decided, it should be deemed settled and closed to further argument.[32] Indeed, the Supreme Court, by tradition and in our system of judicial administration, has the last word on what the law is. It is the final arbiter of any justiciable controversy. There is only one Supreme Court from whose decisions all other courts should take their bearings.[33]

Given that the Supreme Court has already spoken on the matter, the Court *En Banc* has no alternative but to apply the ruling in the *City of Iriga* case strictly.

WHEREFORE, premises considered, the *Petition for Review* is **DENIED**. The *Decision* dated December 19, 2023, and the *Resolution* dated May 6, 2024, of the Court's Special First Division in CTA AC No. 264 are **AFFIRMED**.

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[30] *Tropical Homes, Inc. v. Fortun, et al.*, G.R. No. 51554, January 13, 1989 [Per J. Regalado, Second Division], cited in *FGU Insurance Corporation v. Regional Trial Court of Makati City, Branch 66, et al.*, G.R. No. 161282, February 23, 2011 [Per J. Mendoza, Second Division].

[31] Article VIII, Section 1 of the Constitution provides:

The judicial power shall be vested in one Supreme Court and in such lower courts as may be established by law.

Judicial power includes the duty of the courts of justice to settle actual controversies involving rights which are legally demandable and enforceable, and to determine whether or not there has been a grave abuse of discretion amounting to lack or excess of jurisdiction on the part of any branch or instrumentality of the Government.

[32] *Ting v. Velez-Ting*, G.R. No. 166562, March 31, 2009 [Per J. Nachura, Third Division].

[33] *Commissioner of Internal Revenue v. Secretary of Justice*, G.R. No. 177387, November 9, 2016 [Per J. Bersamin, First Division].

SO ORDERED.

LANEE S. CUI-DAVID
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

ON OFFICIAL BUSINESS
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

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