23-000193-0038

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

CTA CASE NO. 11147

BANGKO SENTRAL NG PILIPINAS,
Petitioner,

- versus -

COMMISSIONER OF INTERNAL REVENUE,
Respondent.

NOTICE OF DECISION

To:

OFFICE OF THE SOLICITOR GENERAL
134 Amorsolo Street, Legazpi Village
Makati City

ATTY. SHERYLL P. CACAYURAN
ATTY. JOHN HANZEL P. FAMA
Bureau of Internal Revenue - Revenue Region No. 8B
Legal Division, 2nd Floor, BIR Building
Sen. Gil Puyat Ave., Makati City

OFFICE OF THE GENERAL COUNSEL AND LEGAL SERVICES
Bangko Sentral ng Pilipinas
Room 313, 3rd Floor, Five-Storey Building
Bangko Sentral ng Pilipinas Complex
A. Mabini corner P. Ocampo Sr. Streets
Malate, Manila

GREETINGS:

You are hereby notified by these presents that on **September 24, 2025,** a Decision was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **September 29, 2025.**

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

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

BANGKO SENTRAL NG PILIPINAS *Petitioner,*	**CTA CASE NO. 11147**
	Members:
-versus-	**DEL ROSARIO,** *P.J., Chairperson,* **BACORRO-VILLENA**, *and* **CUI-DAVID**, *JJ.*
COMMISSIONER OF INTERNAL REVENUE, *Respondent.*	Promulgated: SEP 24 2025, 4:30PM

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DECISION

CUI-DAVID, J.:

Before this Court is a *Petition for Review* filed on July 15, 2022, by petitioner Bangko Sentral ng Pilipinas ("**Petitioner**" or "**BSP**"), against respondent Commissioner of Internal Revenue ("**CIR**" or "**Respondent**"), praying for the reversal and setting aside of the *Letter* dated February 9, 2023, which denied petitioner's claim for refund of allegedly erroneously paid Documentary Stamp Tax (**DST**) in the amount of ₱701,660.81.

THE PARTIES

The BSP is a government instrumentality existing by virtue of Republic Act (**RA**) No. 7653, otherwise known as "The New Central Bank Act," with principal office at A. Mabini corner P. Ocampo Streets, Malate, Manila. It is registered as a taxpayer with Taxpayer Identification No. (**TIN**) 000-354-790.[1]

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[1] Joint Stipulation of Facts and Issues (JSFI), I. Facts Admitted, par. 1.

Respondent is the CIR of the Bureau of Internal Revenue (**BIR**), acting through the Regional Director of Revenue Region No. 08B - South NCR.[2]

THE FACTS

Petitioner's administrative claim for refund of the assessed DST amounting to ₱701,660.81 pertains to the foreclosure sale of properties covered by Transfer Certificate of Title (**TCT**) Nos. T-123045 to T-123047, T-123049 to T-123050, and T-50419 ("**Subject Properties**"), registered in the name of Philippine Waterworks and Construction Corporation ("**Philippine Waterworks**"), where petitioner emerged as the winning bidder, as evidenced by the Certificate of Sale dated May 29, 2013.[3]

Petitioner processed the consolidation of title over the Subject Properties and paid the Capital Gains Tax (**CGT**), wherein the BIR, in its *Letter* dated June 6, 2022, addressed to the President of Philippine Waterworks as the other party to the foreclosure sale, imposed DST in the amount of ₱701,660.81.[4] This imposition was likewise reflected in the ONETT Computation Sheet.[5]

Petitioner paid the DST in the amount of ₱701,660.81 under protest to the Treasurer of the Philippines,[6] as evidenced by the Credit Advice issued by the Financial Accounting Division – Disbursement and Budget Administration Group dated June 29, 2022, and signed by Maria Ammie B. Sedano.[7]

Thereafter, petitioner filed its administrative claim through a *Letter* dated July 5, 2022, formally objecting to the assessment of DST, citing Section 199 of the National Internal Revenue Code (**NIRC**) of 1997, as amended, which exempts the payment of DST on transactions related to the conduct of BSP's mandate.[8]

On February 9, 2023, the BIR denied petitioner's claim for refund of DST.[9] The *Denial Letter* was signed by Regional

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[2] *Id.* at par. 2.
[3] *Id.* at par. 3.
[4] *Id.* at par. 4; Exhibit "P-25", Docket – Vol. II, p. 685.
[5] Exhibit "P-25-1", Docket – Vol. II, p. 686.
[6] JSFI, I. Facts Admitted, par. 5.
[7] Exhibit "P-26", Docket – Vol. II, p. 689.
[8] JSFI, I. Facts Admitted, par. 6; Exhibit "P-27", Docket – Vol. II, pp. 690–691.
[9] *Id.* at par. 7; Exhibit "P-28", Docket – Vol. II, pp. 692–693.

Director Edgar B. Tolentino and was received by petitioner on March 29, 2023.

PROCEEDINGS BEFORE THE COURT

On April 28, 2023, petitioner filed a *Motion for Extension of Time to File Petition for Review,*[10] followed by petitioner's filing of a *Petition for Review* on May 12, 2023.[11] The *Motion for Extension of Time to File Petition for Review* was granted in a *Resolution* dated July 28, 2023, and the *Petition for Review* was accordingly admitted.[12]

Summons was issued to respondent on August 3, 2023.[13]

On September 6, 2023, respondent filed a *Motion for Extension to File Answer*,[14] which was granted by the Court in a *Resolution* dated September 12, 2023.[15] Respondent filed his *Answer* on October 6, 2023.[16]

Petitioner filed its *Pre-Trial Brief* on January 18, 2024,[17] while *Respondent's Pre-Trial Brief* was filed on January 24, 2024.[18]

At the Pre-Trial Conference held on January 25, 2024,[19] both counsels appeared. The Court ordered the parties to file their *Joint Stipulation of Facts and Issues,* which was filed on February 19, 2024.[20] In the interim, respondent elevated the BIR Records in one (1) folder consisting of 56 pages on February 7, 2024.[21]

At the hearing held on March 6, 2024,[22] petitioner presented its witness, Ms. Zarainah Anne I. Reyes (**Ms. Reyes**), who testified by way of judicial affidavit marked as Exhibit "P-29". Petitioner filed its *Formal Offer of Evidence* on March 13,

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10 Docket – Vol. I, pp. 6–8.
11 *Id.* at 12–26.
12 *Id.* at 487–488.
13 *Id.* at 489.
14 *Id* at 491–493.
15 *Id.* at 495.
16 *Id.* at 496–503.
17 Docket – Vol. II, pp. 516–527.
18 *Id.* at 532–535.
19 *Id.* at 557–559.
20 *Id.* at 577–589.
21 *Id.* at 573.
22 *Id.* at 601–602.

2024.[23] In a *Resolution* dated May 28, 2024, the Court admitted petitioner's exhibits.[24]

At the hearing held on July 23, 2024, respondent presented his witness, Revenue Officer Ken Warner A. Imperial, who testified by way of judicial affidavit marked as Exhibit "R-7".[25] Respondent filed his *Formal Offer of Evidence* on July 29, 2024.[26] In a *Resolution* dated November 4, 2024, the Court admitted respondent's exhibits.[27]

Petitioner filed its *Memorandum* on December 3, 2024,[28] while respondent failed to file his memorandum.[29]

The case was submitted for decision on January 22, 2025.[30]

THE ISSUE

The parties stipulated the following issue for this Court's resolution, *viz.*:[31]

> WHETHER PETITIONER IS ENTITLED TO THE DST REFUND IN THE AMOUNT OF PHP701,660.81, COVERING THE PERIOD JULY 7 TO JULY 31, 2022.

PETITIONER'S ARGUMENTS

In its *Petition for Review* and *Memorandum,* petitioner alleges that it is entitled to a refund of the DST paid under protest, considering that, by express provision of Section 199 of the NIRC of 1997, as amended, all contracts, deeds, documents, and transactions related to the conduct of BSP's business are exempt from the payment of DST.

Petitioner asserts that its acquisition of the Subject Properties was made pursuant to the exercise of its mandate under RA No. 7653, as amended, and is therefore exempt from DST.

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[23] *Id.* at 604–611.
[24] *Id.* at 725–726.
[25] *Id.* at 733-734.
[26] *Id.* at 735-739.
[27] *Id.* at 755-756.
[28] *Id.* at 757-770.
[29] *Id.* at 774, Records Verification dated December 18, 2024.
[30] *Id.* at 775.
[31] IV. ISSUE TO BE TRIED OR RESOLVED, Whether petitioner is entitled to the DST refund in the amount of PhP701,660.81, covering the period July 7 to July 31, 2022.

RESPONDENT'S ARGUMENTS

In his *Answer*, respondent maintains that the DST is being imposed on Philippine Waterworks. He cites Section 173 of the NIRC of 1997, as amended, that "whenever one party to the taxable document enjoys exemption from the [DST], the other party who is not exempt shall be the one directly liable for the tax."

Respondent argues that petitioner's claim does not involve a case of erroneously or illegally collected tax that falls within the purview of Section 229 of the NIRC of 1997, as amended. He maintains that he did not force or issue anything that could be considered a demand compelling petitioner to pay the DST, and that petitioner "chose to pay the alleged DST to hasten the transfer of the subject properties to its name."

Citing the Civil Code provision on natural obligations, respondent argues that "what was created by the voluntary payment of petitioner is a natural obligation, which, although not legally demandable in court, ... gives rise to the authority of the BIR to retain what has been voluntarily delivered to it."

THE COURT'S RULING

The instant *Petition for Review* is impressed with merit.

The Petition for Review was timely filed; thus, this Court validly acquired jurisdiction over the present case.

Section 229 in relation to Section 204(C) of the NIRC of 1997, as amended, governs claims for refund or recovery of excessively, erroneously, or illegally collected taxes. Section 204 applies to administrative claims, while Section 229 pertains to judicial claims. These provisions state, in part:

> SEC. 204. *Authority of the Commissioner to Compromise/Abate and Refund or Credit Taxes.* — The Commissioner may —
>
> ... ...
>
> (C) Credit or refund taxes erroneously or illegally received or penalties imposed without authority, refund the

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value of internal revenue stamps when they are returned in good condition by the purchaser, and, in his discretion, redeem or change unused stamps that have been rendered unfit for use and refund their value upon proof of destruction. **No credit or refund of taxes or penalties shall be allowed unless the taxpayer files in writing with the Commissioner a claim for credit or refund within two (2) years after the payment of the tax or penalty**: *Provided, however,* that a return filed showing an overpayment shall be considered as a written claim for credit or refund. (*Emphasis supplied*)

SEC. 229. *Recovery of Tax Erroneously or Illegally Collected.* — No suit or proceeding shall be maintained in any court for the recovery of any national **internal revenue tax hereafter alleged to have been erroneously or illegally assessed or collected**, **or of any penalty claimed to have been collected without authority, or of any sum alleged to have been excessively or in any manner wrongfully collected,** until a claim for refund or credit has been duly filed with the Commissioner; but such suit or proceeding may be maintained, whether or not such tax, penalty, or sum has been paid under protest or duress.

In any case, no such suit or proceeding shall be filed after the expiration of <u>two (2) years from the date of payment</u> of the tax or penalty <u>regardless of any supervening cause that may arise after payment</u>: *Provided, however,* That the Commissioner may, even without a written claim therefor, refund or credit any tax, where on the face of the return upon which payment was made, such payment appears clearly to have been erroneously paid. (*Emphasis supplied*)

When read together, Sections 204(C) and 229 require that both administrative and judicial claims be filed within two (2) years from the date of payment, with the administrative claim preceding the judicial claim. The timeliness of these filings is both **mandatory** and **jurisdictional.** Thus, the Court cannot take cognizance of a judicial claim for refund filed either prematurely or out of time.[32] As for the judicial claim, Section 229 explicitly provides that it be filed within two (2) years from payment of the tax "regardless of any supervening cause that may arise after payment."[33]

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[32] *Commissioner of Internal Revenue v. Carrier Air Conditioning Philippines, Inc.*, G.R. No. 226592, July 27, 2021 [Per J. Leonen, *En Banc*].

[33] *Commissioner of Internal Revenue v. San Miguel Corporation, et seq.*, G.R. Nos. 180740 & 180910, November 11, 2019 [Per J. Hernando, Second Division].

In the instant case, petitioner paid the DST in the amount of ₱701,660.81 to the Treasurer of the Philippines **under protest**,[34] as evidenced by the Credit Advice dated **June 29, 2022** issued by the Financial Accounting Division – Disbursement and Budget Administration Group, signed by Maria Ammie B. Sedano.[35]

Given this, petitioner had two (2) years, or until **June 29, 2024**, to file both administrative and judicial claims under Sections 204(C) and 229 of the NIRC of 1997, as amended. Petitioner filed its administrative claim through a *Letter* dated **July 5, 2022**[36] and its judicial claim, the present *Petition for Review*, on **May 12, 2023**, well within the two-year prescriptive period.

Moreover, Section 7(a)(1) and (2) of RA No. 1125,[37] as amended by RA No. 9282,[38] confers exclusive appellate jurisdiction upon this Court over decisions and inactions of the CIR, to wit:

> SEC. 7. *Jurisdiction.* – **The CTA shall exercise**:
>
> (a) **Exclusive appellate jurisdiction to review by appeal, as herein provided**:
>
> (1) **Decisions of the <u>[CIR]</u> in cases involving disputed assessments,** refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue;
>
> (2) **Inaction by the [CIR] in cases involving disputed assessments**, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue, where the National Internal Revenue Code provides a specific period of action, in which case the inaction shall be deemed a denial; *(Emphasis supplied)*

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[34] JSFI, I. Facts Admitted, par. 5.
[35] Exhibit "P-26", Docket – Vol. II, p. 689.
[36] JSFI, I. Facts Admitted, par. 6; Exhibit "P-27", Docket – Vol. II, pp. 690–691.
[37] An Act Creating the Court of Tax Appeals, June 16, 1954.
[38] 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 of Republic Act No. 1125, as Amended, Otherwise Known as the Law Creating the Court of Tax Appeals, and for Other Purposes, March 30, 2004.

In view of the foregoing and considering that the present case involves the CIR's decision on petitioner's claim for refund, jurisdiction over the present *Petition for Review* properly lies with this Court.

The DST payment made by petitioner is erroneous.

Based on Sections 204 and 229 of the NIRC of 1997, as amended, a taxpayer may seek a refund or credit of taxes that are erroneously, illegally, excessively, or in any manner wrongfully collected. In short, there must be a wrongful payment because what is paid, or part of it, **is not legally due**.[39] Erroneous or wrongful payment includes *excessive payment* because they all refer to payment of taxes not legally due.[40]

To merit a refund, petitioner must establish that the DST was paid in error or without legal justification.

Here, petitioner asserts that the DST payment was erroneous because the transaction falls under the exemption provided in Section 199(l), NIRC of 1997, as amended:

> SEC. 199. *Documents and Papers Not Subject to Stamp Tax.* — The provisions of Section 173 to the contrary notwithstanding, the following instruments, documents, and papers shall be **<u>exempt</u> from the documentary stamp tax**:
>
> ... ...
>
> (l) **All contracts, deeds, documents and transactions <u>related to the conduct of business of the Bangko Sentral ng Pilipinas</u>**. (*Emphases supplied*)

The BSP is empowered under Section 84[41] of RA No. 765[42] to grant emergency loans and advances to banks secured by mortgage on real properties. In the event of foreclosure of such a mortgage, where BSP emerges as the highest bidder/purchaser, it acquires the mortgaged properties and consolidates title in its name.

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[39] *Commissioner of Internal Revenue v. San Roque Power Corporation, et seq.*, G.R. Nos. 187485, 196113 & 197156, February 12, 2013 [Per J. Carpio, *En Banc*].

[40] *Id.*

[41] Section 84. *Emergency Loans and Advances.* - In periods of national and/or local emergency or of imminent financial panic which directly threaten monetary and banking stability, the Monetary Board may, by a vote of at least five (5) of its members, authorize the Bangko Sentral to grant extraordinary loans or advances to banking institutions secured by assets as defined hereunder: ...

[42] The New Central Bank Act.

In the instant case, the consolidation of title over the foreclosed properties acquired by petitioner is an integral part of the conduct of its official business. As such, the transaction falls squarely within the scope of the exemption provided under Section 199(l). The language of the law is clear and categorical: "all contracts, deeds, documents, and transactions related to the conduct of business of the BSP" are exempt from DST. Accordingly, the assessment and collection of DST in this instance were made in error and lack a legal basis.

The connection between the transaction and the "conduct of business of the BSP" was further supported by the testimony of Ms. Reyes, Bank Officer II at the Asset Management Department of petitioner, as stated in her Judicial Affidavit:[43]

> 9. Q: What are the properties subject of this case?
>
> A: The properties subject of this case are covered by Transfer Certificates of Title Nos. T-123045 to T-123047, and T-123049 to T-50419 located in San Dionisio, Parañaque City and all registered in the name of Philippines Waterworks and Construction Corporation.
>
> 10. Q: If you know, how did the BSP acquire these properties?
>
> A: Based on the documents on file with our Office and in my custody as Account Officer of these properties, Filipino Vastland Co. Inc. Obtained several loans from Banco Filipino Savings and Mortgage Bank ("BFSMB") as evidenced by the Promissory Notes dated 01 August 2001, 01 October 2001, 19 October 2001, 30 October 2001, 03 December 2001 and 10 December 2001. As partial security for the payment of the said loans, Filipino Vastland Co. Inc. executed a Deed of Real Estate Mortgage dated 01 August 2001 over the subject properties. BFSMB, in the Deed of Assignment dated 02 April 2009, assigned all its rights, interests, and participation in the aforesaid mortgage indebtedness to the BSP, as partial security for the Special Liquidity Facility ("SLF") loans it obtained from the latter, covered by the Promissory Note with Trust Receipt Agreement dated 01 April 2009 and its several extensions. Upon default, the BSP filed the Application for Extrajudicial Foreclosure dated 27 December 2012 and was declared the highest bidder during the foreclosure sale, as evidenced by the Certificate of Sale dated 29 May 2013.
>
> 11. Q: What is this SLF loans, if you know?

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[43] Exhibit "P-29", Docket – Vol. I, pp. 258–265.

> A: Pursuant to its mandate under R.A. No, 7653 to maintain financial stability, the BSP may grant liquidity and emergency loans to banks. These loans can be secured by properties or receivables of the borrowing bank.
>
> 12. Q: You mentioned several documents when you explained how the BSP acquired the subject properties. Can you show/provide me copies of said documents.
>
> A: Yes.
>
> 13. Q: Why do you have copies of these documents?
>
> A: As Account Officer of BSP-acquired properties located in Parañaque City, I have custody of the documents which are necessary for the processing of consolidation of titles under the name of the BSP.

Notably, respondent invokes Section 173 of the NIRC of 1997, as amended, which provides that "whenever one party to the taxable document enjoys exemption from the [DST], the other party who is not exempt shall be the one directly liable for the tax."[44] On this basis, respondent contends that while the BSP is exempt, Philippine Waterworks should have borne the DST liability.

This argument is misplaced. Section 199(l) of the NIRC of 1997, as amended, is clear and unequivocal: what is exempt from DST is not the BSP as a **party**, but the **transaction itself,** specifically, "[a]ll contracts, deeds, documents and transactions related to the conduct of business of the [BSP]." The exemption, therefore, attaches to the nature of the transaction, not to the status of the BSP as a party thereto.

In *Commissioner of Internal Revenue v. Seagate Technology (Philippines)*,[45] the Supreme Court discussed the distinction between an **exempt transaction** and an **exempt party**, *viz.*:

> An exempt transaction, on the one hand, involves goods or services which, by their nature, are specifically listed in and expressly exempted from the VAT under the Tax Code, without regard to the tax status — VAT-exempt or not — of the party to the transaction. Indeed, such transaction is not subject to

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[44] SEC. 173. Stamp Taxes Upon Documents, Loan Agreements, Instruments and Papers. - Upon documents, instruments, loan agreements and papers, and upon acceptances, assignments, sales and transfers of the obligation, right or property incident thereto, there shall be levied, collected and paid for, and in respect of the transaction so had or accomplished, the corresponding documentary stamp taxes prescribed in the following Sections of this Title, **by the person making, signing, issuing, accepting, or transferring the same** ...: Provided, **That whenever one party to the taxable document enjoys exemption from the tax herein imposed, the other party who is not exempt shall be the one directly liable for the tax**. (*Emphasis and underscoring supplied)*

[45] G.R. No. 153866, February 11, 2005 [Per J. Panganiban, Third Division].

> the VAT, but the seller is not allowed any tax refund of or credit for any input taxes paid.
>
> An exempt party, on the other hand, is a person or entity granted VAT exemption under the Tax Code, a special law or an international agreement to which the Philippines is a signatory, and by virtue of which its taxable transactions become exempt from the VAT. Such party is also not subject to the VAT, but may be allowed a tax refund of or credit for input taxes paid, depending on its registration as a VAT or non-VAT taxpayer.

Although the foregoing pronouncement involves value-added tax, the underlying principle is equally applicable to the DST.

To emphasize, the exemption under Section 199(l) pertains to the **transaction itself**, not merely to the BSP as a party. It covers contracts, deeds, documents, and transactions related to the conduct of BSP's business, regardless of the tax status of the parties involved. Thus, the exemption extends to the entire transaction and **benefits all parties to the transaction**, not just the BSP.

In sum, petitioner's DST payment was based on an erroneous assessment. The transaction in question is expressly exempt under the law, and the exemption applies to the transaction itself, not merely to the BSP as a party. Therefore, the imposition and collection of DST in this case was without legal basis.

Petitioner was able to prove the fact of payment of the erroneously imposed DST.

Petitioner was able to prove payment of the DST in question. It presented the Credit Advice issued by the Financial Accounting Division – Disbursement and Budget Administration Group, dated June 29, 2022, and signed by Maria Ammie B. Sedano as evidence of payment of DST,[46] in the amount of ₱701,660.81 to the Treasurer of the Philippines.

More significantly, the fact of payment was expressly acknowledged by both parties in their **Joint Stipulation of**

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[46] Exhibit "P-26", Docket – Vol. II, p. 689.

Facts, thereby dispensing with the need for further proof on this point.[47]

Considering that the transaction is exempt from DST, as discussed above, the payment made by petitioner was erroneous and without legal basis.

The Civil Code provision on natural obligations does not apply.

Respondent argues that he did not force or issue anything which could be considered as a demand compelling petitioner to pay the DST, and that petitioner "chose to pay the alleged DST to hasten the transfer of the subject properties to its name." Citing Article 1423 of the Civil Code, respondent contends that "what was created by the voluntary payment of petitioner is a **natural obligation**, which, although not legally demandable in court, ... gives rise to the authority of the BIR to retain what has been voluntarily delivered to it."

This contention fails.

Article 1423 of the Civil Code provides:

> Article 1423. Obligations are civil or natural. Civil obligations give a right of action to compel their performance. Natural obligations, not being based on positive law but on equity and natural law, do not grant a right of action to enforce their performance, but **<u>after voluntary fulfillment by the obligor, they authorize the retention of what has been delivered or rendered by reason thereof</u>**. Some natural obligations are set forth in the following articles. (*Emphasis and underscoring supplied)*

For Article 1423 to apply, the fulfillment must be characterized by voluntariness. "Voluntary" is defined as "proceeding from the will or from one's own choice or consent" and more particularly, "acting or done of one's own free will without valuable consideration or legal obligation."[48]

In this case, petitioner's payment of DST was not voluntary. As stated in its *Memorandum*, the payment of DST was imposed as a requisite for the transfer of title over the Subject Properties.

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[47] JSFI, I. Facts Admitted, par. 5.

[48] Merriam-Webster Dictionary, "voluntary" *available at* https://www.merriam-webster.com/dictionary/voluntary (last accessed on August 18, 2025).

> 7. BSP consequently processed the consolidation of title over the Subject Properties and paid the capital gains tax. However, the Bureau of Internal Revenue ("BIR"), through RDO No. 52, required the payment of DST

Indeed, respondent's *Letter* dated June 6, 2022 provides that the payment of the DST is required, negating any impression of voluntariness. It reads:

> Sir/Madam:
>
> This refers to the application of electronic Certificate Authorizing Registration (eCAR) relative to the foreclosure sale between [Philippine Waterworks] and [the BSP] of the [Subject Properties].
>
> Please be informed that upon review of the documents submitted, a Documentary Stamp Tax deficiency was noted and **requires payment** before the corresponding eCAR can be issued, to wit:
>
> ... ...
>
> In view hereof, as the other party to the transaction, you are **liable to pay** the corresponding Documentary Stamp Tax on the foreclosure sale transaction. (*Emphasis and underscoring supplied)*

Clearly, petitioner's payment of DST on a DST-exempt transaction was erroneous and without legal basis, and does not fall within the scope of a natural obligation under the Civil Code. Petitioner is therefore entitled to a refund under Sections 204 and 229 of the NIRC of 1997, as amended.

WHEREFORE, in light of the foregoing considerations, the present *Petition for Review* is hereby **GRANTED**.

Accordingly, respondent is **ORDERED TO REFUND** petitioner the amount of **₱701,660.81**, representing the Documentary Stamp Tax erroneously paid on June 29, 2022, in connection with the foreclosure sale of the properties covered by Transfer Certificate of Title Nos. T-123045 to T-123047, T-123049 to T-123050, and T-50419.

SO ORDERED.

LANEE S. CUI-DAVID
Associate Justice

WE CONCUR:

(On Leave)
ROMAN G. DEL ROSARIO
Presiding Justice

JEAN MARIE A. BACORRO-VILLENA
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
Acting Chairperson

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution and the 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.

CATHERINE T. MANAHAN
Acting Presiding Justice