CTA Form No. 8

24-000670-0013

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL FIRST DIVISION

CTA AC NO. 350

THE MUNICIPALITY OF PAGBILAO, SHIERRE ANN PORTES-PALICPIC in her capacity as Municipal Mayor of the Municipality of Pagbilao and **RIZALINO O. TIÑA** in his capacity as the Assistant Municipal Treasurer of the Municipality of Pagbilao,
Petitioners,

- versus -

TEAM ENERGY CORPORATION,
Respondent.

NOTICE OF DECISION

To:

QUEZON PROVINCIAL LEGAL OFFICE
Thru: Atty. Julienne Therese V. Salvacion
Atty. Rei C. Baligod
(Counsel for Petitioners)
2nd Floor, Capitol Building, Quezon Capitol Compound,
Lucena City

GATMAYTAN YAP PATACSIL GUTIERREZ PROTACIO
(Counsel for Respondent)
30th Floor, Corporate Center, Sedeño corner Valero Streets, Salcedo Village, Makati City

HON. ALLAN C. LOBO
Presiding Judge
Thru: Atty. Kristine D. Pabico
Branch Clerk of Court
Regional Trial Court
Fourth Judicial Region
Branch 59, Lucena City
Hall of Justice, Lucena City
4301 Quezon Province

GREETINGS:

You are hereby notified by these presents that on **March 13, 2026,** a Decision was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **March 17, 2026.**

Atty. Maria Johoanna F. Chan-Te
Executive Clerk of Court III

REPUBLIC OF THE PHILIPPINES
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SPECIAL FIRST DIVISION

THE MUNICIPALITY OF PAGBILAO, SHIERRE ANN PORTES-PALICPIC, in her capacity as Municipal Mayor of the Municipality of Pagbilao, and **RIZALINO P. TIÑA,** in his capacity as the Assistant Municipal Treasurer of the Municipality of Pagbilao,
Petitioners,

CTA AC Case No. 350

Members:

BACORRO-VILLENA, *Acting Chairperson, and*
CUI-DAVID, *JJ.*

- versus -

TEAM ENERGY CORPORATION,
Respondent.

Promulgated:
MAR 13 2026, 3:40PM

x - x

DECISION

BACORRO-VILLENA, J.:

Disagreeing with the 29 August 2024[1] Decision (**assailed Decision**) of the Regional Trial Court (**RTC/court *a quo***) of Lucena City, Quezon, Branch 59, in Civil Case No. 2019-22, entitled "*Team Energy Corporation v. The Municipality of Pagbilao, Shierre Ann Portes-Palicpic in her capacity as Municipal Mayor of the Municipality of Pagbilao, and Rizalino P. Tiña in his capacity as Assistant Municipal Treasurer of the Municipality of Pagbilao,*" petitioners Municipality of Pagbilao, former Municipal Mayor Shierre Ann Portes-Palicpic (**Portes-Palicpic**) and former Assistant Municipal Treasurer Rizalino P. Tiña (**Tiña**) (collectively known as **petitioners**) filed this Petition for

[1] RTC Records, Volume II, pp. 1104-1120.

Review[2] on 25 October 2024, pursuant to Section 3(a)(3),[3] Rule 4 of the Revised Rules of the Court of Tax Appeals (**RRCTA**). In the petition, petitioners pray that judgment be rendered setting aside the assailed Decision and dismissing respondent TeaM Energy Corporation's (**respondent**'s) Complaint dated 14 February 2019[4] for lack of merit.[5]

PARTIES TO THE CASE

Petitioner Municipality of Pagbilao, Quezon is a local government unit (**LGU**) created by law. Meanwhile, petitioners Portes-Palicpic and Tiña were the former Municipal Mayor and Assistant Municipal Treasurer, respectively, of the said LGU. They were impleaded as defendants in the Complaint filed in the court *a quo*. Collectively, petitioners may be served with notices, orders and processes through their counsel, the Quezon Provincial Legal Office, with address at 2nd Floor, Capitol Building, Quezon Capitol Compound, Lucena City.

Respondent, on the other hand, is a domestic corporation duly organized and existing under the laws of the Philippines, with principal office at 25F W Fifth Ave. Building, 5th Avenue, Bonifacio Global City, Taguig City.[6]

Based on the Amended Articles of Incorporation, respondent is primarily engaged to design, construct, erect, assemble commission and operate gas-turbine and other power-generating plants and related facilities for the conversion into electricity of coal, distillate and other fuel provided by and under contract with the government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned or controlled corporation, or other entity engaged in the development, supply or distribution of energy.[7]

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2 Division Docket, pp. 8-71.

3 **SEC. 3.** *Cases within the jurisdiction of the Court in Division.* – The Court in Division shall exercise:
(a) Exclusive original over or appellate jurisdiction to review by appeal the following:
...
(3) Decisions, resolutions or orders of the Regional Trial Courts in local tax cases decided or resolved by them in the exercise of their original jurisdiction[.]

4 Id., Volume I, pp. 4-28.

5 See Prayer in the Petition for Review, supra at note 2, p. 65.

6 See Amended Articles of Incorporation, Exhibit "A", RTC Records, Volume II, p. 597.

7 Id., p. 441.

FACTS OF THE CASE

On 16 January 2018, respondent submitted its Schedule of Gross Receipts[8] for calendar year (**CY**) 2017 to petitioner Municipal Treasurer.[9] There, it declared its gross receipts amounting to ₱12,101,969,563.15, with 70% thereof attributable to Pagbilao, Quezon, or equivalent to ₱8,471,378,694.50.[10] Based on respondent's submissions, Tiña issued a Statement of Account of Business Tax for the year 2018[11] (**First Statement**) which imposed against respondent an annual local business tax (**LBT**) for a contractor in the total amount of ₱46,594,232.81, or a quarterly LBT of ₱11,648,558.20.

On 22 January 2018, respondent tendered (to petitioners) an amount of ₱12,115,779.02 for the payment of LBT, permit, fees and other charges for the first (1st) quarter of CY 2018.[12] Petitioner Tiña refused to accept the said payment allegedly due to petitioner Portes-Palicpic's directive.[13]

On 20 April 2018, respondent tendered a total of ₱23,764,337.22, which included the supposed previous payment and the LBT for the second (2nd) quarter of CY 2018.[14] Petitioners, through Municipal Treasurer Ana Evangelista (**Evangelista**), also did not accept it.

Subsequently, on 19 July 2018, respondent tendered payment for the three (3) quarters of CY 2018 in the amount of ₱35,412,895.42.[15] Similarly, petitioners, through Evangelista, refused to process the payment. Thereafter, on 10 August 2018, respondent wrote a letter[16] (of even date) addressed to petitioner Portes-Palicpic to formally tender the LBT payments for the three (3) quarters of CY 2018 and to seek the removal of the imposed surcharges and penalties. According to respondent, it had faithfully tendered the subject LBT payments as early as January, April, and July 2018. However, based on petitioner Portes-

8 Exhibit "B", id., pp. 452-457.
9 Par. 9, The Material Facts, Complaint, supra at note 4, p. 6.
10 See Total Figures in Exhibit "B", RTC Records, Volume II, p. 457.
11 Exhibit "C", id., p. 458.
12 Exhibit "D", id., p. 459.
13 See par. 11, Complaint, supra at note 4, p. 7.
14 Exhibit "E", RTC Records, Volume II, p. 460.
15 Exhibit "F", id., p. 461.
16 Exhibit "G", id., pp. 462-463.

Palicpic's instructions, they were refused thus the delay could not be attributed to it. Respondent further prayed for the issuance of the company's business permit for CY 2018.

On 20 September 2018, respondent again tendered the LBT payments for the three (3) quarters of CY 2018 and submitted a check in the amount of ₱30,572,112.00 as payment for the assessed real property taxes (**RPT**) for CY 2018 for the Power Plant Assets. Likewise, it submitted a check in the amount of ₱1,037,240.06 as RPT payment for the years 2013-2018 as previously assessed for the access road and weigh bridge properties.[17]

Later, petitioners sent a letter dated 29 August 2018[18] and alleged that there were no RPT transactions recorded under respondent's name. Moreover, although respondent tendered LBT payments amounting to ₱35,412,895.42, the said amount was significantly lower than the purported LBT liability of ₱53,816,921.30, thus, resulting in a deficiency tax of ₱18,404,025.88. Attached to the said letter was the 'Second Statement' that imposed the amended LBT of ₱53,816,921.30.[19]

Aggrieved, on 01 October 2018, respondent tendered the LBT of ₱53,816,921.30 as 'Payment under Protest'.[20] However, petitioners refused to accept it.[21] Instead, petitioners issued the 'Third Statement' which indicated the modified LBT for CY 2018 in the total amount of ₱65,497,495.24.[22] Consequently, respondent paid the said LBT on 24 October 2018.[23]

On 20 November 2018, respondent filed its written protest and claimed that the amount of ₱18,436,541.62, composed of the surcharges and penalties, and the excess LBT assessed using the increased tax rate under the Revised Revenue Code 2017 of the Municipality of Pagbilao[24] (**2017 RRC**), should be refunded.[25] Without petitioners' action on the

17 Exhibit "H", id., p. 464.
18 Exhibit "I", id., pp. 465-468.
19 Exhibit "J", id., p. 469.
20 Exhibit "K", id., pp. 470-471.
21 See par. 19, Complaint, supra at note 4, p. 10.
22 Exhibit "L", RTC Records, Volume II, p. 473.
23 See Exhibits "M-1", "M-2", "M-3", id., pp. 474-476.
24 Exhibit "3", id., Exhibits, pp. 1-71.
25 Exhibit "N", RTC Records, Volume II, pp. 477-486-E.

written protest, on 18 February 2019, respondent (then plaintiff) filed its Complaint[26] before the court *a quo*.

PROCEEDINGS BEFORE THE COURT *A QUO*

On 04 March 2019, Summons were issued to petitioners (as then defendants) directing them to file an Answer within fifteen (15) days from notice thereof.[27]

On 07 May 2019, petitioners filed their Answer[28] where they interposed the following affirmative and special defenses, to wit: (1) under Resolution No. 2007-359[29] of the *Sangguniang Panlalawigan* of Quezon Province (**Resolution No. 2007-359**) and Resolution No. 2016-244[30] (which approved Provincial Ordinance No. 2016-60, otherwise known as "The 2016 Revenue Code of the Province of Quezon"[31] [**2016 Provincial Revenue Code**]), it was proper for petitioners to refuse respondent's tender of payments after it failed to present proof of updated RPT payments for CY 2018; and (2) the Complaint is bereft of a cause of action as the modified LBT was properly computed based on the provisions of the 2017 RRC.

Initially, the case was set for mediation.[32] However, the parties failed to arrive at an amicable settlement.[33] Likewise, the case was set for Judicial Dispute Resolution[34] (**JDR**) but the parties again did not reach any plausible agreement.[35] Eventually, the court *a quo* set the case for a Pre-Trial Conference on 06 August 2021, but it was later reset to

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26 Supra at note 4.
27 RTC Records, Volume I, p. 91.
28 Id., pp. 96-106.
29 A RESOLUTION REQUIRING ALL APPLICANTS OF A BUSINESS PERMIT IN THE PROVINCE TO PRESENT A CERTIFICATION ISSUED BY THE MUNICIPAL TREAUSRERS OF THEIR RESPECTIVE MUNICIPALITIES THAT THEIR REAL PROPERTY TAX PAYMENT IS UPDATED BEFORE THE SAID BUSINESS PERMIT IS ISSUED IN THEIR FAVOR. Exhibit "1", id., Exhibits, pp. 72-73.
30 A RESOLUTION ENACTING PROVINCIAL ORDINANCE NO. 2016-60 ENTITLED: "AN ORDINANCE APPROIVING THE 2016 REVENUE TAX CODE OF THE PROVINCE OF QUEZON["]. Exhibit "2", RTC Records, Volume II, pp. 614-703.
31 See Exhibit "6", id., Volume I, pp. 76-166.
32 See Order dated 15 May 2019, id., pp. 107-108.
33 See Mediator's Report dated 30 July 2019, id., p. 112.
34 See Order dated 13 October 2020, id., p. 124.
35 See Order dated 10 November 2020, id., p. 126.

01 December 2021.[36] Ahead of the schedule, the parties filed their respective Pre-Trial Briefs.[37]

On 01 December 2021, petitioners manifested that they had yet to file their judicial affidavits since they failed to locate the intended witness. Consequently, after they moved for an additional time to submit the judicial affidavit, the court *a quo* extended the time for their submission. Further, petitioners requested the court *a quo* to rule on their affirmative defenses incorporated in their Answer. Respondent asked for a period of ten (10) days to file its memorandum on the said affirmative defenses, which the court *a quo* likewise granted.[38]

Accordingly, respondent filed its Memorandum related to the affirmative defenses on 18 December 2021.[39] In the Resolution dated 21 February 2022,[40] the court *a quo* denied petitioners' affirmative defenses. In so ruling, it explained that respondent's Complaint sufficiently stated a cause of action for a tax protest. It also raised factual and legal issues that may only be resolved after the conduct of trial on the merits.

Subsequently, on 16 November 2022, the pre-trial ensued. After the termination thereof, the court *a quo* issued the Pre-Trial Order.[41]

When the case proceeded to trial, respondent presented its lone witness, Roger B. Quingquing (**Quingquing**), who testified that: (1) he is respondent's Manager for tax, accounts payable, and payroll section; (2) petitioners issued the three (3) statements relative to respondent's supposed LBT for CY 2018; (3) based on the First Statement (that imposed an annual tax of ₱47,061,453.63 inclusive of LBT, permit, fees and other charges), respondent tendered the quarterly payments which petitioners refused to accept; (4) petitioners later informed respondent that its supposed LBT payments were insufficient and furnished it with

36 See Notice of Pre-Trial dated 03 February 2021, id., pp. 129-130; Notice dated 11 November 2021, id., p. 132.
37 See Petitioners' Pre-Trial Brief, id., pp. 133-138; and Respondent's Pre-Trial Brief, id., pp. 139-165.
38 See Order dated 01 December 2021, id., pp. 242-243.
39 Id., pp. 324-335.
40 Id., Volume II, pp. 577-581.
41 Id., pp. 728-731.

the Second Statement that imposed against respondent a total taxes of ₱53,816,921.30 for the three (3) quarters of CY 2018, including the surcharges and penalties; **(5)** respondent tried to pay the modified liability under protest but petitioners refused and declared that 'Payment under Protest' does not apply to LBTs; **(6)** petitioners issued the Third Statement, which allegedly superseded the Second Statement, and imposed a total tax of ₱65,497,495.24; **(7)** after respondent paid the taxes (indicated in the Third Statement), it filed its written protest to claim a refund of ₱18,436,541.62; and **(8)** due to petitioners' inaction, the Complaint was filed before the court *a quo*.[42]

On cross-examination, Quingquing declared that he personally tendered the quarterly payments to petitioners. However, the latter's refusal to accept them is not shown on the letters[43] accompanying such tenders (of payment). Also, although he was aware of Resolution No. 2007-359, he deemed that it was not part of the requirements to accept the LBT payments. When confronted with an official receipt for an RPT and after he examined it, he asserted that it was respondent's RPT payment in October 2018. As for the rate used in the LBT's computation, Quingquing claimed that it was 55% of one percent (1%) of gross receipts based on the prior revenue code considering that the 2017 RRC only took effect in May 2018.[44]

On redirect examination, Quingquing reiterated petitioners' refusal to accept respondent's quarterly payments. As for Resolution No. 2007-359, he maintained that there had been no mention that a certification of updated RPT payments is required before the LBT payment could accepted.[45]

On re-cross examination, Quingquing confirmed that, indeed, he did not note petitioners' refusal to accept the LBT payments on the letters accompanying the payments. When asked if he knew of Resolution No. 2007-359, he replied that it was always mentioned in the discussion whenever he tendered the quarterly payments.[46]

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42 See Judicial Affidavit of Roger B. Quingquing dated 26 November 2021, id., pp. 417-437.
43 See Exhibits "D", "E", "F", "G", "H", "I" and "K", supra at notes 12, 14, 15, 16, 17, 18 and 20 respectively.
44 TSN dated 24 May 2023, RTC Records, Volume III, pp. 1421-1436.
45 Id., pp. 1436-1437.
46 Id., p. 1438.

Subsequently, respondent filed its Formal Offer of Documentary Evidence (**FOE**), to which petitioners filed their Comment/Opposition[47] thereto. After respondent's Reply to the Comment/Opposition,[48] the Court issued the Order of 11 July 2023[49] admitting all of respondent's offered exhibits.

For petitioners' part, Evangelista and Jerome R. De Rama (**De Rama**) took the stand as witnesses.

Evangelista testified that: (1) petitioners refused to accept the LBT payments due to respondent's supposed failure to pay the RPT for CY 2018; (2) she based her actions on Resolution No. 2007-359 and the 2016 Provincial Revenue Code; (3) the recomputed LBT amount was based on the 2017 RRC; (4) respondent did not challenge the validity of the recent revenue code before the proper institution; (5) petitioners refused respondent's 'Payment under Protest' contending that the same does not apply to LBTs under the Local Government Code (**LGC**) of 1991, as amended; and (6) she stressed that when respondent tendered the LBT payments in January, April, July, September and October 2018, its RPT for CY 2018 remained unpaid thus she refused to accept the LBT payments.[50]

During cross-examination, Evangelista explained that based on her understanding of Resolution No. 2007-359, the LGU may refuse the LBT payment when the RPT is unpaid. However, when asked whether the title of the said resolution (which she read) provides that petitioners can refuse to accept LBT payments without the proof of RPT payments, she answered in the negative. However, when she was again asked why she refused to accept the tender of LBT payments, she referred to Resolution No. 2007-359.

In the course of Evangelista's testimony, the *court a quo* asked if there is a difference between the certification of the updated RPT payments and the payment of the RPTs, to which respondent's counsel

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47 See "Comment/Opposition (To: Plaintiff TeaM Energy Corporation's Formal Offer of Documentary Evidence dated 7 June 2023)", RTC Records, Volume II, pp. 800-821.

48 See "Reply (to the Defendant's Comment/Opposition dated June 29, 2023)", id., pp. 824-836.

49 Id., pp. 852-854.

50 See Judicial Affidavit of Ana Ayala Evangelista dated 16 February 2022, id., pp. 562-568.

(instead of Evangelista) said that the certification will be issued after the RPT is paid. Nonetheless, respondent's counsel maintained that the subject resolution requires the presentation of updated RPT payments for the issuance of business permit and not for the payment of LBT.[51]

On redirect examination, Evangelista claimed that the issuance of the business permit is the same as the processing for LBT payments. She explained that taxpayers should first secure a certification of updated RPT payments (from the Municipal Treasurer's office) before the documentary requirements and the payment for LBT are processed. If the taxpayer pays both the RPT and the LBT, then the Municipal Mayor's office will issue the business permit. Evangelista averred that this sequence of processing and payment are based on Resolution No. 2007-359 and the 2017 RRC. In respondent's case, no proof of RPT payment was produced, thus, the tenders of LBT payment were refused.

The court *a quo* also sought clarification on whether the Municipal Treasurer's Office issues the certification of updated RPT payments. To this, Evangelista answered affirmatively. She went on to declare that the said office did not issue the said certification to respondent as the latter had not paid the RPT for CY 2018.[52]

On re-cross examination, when Evangelista was asked if the payment of the RPT should precede before the statement for LBT is issued, she answered that based on the process (as explained above), the Municipal Treasurer's Office needs to determine first the actual receipt or payment of RPT before they process the documentary requirements for LBT. Thus, after the taxpayers complete the requirements, the business permit will be issued to them. Nonetheless, respondent's counsel pointed out that petitioners already issued the three (3) statements of accounts which demanded the payment of LBT despite Evangelista's explanation that petitioners' initial step in processing the LBT is the determination of respondent's actual RPT payments.[53]

De Rama took the witness stand next. He testified mainly on the existence of the 2017 RRC. According to him, the said Code took effect

51 TSN dated 06 September 2023, id., pp. 863.
52 Id., pp. 867-868.
53 Id., pp. 869-870.

upon the approval of the *Sangguniang Bayan*'s indorsement of the said ordinance on 24 January 2018.[54] He also declared that the 2017 RRC was enacted on 21 May 2018 through Resolution No. 2018-334.[55] De Rama did not undergo cross-examination.[56]

Without other witnesses to present, petitioners filed their FOE.[57] After respondent filed its Comment,[58] in the Order dated 12 February 2024, the court *a quo* admitted all offered exhibits.[59] Further, it directed the parties to file their respective memoranda. Consequently, on 15 March 2024, petitioners filed their Memorandum,[60] whereas on 23 April 2024, respondent filed its Memorandum.[61] The case was immediately submitted for decision.[62]

On 29 August 2024, the court *a quo* promulgated the now assailed Decision,[63] the dispositive portion states –

> ...
>
> **WHEREFORE**, premises considered, judgement is hereby rendered in favor of the [respondent] TEC, ordering the [petitioner] LGU Pagbilao, Quezon to return to the former the excess amount it paid amounting to **Php18,463,867.12 plus legal interest of 6% per annum** from the finality of this decision until full payment.
>
> [Respondent's] claim for attorney's fees and costs of litigation are denied for lack of basis.
>
> **SO ORDERED.**
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> ...

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54 See Judicial Affidavit of Mr. Jerome R. De Rama dated 11 November 2022, Exhibit "8", RTC Records, Volume II, pp. 714-723.
55 Id., Exhibits, pp. 174-175.
56 TSN dated 22 November 2023, id., p. 893.
57 Id., pp. 898-910.
58 See Comment (on [Petitioner's] Formal Offer of Evidence dated November 30, 2023), id., pp. 916-926.
59 Id., pp. 943-944.
60 Id., pp. 946-981.
61 Id., pp. 984-1016.
62 See Order dated 23 April 2024, id., pp. 1055-1056.
63 Supra at note 1.

There, the court *a quo* held that prior exhaustion of administrative remedies under Section 187[64] of the LGC of 1991, as amended, was unnecessary before assailing the 2017 RRC's relevant provision before a court. It pointed out that while petitioners' witness (De Rama) testified that the 2017 RRC was enacted for purposes of generating revenue for the LGU, nonetheless, petitioners had declared in their Memorandum that the imposed business taxes are a species of license fees which are imposed in the exercise of the LGU's police power. Considering the nature of the said imposition, the court *a quo* cited *City of Cagayan De Oro v. Cagayan Electric Power & Light Co., Inc.*[65] (**City of Cagayan**) and echoed that ordinances that impose regulatory fees need not be challenged before the Secretary of Justice (**SOJ**). Here, based on petitioners' own declarations, the court *a quo* determined that the subject LBT is a regulatory fee, and thus excluded from the ambit of Section 187 of the LGC of 1991, as amended.

As regards petitioners' refusal to accept respondent's LBT payments (which resulted in the imposition of surcharges and penalties thereon), the court *a quo* declared that the refusal was unwarranted and without legal basis. According to it, neither Resolution No. 2007-359 nor the 2017 RRC expressly prohibits the LGU from processing and accepting LBT payments in the absence of a certification showing updated RPT payments.

Quoting the relevant provisions, the court *a quo* declared that Resolution No. 2007-359 specifically pertains to the issuance of the business permit (or Mayor's permit), and not to the LBT's payment.

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64 **Sec. 187**. *Procedure for Approval and Effectivity of Tax, Ordinances and Revenue Measures; Mandatory Public Hearings*. - The procedure for approval of local tax ordinances and revenue measures shall be in accordance with the provisions of this Code: *Provided*, That public hearings shall be conducted for the purpose prior to the enactment thereof: *Provided, further*, That any question on the constitutionality or legality of tax ordinances or revenue measures may be raised on appeal within thirty (30) days from the effectivity thereof to the Secretary of Justice who shall render a decision within sixty (60) days from the date of receipt of the appeal: *Provided, however*, That such appeal shall not have the effect of suspending the effectivity of the ordinance and the accrual and payment of the tax, fee, or charge levied therein: *Provided, finally*, That within thirty (30) days after receipt of the decision or the lapse of the sixty-day period without the Secretary of Justice acting upon the appeal, the aggrieved party may file appropriate proceedings with a court of competent jurisdiction.

65 G.R. No. 224825, 17 October 2018.

As for the 2017 RRC, Section 2C.04[66] thereof only requires the procurement of Mayor's permit and the payment of business tax before a business may operate in its jurisdiction. Hence, absent a categorical requirement, the court *a quo* deemed petitioners' actions invalid.

The court *a quo* also stressed that although 'Payment under Protest' is not required for LBTs, there is nothing in the LGC of 1991, as amended, which forbids respondent from making one. Echoing the case of *Hon. Lourdes R. Jose v. Tigerway Facilities and Resources, Inc.*,[67] a taxpayer may pay the protested tax to avoid penalties. Hence, in this case, petitioners are unjustified in refusing respondent's 'Payment under Protest'. As the alleged delay in the LBT payment is not attributable to respondent's fault but on petitioners' refusal to accept the payment, the court *a quo* struck down the surcharges and penalties.

Lastly, the court *a quo* ruled that the rates indicated under the 2017 RRC for the LBT are invalid for being violative of Section 191[68] of the LGC of 1991, as amended. Hence, in the computation of the proper LBT amount, it declared that the assessments for the 1st and 2nd quarters of CY 2018 should be maintained, while the third (3rd) and fourth (4th) quarters should be based on the 2017 RRC, subject to the limitations imposed under Section 191 of the LGC of 1991, as amended. The pertinent part of the court *a quo*'s assailed Decision[69] reads –

> ...
>
> Hence, the 1st statement is valid for the first two (2) quarters of 2018, while the last two (2) quarters, however, should be based on RRC 2017, but subject to the limitations set forth under Sec. 191 of the LGC:

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66 SEC. 2C.04. *Administrative Provisions; Rules and Regulations.* —
a.) *Requirement.* Any person who shall establish, operate or conduct any business, trade or activity mentioned in this Article in this municipality shall first obtain a Mayor's Permit and pay fee thereof and the business tax imposed under this article.

67 G.R. No. 247331, 26 February 2024.

68 **Sec. 191**. *Authority of Local Government Units to Adjust Rates of Tax Ordinances.* - Local government units shall have the authority to adjust the tax rates as prescribed herein not oftener than once every five (5) years, but in no case shall such adjustment exceed ten percent (10%) of the rates fixed under this Code.

69 Supra at note 3, p. 1119.

Source of Obligation	**Quarters covered**	**Amount due**	**Obligation covered**
1st Statement	1st	Php 12,115,779.02	Business tax, permit fees and licenses
	2nd	Php 11,648,558.20	Business tax
Effectivity of RRC 2017 (55% of 1%)	3rd	Php 11,648,145.70	Business tax
	4th	Php 11,648,145.70	Business tax
Total		**Php 47,060,628.12**	

The surcharges and interests should be excluded in the computation for lack of basis.

Considering the payment made by [respondent] amounted to a total of Php65,497,495.24, the court finds that it overpaid [petitioners] a total amount of Php18,436,867.12.[70]

...

PROCEEDINGS BEFORE THE COURT

Petitioners received the assailed Decision on 27 September 2024.[71] Dissatisfied with the court *a quo*'s conclusions, petitioners filed the instant Petition for Review[72] before this Court on 25 October 2024 *via* private courier.

In a Minute Resolution dated 09 December 2024,[73] the First Division gave respondent ten (10) days from notice to file a Comment. It likewise directed the court *a quo* to elevate the entire records for the present case.

On 13 January 2025, respondent filed its Comment.[74] Further, in an Indorsement dated 22 January 2025,[75] the Branch Clerk of Court of Branch 59 of the RTC of Lucena City transmitted the entire records for

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70 Citation omitted and emphasis in the original text.

71 RTC Records, Volume II, p. 1121.

72 Supra at note 1. Filed *via* email on 29 October 2024, pursuant to CTA *En Banc* Resolution No. 8-2024.

73 Division Docket, p. 593.

74 See Comment (On the Petition for Review dated October 25, 2024), id., pp. 597-625. Filed *via* email on 13 January 2025, pursuant to CTA *En Banc* Resolution No. 8-2024.

75 Id., p. 634. Sent *via* registered mail on 30 January 2025 and received by this Court on 05 February 2025.

the present case. Accordingly, in the Minute Resolution dated 17 February 2025,[76] the First Division submitted the case for decision.

ISSUES

The issues for the Court's resolution are —

I.

WHETHER THE COURT *A QUO* ERRED IN RULING THAT THE TAX RATE FOR CONTRACTORS UNDER THE 2017 REVISED REVENUE CODE (2017 RRC) IS *ULTRA VIRES* INSOFAR AS IT EXCEEDS THE LIMITATIONS SET FORTH IN SECTION 191 OF THE LOCAL GOVERNMENT CODE (LGC) OF 1991, AS AMENDED; AND

II.

WHETHER THE COURT *A QUO* ERRED IN RULING THAT RESPONDENT TEAM ENERGY CORPORATION IS ENTITLED TO THE REFUND OF ₱18,463,867.12, REPRESENTING THE (1) ALLEGED ERRONEOUSLY IMPOSED SURCHARGES AND PENALTIES ON LOCAL BUSINESS TAXES (LBT); AND (2) EXCESS LBT COMPUTED BASED ON THE NEW RATES UNDER THE REVISED REVENUE CODE 2017 OF THE MUNICIPALITY OF PAGBILAO (2017 RRC).

ARGUMENTS

In support of the instant petition, petitioners argue that the tax rate for contractors imposed under the 2017 RRC is valid and within the limitations prescribed under Section 191 of LGC of 1991, as amended. They point out that petitioner LGU previously enacted the 2001 Revised Revenue Code of the Municipality of Pagbilao[77] (**2001 RRC**), which imposed an LBT rate for contractors of 55% of 1%. Subsequently, in 2017, the LGU enacted the 2017 RRC, increasing the LBT rate for contractors to 60% of 1%. Petitioners, thus, maintain that this adjustment complies with Section 191 of the said code because it was made more than five (5) years after the prior imposition and does not exceed the ten percent (10%) limitation on adjustments of the rate fixed under the prior ordinance.

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[76] Id., p. 639.

[77] Attached as Annex "S" in the Petition for Review, id., pp. 465-578.

Petitioners also fault the court *a quo*'s finding that the subject LBT is a regulatory fee and not a tax. They assail that a reading of the 2017 RRC would already prove that the imposition of the LBT on those under the LGU's jurisdiction is primarily for the generation of revenue. Hence, any attack on the constitutionality and validity of the 2017 RRC should have been raised before the SOJ pursuant to Section 187[78] of the LGC of 1991, as amended. However, petitioners emphasize that from the effectivity of the 2017 RRC in May 2018, respondent did not file any appeal to contest the same.

Petitioners further underscore that they are not prohibited from implementing additional requirements for the payment of the LBT as the imposition itself is in the exercise of its police power. Hence, although the LBT is imposed to generate revenues for the LGU, petitioners aver that they are not precluded from imposing other conditions (such as the payment of the RPT) before they process the LBT.

Finally, considering the foregoing arguments, petitioners assert that the imposition of surcharges and penalties on respondent's LBT payments was proper. For them, respondent repeatedly tendered its quarterly LBT payments without the corresponding RPT payment for CY 2018, despite having due notice and prior knowledge of the requirement to settle the said obligation.

Respondent counters that the Petition for Review should be denied for lack of merit. According to respondent, the tax rate imposed under the 2017 RRC contravenes the limitations under Section 191[79] of the LGC of 1991, as amended. Respondent computes the maximum rate that petitioners may impose is up to 55% of 1% only. Any higher rate than that is already a violation of the LGC.

Respondent also contends that the issue at hand involves a pure question of law, hence the doctrine of exhaustion of administrative remedy is inapplicable. Moreover, respondent reiterates that the subject LBT is a regulatory fee as ruled in the case of *Bases Conversion and*

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[78] Supra at note 64.
[79] Supra at note 68.

Development Authority, et al. v. City Government of Baguio City, et al.[80] Being a regulatory fee, respondent avers that there is no need to challenge the validity thereof before the SOJ.

Finally, respondent posits that the court *a quo* correctly ruled that petitioners' action of refusing the LBT payment is incorrect. According to it, there is no actual provision mandating the payment of RPT before the LBT may be processed. It puts forward the court *a quo*'s observation that the pre-requisite payment of the RPT from Resolution No. 2007-359 and 2017 RRC pertains to the issuance of a business permit or Mayor's permit, and not to LBT.

RULING OF THE COURT

Before we proceed with a discussion of the issues raised, We find it propitious to first decide whether this case has been timely filed.

THE INSTANT PETITION FOR REVIEW
WAS TIMELY FILED.

Section 7 of Republic Act (**RA**) No. 1125,[81] as amended by RA 9282,[82] expressly vests this Court with exclusive appellate jurisdiction over decisions, orders, or resolutions of the RTCs in local tax cases originally decided or resolved by them in the exercise of their original jurisdiction. The law provides:

> ...
> **Sec. 7.** *Jurisdiction.* — The CTA shall exercise:
>
> a. Exclusive appellate jurisdiction to review by appeal, as herein provided:
> ...

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80 G.R. No. 192694, 22 February 2023.

81 AN ACT CREATING THE COURT OF TAX APPEALS.

82 AN ACT EXPANDING THE JURISDICTION OF THE COURT OF TAX APPEALS (CTA), ELEVATING ITS RANK TO THE LEVEL OF A COLLEGIATE COURT WITH SPECIAL JURISDICTION AND ENLARGING ITS MEMBERSHIP, AMENDING FOR THE PURPOSE CERTAIN SECTIONS OR REPUBLIC ACT NO. 1125, AS AMENDED, OTHERWISE KNOWN AS THE LAW CREATING THE COURT OF TAX APPEALS, AND FOR OTHER PURPOSES.

3. **Decisions, orders, or resolutions of the Regional Trial Courts in local tax cases** originally decided or resolved by them in the exercise of their original or appellate jurisdiction[.][83]

...

The above provision is implemented by Section 3(a)(3), Rule 4 of the RRCTA, to wit:

...

SEC. 3. *Cases within the jurisdiction of the Court in Division.* — The Court in Division shall exercise:

(a) Exclusive original over or appellate jurisdiction to review by appeal the following:

...

(3) **Decisions, resolutions or orders of the Regional Trial Courts in local tax cases decided or resolved by them in the exercise of their original jurisdiction.**[84]

...

In the present case, the records show that petitioner received the court *a quo*'s assailed Decision on **27 September 2024.**[85] Petitioner had 30 days from such receipt, or until **27 October 2024** to file a Petition for Review before this Court. The instant petition filed on **25 October 2024**[86] (*via* private courier) has thus, been timely filed and the Court successfully acquired jurisdiction over the instant case.

After an assiduous review of the parties' arguments, except for the validity of the increased tax rate for contractors under the 2017 RRC, the Court finds the petition unmeritorious.

For an orderly disposition of the case, We shall discuss the following, *in seriatim*: (*i*) the legality of petitioners' refusal of respondent's LBT payments; (*ii*) the applicability of the doctrine of exhaustion of administrative remedies; (*iii*) the validity of the increased

83 Emphasis supplied and italics in the original text.
84 Emphasis supplied and italics in the original text.
85 Supra at note 71.
86 Supra at note 1.

tax rate for contractors under the 2017 RRC *vis-à-vis* the limitations under Section 191 of the LGC of 1991, as amended; and (*iv*) the imposition of the proper tax rate for CY 2018.

THERE IS NO LEGAL BASIS FOR PETITIONERS TO REFUSE RESPONDENT'S LOCAL BUSINESS TAX (LBT) PAYMENTS.

Petitioners contend that Resolution No. 2007-359 and the 2016 Provincial Revenue Code expressly authorize the denial of LBT payments in instances where the taxpayer has unpaid RPT obligations. According to them, the non-payment of RPT constitutes a valid legal basis to refuse acceptance of LBT.

We disagree.

A careful reading of the LGC of 1991, as amended, yields no requirement that the RPT is a prerequisite to the payment of the LBT, or *vice-versa*. It is a settled rule of statutory construction that the express mention of one person, thing, act, or consequence excludes all others. This rule is expressed in the familiar maxim *expressio unius est exclusio alterius*. Where a statute, by its terms, is expressly limited to certain matters, it may not, by interpretation or construction, be extended to others. The rule proceeds from the premise that the legislature would not have made specified enumerations in a statute had the intention been not to restrict its meaning and to confine its terms to those expressly mentioned.[87] Plainly, when it is not provided, courts could not consider petitioners' proposition.

Furthermore, an examination of Resolution No. 2007-359 and the 2016 Provincial Revenue Code also reveals no explicit provision authorizing the outright refusal of LBT payments solely on account of unpaid RPT.

The title of the Resolution No. 2007-359 provides –

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87 *Development Bank of the Philippines v. Commission on Audit*, G.R. No. 221706, 13 March 2018.

> ...
>
> A RESOLUTION REQUIRING ALL APPLICANTS OF A BUSINESS PERMIT IN THE PROVINCE TO PRESENT A CERTIFICATION ISSUED BY THE MUNICIPAL TREASURERS OF THEIR RESPECTIVE MUNICIPALITIES THAT THEIR REAL PROPERTY TAX PAYMENT IS UPDATED BEFORE SAID **BUSINESS PERMIT** IS ISSUED IN THEIR FAVOR.[88]
>
> ...

A cursory reading of the above caption reveals the necessity of presenting a certification of updated RPT payments **as a prerequisite to the issuance of a business permit only**. In similar vein, the invoked provision under the 2016 Provincial Revenue Code provides for the instances when a **permit may be issued** –

> ...
>
> **CHAPTER III**
> **PERMIT AND REGULATORY FEES**
>
> **ARTICLE A**
> **PROVINCIAL BUSINESS CLEARANCE FEE**
>
> ...
>
> **Section 3.A.05. Administrative Provisions.** –
>
> ...
>
> (b) **Application for Permit; False Statement.** –
>
> ...
>
> **The permit** shall be granted only if (1) the applicant therefore has no unsettled tax obligation whatsoever to the provincial government; (2) zoning regulation and/or safety, health and other requirements under existing laws or ordinances have been complied with; (3) the applicant is not disqualified under any provision of law or ordinance to establish or undertake the business or activity applied for; and (4) the applicant has not violated any ordinance or regulation governing permits granted.[89]
>
> ...

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88 Emphasis supplied.
89 Supra at note 31; Emphasis in the original text and supplied.

Although pertaining to principles related to statutes and law, in *Cynthia S. Bolos v. Danilo T. Bolos,*[90] the Supreme Court discussed the maxim *verba legis* in this manner –

> ...
>
> A cardinal rule in statutory construction is that when the law is clear and free from any doubt or ambiguity, there is no room for construction or interpretation. There is only room for application. **As the statute is clear, plain, and free from ambiguity, it must be given its literal meaning and applied without attempted interpretation. This is what is known as the plain-meaning rule or *verba legis*.** It is expressed in the maxim, *index animi sermo*, or "speech is the index of intention." Furthermore, there is the maxim *verba legis non est recedendum*, or "from the words of a statute there should be no departure."
>
> ...

Applying by analogy, the above-quoted provisions merely enumerate the requisites for the **issuance of permits**. They do not authorize the suspension of the processing of LBT payments in instances where the taxpayer fails to present a certification of updated RPT payment. Neither do they contain any language that would reasonably indicate such an intent.

Thus, absent a clear and categorical mandate from the above issuances, We are left with no alternative but to apply the same according to its clear language. We can only pronounce on what the law is and what the rights of the parties thereunder are. Fidelity to such a task precludes construction or interpretation, unless application is impossible or inadequate without it. Thus, it is only when the law is ambiguous or of doubtful meaning may the court interpret or construe its true intent.[91]

From the foregoing, the Court can only then conclude that petitioners' refusal to accept respondent's LBT payments on the sole ground of its alleged failure to present proof of RPT payment cannot be upheld. Consequently, petitioners' imposition of the surcharges and penalties lacks sufficient legal basis and, thus, are invalid. We find that

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90 G.R. No. 186400, 20 October 2010; Citations omitted, italics in the original text and emphasis supplied.

91 *H. Villarica Pawnshop, Inc., et al. v. Social Security Commission, et al.*, G.R. No. 228087, 24 January 2018.

the court *a quo* did not err in ordering the refund of the imposed surcharges and penalties.

THE DOCTRINE OF EXHAUSTION OF ADMINISTRATIVE REMEDIES IS NOT APPLICABLE TO ISSUES INVOLVING PURE QUESTIONS OF LAW.

Petitioners assert that respondent is estopped from questioning the validity of the 2017 RRC since it failed to file a timely appeal contesting the legality thereof before the SOJ.

Again, We disagree.

In the case of *Evelyn Ongsuco and Antonio Salaya v. Hon. Mariano M. Malones, both in his private and official capacity as Mayor of the Municipality of Maasin, Iloilo,*[92] the Supreme Court ruled that where the issue raised is purely a legal question, the court's intervention is allowed even if petitioner failed to exhaust the administrative remedies, *viz* –

> ...
> The doctrine of exhaustion of administrative remedies is based on practical and legal reasons. The availment of administrative remedy entails lesser expenses and provides for a speedier disposition of controversies. Furthermore, the courts of justice, for reasons of comity and convenience, will shy away from a dispute until the system of administrative redress has been completed and complied with, so as to give the administrative agency concerned every opportunity to correct its error and dispose of the case. **However, there are several exceptions to this rule.**
>
> The rule on the exhaustion of administrative remedies is intended to preclude a court from arrogating unto itself the authority to resolve a controversy, the jurisdiction over which is initially lodged with an administrative body of special competence. **Thus, a case where the issue raised is a purely legal question, well within the competence; and the jurisdiction of the court and not the administrative agency, would clearly constitute an exception. Resolving questions of law, which involve the interpretation and**

[92] G.R. No. 182065, 27 October 2009; Citations omitted and emphasis supplied.

> **application of laws, constitutes essentially an exercise of judicial power that is exclusively allocated to the Supreme Court and such lower courts the Legislature may establish.**
>
> ...

A purely legal question or a question of law exists when the doubt centers on what the law is on a certain set of facts. On the contrary, a question of fact results when the issue revolves around the truth or falsity of the alleged facts. To be considered as a question of law, it must not involve an examination of the probative value of the evidence presented by any of the parties. **The resolution of the issue must solely depend on what the law provides on the given set of circumstances.** Once it is obvious that the issue invites a review of the evidence presented, the question posed is one of fact.[93]

In this case, as regards the LBT rate for contractors under the 2017 RRC, the parties are not disputing any factual matter thereon. The issue raised concerns the validity of the increased business tax rate *vis-à-vis* the limitations under Section 191 of the LGC of 1991, as amended. Hence, its resolution rests on what the law and jurisprudence provide on the given set of facts. Undoubtedly, being a pure question of law, the same is within the Court's competence to resolve despite non-appeal before the SOJ under Section 187 of the same code.

THE LOCAL BUSINESS TAX (LBT) RATE FOR CONTRACTORS UNDER THE REVISED REVENUE CODE 2017 OF THE MUNICIPALITY OF PAGBILAO (2017 RRC) IS VALID.

Referring to the case of *Honorable Leila M. De Lima, in her capacity as Secretary of Justice v. City of Manila, represented by Mayor Joseph Ejercito Estrada*[94] (**De Lima**), petitioners claim that the basis of the 10% limitation is reckoned on the adjusted tax rate in the LGU's prevailing ordinance. Petitioners further declare that based on the 2001 RRC, the business tax rate on the contractors was previously fixed at 55%

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[93] *Magna Ready Mix Concrete Corporation v. Andersen Bjornstad Kane Jacobs, Inc.*, G.R. No. 196158, 20 January 2021.

[94] G.R. No. 222886, 17 October 2018.

of 1%. Hence, the subsequent increase to 60% of 1% of the LBT on the contractors is within the allowed 10% ceiling prescribed under Section 191 of the LGC of 1991, as amended.

We agree.

Section 191 of the LGC of 1991, as amended states –

> ...
>
> **Sec. 191.** *Authority of Local Government Units to Adjust Rates of Tax Ordinances.* - Local government units shall have the authority to adjust the tax rates as prescribed herein not oftener than once every five (5) years, but in no case shall such adjustment exceed ten percent (10%) of the rates fixed under this Code.
>
> ...

Section 191 of the LGC presupposes that the following requirements are present for it to apply, to wit: (*i*) there is a tax ordinance that already imposes a tax in accordance with the provisions of the LGC; and (*ii*) there is a second tax ordinance that made adjustment on the tax rate fixed by the first tax ordinance.[95]

As petitioners forwarded, *De Lima*[96] also clarified that the option to increase tax rates under Section 191 is reckoned from the enactment of the ordinance that is sought to be adjusted.

Applying the foregoing to the instant case, anent the first requirement, prior to the enactment of the 2017 RRC, petitioner LGU followed the tax rate for contractors imposed under Tax Ordinance No. 1[97] (previously referred as the *2001 RRC*) which was enacted on 26 November 2001 through Resolution No. 234.[98] The 2001 RRC imposed on contractors whose gross sales or receipts exceed ₱2 million a business tax rate of 55% of 1% in excess of the ₱2 million sales/receipt.[99]

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95 *Mindanao Shopping Destination Corporation, et al. v. Hon. Rodrigo R. Duterte, et al.*, G.R. No. 211093, 06 June 2017.

96 Supra at note 94.

97 AN ORDINANCE REVISING THE REVENUE CODE OF THE MUNICIPALITY OF PAGBILAO, QUEZON. Division Docket, pp. 471-578.

98 A RESOLUTION ENACTING MUNICIPAL TAX ORDINANCE NO. 1, OTHERWISE KNOW AS THE REVISED MUNICIPAL REVENUE CODE OF PAGBILAO, QUEZON (2001). Annex "S", id., pp. 465-466.

99 See Sec. 2A.02(e) of the 2001 Revised Revenue Code, id., pp. 481-483.

As for the second element, the same is also present with the enactment of the 2017 RRC, which amended the imposed LBT on contractors, *viz*:

...

CHAPTER II
Municipal Taxes

ARTICLE A
Business Tax

...

SECTION 2A.02. *Imposition of Tax.* — There is hereby imposed on the following persons who establish, operate, conduct or maintain their respective business within the municipality a graduated business tax in the amounts hereafter prescribed:

...

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***
Less than 5,000.00	33.00
5,000.00 or more but less than 10,000.00	73.92
10,000.00 or more but less than 15,000.00	125.40
15,000.00 or more but less than 20,000.00	198.00
20,000.00 or more but less than 30,000.00	330.00
30,000.00 or more but less than 40,000.00	462.00
40,000.00 or more but less than 50,000.00	660.00
50,000.00 or more but less than 75,000.00	1,056.00
75,000.00 or more but less than 100,000.00	1,584.00
100,000.00 or more but less than 150,000.00	2,376.00
150,000.00 or more but less than 200,000.00	3,168.00
200,000.00 or more but less than 250,000.00	4,356.00
250,000.00 or more but less than 300,000.00	5,544.00
300,000.00 or more but less than 400,000.00	7,392.00
400,000.00 or more but less than 500,000.00	9,900.00
500,000.00 or more but less than 750,000.00	11,100.00
750,000.00 or more but less than 1,000,000.00	11,377.50
1,000,000.00 or more but less than 2,000,000.00	13,800.00
In excess of 2,000,000.00 or more	*Sixty percent of one percent (60% of 1%)*[100]

...

[100] Italics and emphasis in the original text.

Considering that petitioner LGU had already exercised its taxing power under the LGC of 1991, as amended, with the enactment of the 2017 RRC, the subsequent increase would therefore have to comply with Section 191 (of the said law). This provision limits the amount of adjustment to not more than 10% of the rates fixed under previous ordinance and should be not more frequent than once every five (5) years.[101]

A side-by-side comparison between the 2001 RRC and the 2017 RRC shows the following:

Requisites	2001 RRC	2017 RRC	Court's observation
Date of Enactment	26 November 2001 (Resolution No. 234[102])	21 May 2018 (Resolution No. 2018-334[103])	There exists a 16-year gap in the enactment of the two (2) ordinances
Imposed rate	55% of 1% (0.55%)	60% of 1% (0.60%)	There is an increase of ***0.050%** in the imposed tax rate in the 2017 RRC. **Computed by subtracting 0.55% from 0.60%*
10% ceiling rate from the previous tax rate	****0.055%** ***Computed by multiplying 0.55% by 10%*		The increase in the tax rate of **0.050% is within the 10% limit of 0.055%.**

From the above summary, it is evident that the 2017 RRC fully complies with the requirements of Section 191 of the LGC of 1991, as amended.

First, the 2017 RRC was enacted more than five (5) years after the enactment of the 2001 RRC, thereby satisfying the statutory limitation on the frequency of tax adjustments. *Second*, the increase in the LBT rate imposed on contractors under the 2017 RRC did not exceed ten percent

101 See *Honorable Leila M. De Lima, in her capacity as Secretary of Justice v. City of Manila, represented by Mayor Joseph Ejercito Estrada*, supra at note 94.
102 Supra at note 98.
103 Supra at note 55.

(10%) of the previous LBT rate under the 2001 RRC, in accordance with the prescribed cap on tax rate adjustments.

In view of the above circumstances, and insofar as the LBT rate imposed on contractors under Section 2A.02(E), Article A, Chapter II of the 2017 RRC is concerned, We deemed the same as valid and legal.

PETITIONERS' ASSESSMENT OF LOCAL BUSINESS TAX (LBT) AGAINST RESPONDENT FOR THE THIRD (3^{RD}) AND FOURTH (4^{TH}) QUARTERS FOR CALENDAR YEAR (CY) 2018 SHOULD BE BASED ON THE REVISED REVENUE CODE 2017 OF THE MUNICIPALITY OF PAGBILAO (2017 RRC).

In the court *a quo*'s assailed Decision, it was determined that the LBT payments for the 3^{rd} and 4^{th} quarters of CY 2018 should be adjusted based on the 2017 RRC; however, with consideration of the 10% limit under Section 191 of the LGC of 1991, as amended. Except for the computed amounts, We sustain the imposition of the LBT rates for contractors under the 2017 RRC for the 3^{rd} and 4^{th} quarters of CY 2018.

Section 166 of the LGC of 1991, as amended explicitly states –

> ...
>
> **CHAPTER III**
> **Collection of Taxes**
>
> ...
>
> **Section 166.** *Accrual of Tax.* - Unless otherwise provided in this Code, all local taxes, fees, and charges shall accrue on the first (1st) day of January of each year. **However, new taxes, fees or charges, or changes in the rates thereof, shall accrue on the first (1st) day of the quarter next following the effectivity of the ordinance imposing such new levies or rates.**[104]
>
> ...

δ

104 Italics in the original text, emphasis in the original text and supplied.

Here, respondent was initially assessed with a business tax for contractor in the total amount of ₱46,594,232.82[105] which may be paid in a quarterly installment of ₱11,648,558.20. The said assessment was based on the 2001 RRC.

Based on petitioner's actions, it opted to pay the business taxes by tendering the quarterly LBT payments[106] rather than settling the full annual LBT. Prior to mid-year of CY 2018, the 2017 RRC was enacted through Resolution No. 2018-334[107] on **21 May 2018**. Applying the above *proviso*, the affected periods, particularly the 3rd and 4th quarters, should be assessed using the new tax rate for contractors under the 2017 RRC. Thus, it must be computed in this wise –

Description	Amount
Gross Receipts for 2017 attributable to the province of Pagbilao, Quezon	₱8,471,378,694.50[108]
Less: ₱2 million	- 2,000,000.00
Amount in excess of ₱2 million	₱8,469,378,694.50
Multiply by 60% of 1%	x 0.60%
LBT	₱50,816,272.17
Add: ₱13,800.00	+ 13,800.00[109]
Total LBT	₱50,830,072.17
Divide by 4 quarterly payments	/ 4
Quarterly LBT for CY 2018	**₱12,707,518.04**

Hence, for the 3rd and 4th quarters of CY 2018, respondent is liable to pay ₱12,707,518.04 each quarter.

In view of the foregoing disquisitions, We have determined the proper amount of respondent's LBT to be as follows –

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105 In the Statement of Account of Business Tax of TeaM Energy Corp. (TEC) For the Year 2018, the amount of business tax for contractor is ₱46,594,232.81. Thus, there is a discrepancy of ₱0.01.

106 See Letter dated 22 January 2018, supra at note 12; Letter dated 20 April 2018, supra at note 14; and Letter dated 19 July 2018, supra at note 15.

107 Supra at note 55.

108 Supra at note 10.

109 See table for LBT under the 2017 Revised Revenue Code, pp. 22-23.

Quarters covered	**Amount**	**Obligation covered**
1st	12,115,779.02[110]	Business tax, permit, fees and other charges
2nd	11,648,558.20[111]	Business tax - contractor
3rd	12,707,518.04[112]	Business tax - contractor
4th	12,707,518.04[113]	Business tax - contractor
Total	**₱49,179,373.31**	
Total Paid Amount	**₱65,497,495.24**[114]	
Amount to be refunded	**₱16,318,121.93**	

WHEREFORE, premises considered, the present Petition for Review filed by petitioners Municipality of Pagbilao, Shierre Ann Portes-Palicpic on 25 October 2024, in her capacity as Municipal Mayor of the Municipality of Pagbilao, and Rizalino P. Tiña, in his capacity as the Assistant Municipal Treasurer of the Municipality of Pagbilao, is hereby **DENIED.**

Accordingly, the assailed Decision dated 29 August 2024 of the Regional Trial Court of Lucena City, Quezon, Branch 59, in Civil Case No. 2019-22, is hereby **AFFIRMED with MODIFICATIONS.** Petitioners are ordered to **RETURN** or **REFUND** to respondent TeaM Energy Corporation the excess amount of **₱16,318,121.93 plus legal interest of 6% *per* annum** from the finality of the decision until full payment.

SO ORDERED.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

110 See Exhibit "C", supra at note 11.
111 Id.
112 See computation in p. 26.
113 Id.
114 Supra at note 22.

I CONCUR:

LANEE S. CUI-DAVID
Associate Justice

ATTESTATION

I attest 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's Division.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice
Special 1st Division Acting Chairperson

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, and the Special 1st Division Acting Chairperson's Attestation, 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's Division.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice