Republic of the Philippines
COURT OF TAX APPEALS
Quezon City

EN BANC

UCPB LEASING AND FINANCE CORPORATION (ULFC),	**CTA EB NO. 1933** (CTA AC No. 170)
Petitioner,	Present:
-versus-	DEL ROSARIO, *P.J.*, CASTAÑEDA, JR., UY, FABON-VICTORINO, MINDARO-GRULLA, RINGPIS-LIBAN, MANAHAN, BACORRO-VILLENA, and MODESTO-SAN PEDRO, *JJ*
CAGAYAN DE ORO CITY and GLENN C. BAÑEZ (in his capacity as OIC -City Treasurer of Cagayan de Oro City),	
Respondents.	Promulgated: DEC 09 2019 3:45 p.m.

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DECISION

MINDARO-GRULLA, J.:

Submitted for decision is a Petition for Review for the Court *En Banc* under Rule 4, Section 2(a)(2), in relation to Rule 8, Section 4(b) of the 2005 Revised Rules of the Court of Tax Appeals (RRCTA)[1], as amended, of the Decision[2]

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[1] Sec. 2. *Cases within the jurisdiction of the Court en banc.*- The Court en banc shall exercise exclusive appellate jurisdiction to review by appeal the following:

(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) xxxxx.
(2) Local tax cases decided by the Regional Trial Courts in the exercise of their original jurisdiction; and

xxx xxx xxx

Sec. 4. *Where to appeal; mode of appeal.*-
(a) xxx.
(b) An appeal from a decision or resolution of the Court in Division on a motion for reconsideration or new trial shall be taken to the Court by petition for review as provided in Rule 43 of the Rules of Court. The Court en banc shall act on the appeal.
(c) xxx.

dated March 20, 2018, rendered by the Third Division of this Court in CTA AC No. 170, and its Resolution [3] dated September 3, 2018. The Third Division of this Court dismissed petitioner UCPB Leasing and Finance Corporation's (ULFC) petition.

Petitioner ULFC assailed both the aforesaid Decision and Resolution, the dispositive portions of which, respectively, read as follows:

Decision dated March 20, 2018:

*"**WHEREFORE**, the Petition for Review filed by UCPB Leasing and Finance Corporation on June 16, 2016, is hereby **DISMISSED**.*

SO ORDERED."

Resolution dated September 3, 2018:

*"**WHEREFORE**, petitioner's Motion for Reconsideration dated April 6, 2018 is **DENIED**. The impugned Decision of March 20, 2018 is AFFFIRMED.*

SO ORDERED."

The antecedent facts as narrated by this Court's Division in its Decision read as follows:

"Petitioner UCPB Leasing and Finance Corporation (ULFC) is a domestic corporation, with principal office at 14th Floor, UCPB Corporate Offices, 7907 Makati Avenue, Makati City. It is engaged in the business of general financing and investments, particularly lease financing.

On the other hand, respondent Cagayan de Oro City is a local government unit, while co-respondent Glenn C. Banez, is impleaded in his official capacity as the OIC-City Treasurer of Cagayan de Oro City. He holds office at J.V. Serina Building, City Hall, Capistrano-Burgos Streets, Cagayan de Oro City.

On March 26, 2008, petitioner acquired, through a Deed of Dacion En Pago, several parcels of land located in

[2] En banc docket, pp. 37-52.
[3] En banc docket, pp. 54-60.

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Cagayan de Oro City, from a defaulting client, Fii-Estate Properties, Inc.

On February 3, 2015, petitioner sold some of the acquired lots to Spouses Reo lito and Melba Lao.

On July 20, 2015, petitioner received a notice of assessment in connection with the sale of the said lots signed by respondent City Treasurer in the amount of P526,320.00 pursuant to Section 58(h) of Ordinance No. 8847-2003, as amended, otherwise known as the Revenue Code of Cagayan de Oro City.

On July 21, 2015, petitioner filed a protest letter against the assessment denying liability to pay business tax on the ground that it does not conduct or maintain business in Cagayan de Oro City, neither is it a real estate lessor, dealer or developer.

On September 2, 2015, petitioner received a letter dated August 6, 2015 from respondent City Treasurer, denying its protest but indicating that he might revise the business tax assessment from a real estate dealer to a bank if it could provide documentary evidence that the sale was recorded in its books as proceeds derived in the exchange or sale of property from its banking operations and has been previously declared for taxation purposes.

On October 1, 2015, petitioner filed a Petition with prayer for Issuance of a Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction before the RTC of Makati City, praying for the nullification of the assessment on ground of invalidity. The case was docketed as Civil Case No. 15-1070 and raffled to RTC Branch 132.

In the Notice issued on October 6, 2015, the RTC set petitioner's application for Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction on October 13, 2015, at 1:30 p.m.

In the Order dated October 13, 2015, the RTC voluntarily recused itself from further hearing the case the record of which to be forwarded to the Office of the Honorable Executive Judge for re-raffle.

On October 22, 2015, the case was re-raffled to RTC Branch 59 of Makati City which also inhibited on the ground that the (sic) its Presiding Judge was a batchmate in the College Law of the Mayor of Cagayan de Oro.

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On December 21, 2015, the case was re-raffled to RTC Branch 147.

On January 4, 2016, respondents filed their Answer praying for the dismissal of the Petition on the following grounds: a) it is not verified by a duly authorized representative; and b) the venue is improperly laid.

On January 5, 2016, the Presiding Judge of Branch 147 also recused himself for he and the Mayor of Cagayan de Oro City have the same surname.

On January 28, 2016, the case was re-raffled to RTC Branch 146.

On February 4, 2016, RTC Branch 146 of Makati City issued the assailed Order dismissing the petition for lack of jurisdiction on the ground that the case is essentially an action for injunction which should have been filed in Cagayan de Oro City pursuant to Section 21 of Batas Pambansa (BP) Blg. 129. The dispositive portion of which reads as follows:

> *"WHEREFORE, in view of the foregoing, the instant Petition is DISMISSED for lack of jurisdiction.*
>
> *SO ORDERED."*

On March 1, 2016, petitioner filed a Motion for Reconsideration claiming that it correctly filed the petition in Makati City since its principal office is in Makati City and it does not maintain any office or branch in Cagayan de Oro City. Since the main action is akin to an action for declaratory relief, which is a personal action, it can be filed at petitioner's residence, although it prayed for provisional reliefs, particularly, a TRO/preliminary injunction.

On May 10, 2016, RTC Branch 146 of Makati City rendered the equally assailed Order denying petitioner's bid for reconsideration, in the following fashion:

> *"WHEREFORE, the Motion for Reconsideration is denied for lack of merit.*
>
> *SO ORDERED."*

Petitioner ULFC appealed the decision and Order of the Regional Trial Court (RTC) Branch 146 of Makati City and filed a Petition for Review which was raffled to the Third

Division of this Court. The Third Division of this Court ruled as follows:

> *"xxx xxx xxx.*
>
> *However, even Makati City is the proper venue and that its RTC Branch 146 is the court of competent jurisdiction over petitioner's appeal from the denial of its protest against respondents' local business tax assessment, still, it is bereft of any authority or competence to direct respondents to cease and desist from imposing such business tax on petitioner's sale of real properties within the territorial jurisdiction of Cagayan de Oro City xxx.*
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> *To be sure, the power of RTC Branch 146 of Makati City to resolve the entire controversy will not translate to an authority to grant one of the relief prayed for by petitioner in its petition, specifically, to order respondents to cease and desist from assessing and collecting from it business tax, surcharge and penalty, as the case may be, arising from its sale of its several real properties. Hence, in the event that a decision is rendered in favor of petitioner cancelling the local business tax assessment for its sale of real properties and enjoining respondents from enforcing the same, such decision will be rendered inutile for it cannot be enforced outside the territorial jurisdiction of RTC Makati by virtue of the express provision of the law.*
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> *It is therefore inevitable that the petitioner's case be brought and taken cognizance by the RTC whose territorial jurisdiction encompasses the place where the facts thereof have originated and which has jurisdiction over the parties sought to be enjoined, which is the RTC of Cagayan de Oro City.*
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> *xxx xxx xxx."*

Thus, the Third Division of this Court dismissed petitioner ULFC's petition. Likewise, the motion for reconsideration thereon was denied.

Hence, petitioner ULFC filed the present petition and raised the sole issue of:

> WHETHER OR NOT THIS HONORABLE COURT'S THIRD DIVISION WAS CORRECT IN RULING THAT THE REGIONAL TRIAL COURT OF MAKATI DID NOT HAVE JURISDICTION OVER THE CASE FILED BY PETITIONER.

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Petitioner ULFC argued that the Third Division of this Honorable Court seriously erred in holding that the Regional Trial Court of Makati City had no jurisdiction over the case filed by petitioner.

Petitioner ULFC argued that it did not file a main action of injunction before the RTC, rather, it only prayed for the provisional remedy of TRO/writ of preliminary injunction pending resolution of the case. Petitioner ULFC asserts that the relief prayed before the RTC was to issue a decision nullifying the notice of assessment and declaring that petitioner is not liable to pay the business tax under the Ordinance No. 8847-2003. Petitioner asserts that the RTC of Makati is a court of competent jurisdiction and in support thereof cites the Supreme Court's decision in the *Hidalgo Case*[4], *Gayacao Case*[5], *Police Commission Case*[6], and *Decano Case*[7]; and this Court *En Banc*'s Decision in *Smart Case*[8].

We resolve.

Section 195 of Republic Act (RA) No. 7160 otherwise known as "Local Government Code of 1991" provides as follows;

> *SEC. 195. Protest of Assessment. - When the local treasurer or his duly authorized representative finds that correct taxes, fees, or charges have not been paid, he shall issue a notice of assessment stating the nature of the tax, fee or charge, the amount of deficiency, the surcharges, interests and penalties. Within sixty (60) days from the receipt of the notice of assessment, the taxpayer may file a written protest with the local treasurer contesting the assessment; otherwise, the assessment shall become final and executory. The local treasurer shall decide the protest within sixty (60) days from the time of its filing. If the local treasurer finds the protest to be wholly or partly meritorious, he shall issue a notice canceling wholly or partially the assessment. However, if the local treasurer*

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[4] Hidalgo vs. Crossfield, G.R. No. L-6492, December 9, 1910

[5] Gayacao vs. Executive Secretary of the Philippines, G.R. No. L-21066, April 30, 1965.

[6] Police Commission vs. Bello, G.R. No. L-29959-60, January 30, 1971.

[7] Decano vs. Edu, G.R. No. L-30070, August 29, 1980.

[8] Provincial Government of Cagayan vs. Smart Communications, Inc., CTA EB No. 1137 (CTA AC No. 92), December 8, 2015.

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> *finds the assessment to be wholly or partly correct, he shall deny the protest wholly or partly with notice to the taxpayer. The taxpayer shall have thirty (30) days from the receipt of the denial of the protest or from the lapse of the sixty (60) day period prescribed herein within which to appeal with the court of competent jurisdiction otherwise the assessment becomes conclusive and unappealable.*

Clearly, within sixty (60) days from the receipt of the notice of assessment, the taxpayer may file a written protest with the local treasurer, who shall decide the protest within sixty (60) days from the time of its filing. The taxpayer shall have thirty (30) days from the receipt of the denial of the protest or from the lapse of the sixty (60) day period within which to appeal with the court of competent jurisdiction.

It is undisputed that petitioner received a notice of assessment from respondent, and filed a written protest thereto which was denied. Thereafter, petitioner filed a "Petition" with prayer for Issuance of a Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction before the Regional Trial Court of Makati City. The relevant portion of the allegation and reliefs prayed for by petitioner in the Petition dated September 30, 2015 before the RTC of Makati are quoted as follows:

> ***"STATEMENT OF CASE***
>
> *1. This is a petition in accordance with Section 195 of Republic Act No. 7160 (The Local Government Code) assailing respondent City Treasurer of Cagayan De Oro City's denial of petitioner's protest from the notice of assessment issued by said respondent.*
>
> *xxx xxx xxx.*
>
> *5. The present petition is being filed within the thirty (30)-day period provided under Section 195 of Republic Act No. 7160 (The Local Government Code).*
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> *xxx xxx xxx.*
>
> ***PRAYER***
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> ***WHEREFORE**, premises considered, it is respectfully prayed that:*

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> *1. Upon filing of this petition, this Honorable Court issue a temporary restraining order ex-parte prohibiting and restraining the respondents or their duly constituted agents from collecting the tax from petitioner, imposing surcharge and interest on unpaid tax, filing cases or suits of whatever kind or nature due to or arising from the failure of petitioner to pay the business tax, initiating administrative or criminal prosecution against petitioner's officers or employees, distraining/levying upon petitioner's movable and real properties;*
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> *2. After hearing, this Honorable Court issue a writ of preliminary injunction prohibiting and restraining the respondents or their duly constituted agents from collecting the tax from petitioner, imposing surcharge and interest on unpaid tax, filing cases or suits of whatever kind or nature due to or arising from the failure of petitioner to pay the business tax, initiating administrative or criminal prosecution against petitioner's officers or employees, distraining/levying upon petitioner's movable and real properties pending final resolution of the present case;*
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> *3. After trial on the merits, this Honorable Court issue a Decision nullifying the notice of assessment and declaring that petitioner is not liable to pay any business tax to respondent under its Ordinance No. 8847-2003."*

It is evident from the abovementioned allegations and reliefs prayed in the Petition dated September 30, 2015 before the RTC of Makati, that it is an appeal from the denial of petitioner's protest from the notice of assessment issued by said respondent pursuant to Section 195 of Republic Act No. 7160 (The Local Government Code). Thus, the Court in Division was correct when it ruled that *"xxx, [I]t was erroneous on the part of the RTC Branch 146 of Makati to consider the Petition filed before it as an injunction case. Clear from the petition that it was for nullification of impugned assessment, a remedy available to and taken by petitioner as an aggrieved party sanctioned under Section 195 of the LGC of 1991 xxx."*

Moreover, We find that the RTC of Makati has no jurisdiction to issue temporary restraining order or writ of preliminary injunction prohibiting and restraining the respondents or their duly constituted agents from collecting

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the tax from petitioner. Section 21(1)[9] of B.P. Blg. 129, as amended, provides that the RTC shall exercise original jurisdiction in the issuance of writs of *certiorari*, prohibition, *mandamus*, quo warranto, *habeas corpus* and injunction which may be enforced in any part of their respective regions. The rationale, as explained in *Embassy Farms, Inc. v. Court of Appeals*[10], is that the trial court has no jurisdiction to issue a writ of preliminary injunction to enjoin acts being performed or about to be performed outside its territorial jurisdiction.[11]

The Court in Division aptly ruled that the RTC of Makati City had no authority to issue a writ of injunction against respondents, who are in Cagayan de Oro City, an area outside of judicial jurisdiction of the Makati RTC, to wit:

> *Injunction is a judicial writ, process or proceeding whereby a party is ordered to do or refrain from doing a certain act. It may be the main action or merely a provisional remedy for and as an incident in the main action.*
>
> *The main action for injunction is distinct from the provisional or ancillary remedy of preliminary injunction which cannot exist except only as part of an incident of an independent action or proceeding. As a matter of course, in an action for injunction, the auxiliary remedy of preliminary injunction, whether prohibitory or mandatory, may issue. Under the law, the main action for injunction seeks a judgment embodying a final injunction which is distinct from, and should not be confused with, the provisional remedy of preliminary injunction, the sole object of which is to preserve the status quo until the merits can be heard. A preliminary injunction is granted at any stage of an action or proceeding prior to the judgment or final order. It persists until it is dissolved or until the termination of the action without the court issuing a final injunction.*

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[9] Section 21. Original jurisdiction in other cases. - Regional Trial Courts shall exercise original jurisdiction:

(1) In the issuance of writs of *certiorari,* prohibition*, mandamus, quo warranto, habeas corpus* and **injunction, which may be enforced in any part of their respective regions**; xxx"(Emphasis supplied)

[10] Embassy Farms Inc., vs. Court of Appeals, et al., G.R No. 80682, August 13, 1990.
[11] Atty. Jose Alfonso M. Gomos, Fund for Assistance to Private Education (FAPE) *vs.* Judge Santos B. Adiong, Regional Trial Court, Branch 8, Marawi City, A.M. No. RTJ-04-1863, October 22, 2004.

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Note however that under Section 21(1) of Batas Pambansa Blg. 129 or The Judiciary Reorganization Act of 1980, the jurisdiction of Regional Trial Courts to issue injunctive writs is limited to acts committed or about to be committed within their judicial region, to wit:

Section 21. Original jurisdiction in other cases. - Regional Trial Courts shall exercise original jurisdiction:

(1) In the issuance of writs of certiorari, prohibition, mandamus, quo warranto, habeas corpus and ***injunction, which may be enforced in any part of their respective regions****; xxx" (Emphasis supplied)*

Therefore, the RTC of Makati City had no authority to issue a writ of injunction against respondents, who are in Cagayan de Oro City, an area outside of judicial jurisdiction of the Makati RTC."

Concomitantly, petitioner's assertion of the *Hidalgo Case*[12] which pronounced that all courts which have power and jurisdiction to render judgments have inherent powers to enforce such judgments, for "If a court is competent to pronounce judgment, it must be equally competent to issue execution to obtain its satisfaction. A court without the means of executing its judgment and decrees would be an anomaly in jurisprudence, not deserving the name of a judicial tribunal. It would be idle to adjudicate what could not be executed, and the power to pronounce necessarily implies the power of execution", is inapplicable as it pertains to the issuance of writ of execution.

Moreover, the *Gayacao Case*[13], *Police Commission Case*[14], and *Decano Case*[15] are not on all fours with the case at hand, thus, inapplicable and cannot be considered as legal precedent. Not only that said cases do not involve an appeal pursuant to Section 195 of Republic Act No. 7160 (The Local Government Code), the Regional Trial Courts involve in the said cases has reasonable connection with the issues in their territorial jurisdiction, specifically in the enforcement thereof,

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[12] Supra. Note 4.
[13] Gayacao vs. Executive Secretary of the Philippines, G.R. No. L-21066, April 30, 1965.
[14] Police Commission vs. Bello, G.R. No. L-29959-60, January 30, 1971.
[15] Decano vs. Edu, G.R. No. L-30070, August 29, 1980.

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since it is in those localities where the plaintiffs reside, and where the questioned decisions are being enforced. Unlike in the case at hand, the Petition dated September 30, 2015 before the RTC of Makati involves not only question of law but also requires trial on the merits, and the enforcement of the decision will be enforced outside of its territorial jurisdiction.

As to the application of this Court *En Banc*'s Decision in *Smart Case*[16], We find the same superseded by this Court *En Banc*'s Decision in the *PLDT Case*[17].

In the *Smart Case*, this Court ruled that Makati RTC has jurisdiction over respondent's appeal from the inaction of the Treasurer of the Province of Cagayan on its protest on the disputed franchise tax assessment. However, pursuant to Section 21(1) of BP 129, the Makati RTC has no jurisdiction to issue an injunctive writ to enjoin acts being performed or about to be performed outside its territorial boundaries.

In the *PLDT case*, this Court ruled that Makati RTC was the proper venue and the court of competent jurisdiction over the appeal from the denial of its protest against respondents local franchise and local business tax assessments, but is bereft of any authority or jurisdiction to direct respondent to cease and desist from imposing, now and in the future, local franchise tax or business within the territorial jurisdiction of the City of Tuguegarao. Likewise, We ruled that the power of Makati RTC to resolve the entire controversy will not translate to an authority to grant one of the relief prayed for by petitioner in its petition, i.e., to order respondents to cease and desist from assessing and collecting from it business tax in addition to the franchise tax based on the same gross. We take note that in the *PLDT Case*, petitioner PLDT filed a Petition for Review before the Supreme Court docketed as GR No. 228512. A Supreme Court Entry of Judgement dated April 17, 2017, denied the petition for failure to sufficiently show any reversible error in

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[16] Provincial Government of Cagayan vs. Smart Communications, Inc., CTA EB No. 1137, December 8, 2015.

[17] Philippine Long Distance Telephone Co., Inc. vs. City of Tuguegarao, Buenaventura F. Lagundi, in his capacity as City Treasurer of Tuguegarao, and Florentina S. Balisi, in her capacity as Asst. City Treasurer of the City of Tuguegarao, CTA EB No. 1237 (CTA AC No. 103), June 17, 2016.

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the assailed judgment to warrant the exercise of the Supreme Court's discretionary appellate jurisdiction.

Both the *Smart Case* and *PLDT Case*, pertains to an appeal pursuant to Section 195 of Republic Act No. 7160 with allegations and prayers for injunctive relief.

Similarly, in the case at hand the Petition dated September 30, 2015 before the RTC of Makati, is an appeal from the denial of petitioner's protest from the notice of assessment issued by said respondent pursuant to Section 195 of Republic Act No. 7160 with prayer for issuance of a Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction.

True, if a court is competent to pronounce judgment, it must be equally competent to issue execution to obtain its satisfaction and it would be idle to adjudicate what could not be executed, and the power to pronounce necessarily implies the power of execution.[18]

Thus, the distinction between jurisdiction and venue for they are not synonymous or similar in meaning. The Supreme Court in the case of *Armand Nocum and the Philippine Daily Inquirer, Inc. v. Lucio Tan*[19] , highlighted the difference between venue and jurisdiction, to wit:

> *"(a) Jurisdiction is the authority to hear and determine a case; venue is the place where the case is to be heard or tried; (b) Jurisdiction is a matter of substantive law; venue, of procedural law; (c) Jurisdiction establishes a relation between the court and the subject matter; venue, a relation between plaintiff and defendant, or petitioner and respondent; and, (d) Jurisdiction is fixed by law and cannot be conferred by the parties; venue may be conferred by the act or agreement of the parties."*

While Section 2 of Rule 4 of the 1997 Rules of Civil Procedure[20], as amended, provides the venue of personal action, the same must be read in relation to Section 195 of

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[18] Ibid
[19] G.R. No. 145022, September 23, 2005.
[20] SEC. 2. Venue of personal actions. - All other actions may be commenced and tried where the plaintiff or any of the principal plaintiffs resides, or where the defendant or any of the principal defendants resides, or in the case of a non-resident defendant where he may be found, at the election of the plaintiff.".

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the LGC, paragraph c (2) (a) and (b), Section 7 of RA No. 1125, as amended by RA 9282, as clarified in the *Yamane Case*[21] and *China Banking Corporation vs. City Treasurer of Manila*[22]. Likewise, Section 4 of Rule 4 of the 1997 Rules of Civil Procedure[23] which provides that the rule on venue is inapplicable in cases where a specific rule or law provides otherwise.

In the case of *China Banking Corporation vs. City Treasurer of Manila*[24] , the Supreme Court had the occasion to clarify the Yamane Case, to wit;

> *"xxx, [A]lthough the Court in Yamane recognized that the RTC exercised its original jurisdiction over cases decided by a local treasurer, it was quick to point out that with the advent of Republic Act (R.A.) No. 9282, the jurisdiction of the RTC over such cases is no longer simply original and exclusive. xxx:*
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> *xxx xxx xxx.*
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> ***Clearly, with the passage of R.A. No. 9282, the authority to exercise either original or appellate jurisdiction over local tax cases depended on the amount of the claim.*** *In cases where the RTC exercises appellate jurisdiction, it necessarily follows that there must be a court capable of exercising original jurisdiction – otherwise there would be no appeal over which the RTC would exercise appellate jurisdiction. The Court cannot consider the City Treasurer as the entity that exercises original jurisdiction not only because it is not a "court" within the context of Batas Pambansa (B.P.) Blg. 129, but also because, as explained above, "B.P. 129 expressly delineates the appellate jurisdiction of the Regional Trial Courts, confining as it does said appellate jurisdiction to cases decided by Metropolitan, Municipal, and Municipal Circuit Trial Courts." Verily, unlike in the case of the CA, B.P. 129 does not confer appellate jurisdiction on the RTC over rulings made by non-judicial entities. The RTC exercises appellate jurisdiction only from cases decided by the Metropolitan, Municipal, and Municipal Circuit Trial*

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[21] Luz R. Yamane , in her capacity as City Treasurer of Makati City vs. BA Lepanto Condominium Corporation, G.R. No. 154993, October 25, 2005.
[22] G.R. No. 204117, July 1, 2015.
[23] SEC. 4. When Rule not applicable. – This Rule shall not apply –
(a) In those cases where a specific rule or law provides otherwise; or
(b) Where the parties have validly agreed in writing before the filing of the action on the exclusive venue thereof.
[24] G.R. No. 204117, July 1, 2015.

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> *Courts in the proper cases. The nature of the jurisdiction exercised by these courts is original, considering it will be the first time that a court will take judicial cognizance of a case instituted for judicial action.* ***Indeed, in cases where the amount sought to be refunded is below the jurisdictional amount of the RTC, the Metropolitan, Municipal, and Municipal Circuit Trial Courts are clothed with ample authority to rule on such claims.***

In general, the RTCs have jurisdiction to take cognizance of actions assailing the decision or inaction of the local treasurer on local tax protests as provided under Section 195 of the LGC and as pronounced in the Yamane Case. Further, Section 19(8) of Batas Pambansa (BP) Blg. 129, as amended, confers upon the RTCs exclusive original jurisdiction over civil cases in which the demand, exclusive of interest, damages of whatever kind, attorney's fees, litigation expenses, and costs or the value of the property in controversy exceeds P300,000 for cases outside of Metro Manila, or P400,000 for cases within Metro Manila. The RTC exercises appellate jurisdiction only from cases decided by the Metropolitan, Municipal, and Municipal Circuit Trial Courts in the proper cases. The nature of the jurisdiction exercised by these courts is original, considering it will be the first time that a court will take judicial cognizance of a case instituted for judicial action.

Indeed, in cases where the amount sought to be refunded is below the jurisdictional amount of the RTC, the Metropolitan, Municipal, and Municipal Circuit Trial Courts are clothed with ample authority to rule on such claims. As Section 33(1), B.P. 129, as amended by Republic Act 7691[25], provides:

> *"Sec. 33. Jurisdiction of Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts in Civil Cases. - Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts shall exercise:*
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> > *(1) Exclusive original jurisdiction over civil actions and probate proceedings, testate and intestate, including the grant of provisional remedies in proper*

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[25]**AN ACT EXPANDING THE JURISDICTION OF THE METROPOLITAN TRIAL COURTS, MUNICIPAL TRIAL COURTS, AND MUNICIPAL CIRCUIT TRIAL COURTS, AMENDING FOR THE PURPOSE BATAS PAMBANSA, BLG. 129, OTHERWISE KNOWN AS THE "JUDICIARY REORGANIZATION ACT OF 1980".**

> *cases, where the value of the personal property, estate, or amount of the demand does not exceed Two hundred thousand pesos (₱200,000.00) or, in Metro Manila where such personal property, estate, or amount of the demand does not exceed Four hundred thousand pesos (₱400,000.00) x x x."*[26]

Evidently, the ***"appeal with the court of competent jurisdiction"*** *under* Section 195 of the LGC, as clarified in the *Yamane Case* and *China Banking Corporation Case*, depends on the amount of taxes in dispute or claimed, the RTC, the Metropolitan, Municipal, and Municipal Circuit Trial Courts have original jurisdiction to take cognizance of actions assailing the decision or inaction of the local treasurer on local tax protests as provided under Section 195 of the LGC.

Like the Regional Trial Court, the Metropolitan, Municipal, and Municipal Circuit Trial Courts, the authority to grant provisional remedies and temporary injunctions such as temporary restraining orders or preliminary injunctions, are limited within the their respective territorial jurisdiction.

Further, Republic Act No. 9282 definitively proves in its Section 7(a)(3)[27] that the CTA exercises exclusive appellate jurisdiction to review on appeal decisions, orders or resolutions of the Regional Trial Courts in local tax cases decided or resolved by them in the exercise of their original or appellate jurisdiction.[28]

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[26] **Section 5.** After five (5) years from the effectivity of this Act, the jurisdictional amounts mentioned in Sec. 19(3), (4), and (8); and Sec. 33(1) of Batas Pambansa Blg. 129 as amended by this Act, shall be adjusted to Two hundred thousand pesos (P200,000.00). Five (5) years thereafter, such jurisdictional amounts shall be adjusted further to Three hundred thousand pesos (P300,000.00): Provided, however, That in the case of Metro Manila, the abovementioned jurisdictional amounts shall be adjusted after five (5) years from the effectivity of this Act to Four hundred thousand pesos (P400,000.00).

[27] "Sec. 7. Jurisdiction. - The CTA shall exercise:

"a. Exclusive appellate jurisdiction to review by appeal, as herein provided:

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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;

[28] China Banking Corporation vs. City Treasurer of Manila, G.R. No. 204117, July 1, 2015.

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Corollarily, as amended by RA No. 9282[29],paragraph c (2) (a) and(b), Section 7 of RA No. 1125[30]has vested the Court of Tax Appeals (CTA) with the exclusive appellate jurisdiction over, among others, appeals from the judgments, resolutions or orders of the RTC in tax collection cases **originally decided by them in their respective territorial jurisdiction**[31], to wit:

> *"Section 7. Jurisdiction – The Court of Tax Appeals shall exercise:*
>
> *x x x x*
>
> *(c) Jurisdiction over tax collection cases as herein provided:*
>
> *x x x x*
>
> *(2) Exclusive appellate jurisdiction in tax collection cases:*
>
> *a. Over appeals from the judgments, resolutions or orders of the Regional Trial Court in tax collection cases originally decided by them,* ***in their respective territorial jurisdiction.***
>
> *b. Over petitions for review of the judgments, resolutions or orders of the Regional Trial Courts in the Exercise of their appellate jurisdiction over tax collection cases originally decided by the Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts,* ***in their respective jurisdiction.****" (Emphasis Supplied)*

Republic Act No. 9282 definitively proves in its Section 7(a)(3) that the CTA exercises exclusive appellate jurisdiction to review on appeal decisions, orders or resolutions of the Regional Trial Courts in local tax cases decided or resolved by them in the exercise of their original

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[29] 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, Approved 30 March 2004.
[30] An Act Creating the Court of Tax Appeals.
[31] Team Pacific Corporation vs. Josephine Daza in her capacity as Municipal Treasurer of Taguig, G.R. No. 167732, July 11, 2012.

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or appellate jurisdiction. Likewise, Section 7(c)(2)(a & b) definitively proves that the CTA exercises exclusive appellate jurisdiction over appeals from the judgments, resolutions or orders of the Regional Trial Court in tax collection cases originally decided by them, in their respective **territorial jurisdiction**, and over petitions for review of the judgments, resolutions or orders of the Regional Trial Courts in the exercise of their appellate jurisdiction over tax collection cases originally decided by the Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts, in their **respective jurisdiction**.

Clearly, with the passage of R.A. No. 9282, the authority of the Regional Trial Court to exercise either original and/or appellate jurisdiction over local tax under Section 195 of the LGC cases depends not only on the amount of the claim[32] but also in their respective territorial jurisdiction.

Suffice it to say, the "appeal with the court of competent jurisdiction" under Section 195 of the LGC, in light of the passage of Republic Act No. 9282 as clarified in the Yamane Case and China Banking Corporation Case, is construed that Regional Trial Court, the Metropolitan, Municipal, and Municipal Circuit Trial Courts, have original jurisdiction to take cognizance of actions assailing the decision or inaction of the local treasurer on local tax protests, depending on the amount; and the appeal be brought and taken cognizance by the Regional Trial Court, the Metropolitan, Municipal, and Municipal Circuit Trial Courts, whose territorial jurisdiction encompasses the place where the facts thereof have originated (decision or inaction of the local treasurer on local tax protests) and which has jurisdiction over the parties sought to be enjoined.

Thus, We find that the Court in Division was correct when it ruled that the appeal on the decision or inaction of the City Treasurer of Cagayan de Oro City over protest be brought to the RTC of Cagayan de Oro City, to wit:

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[32] China Banking Corporation vs. City Treasurer of Manila, G.R. No. 204117, July 1, 2015.

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"It is therefore inevitable that the petitioner's case be brought and taken cognizance by the RTC whose territorial jurisdiction encompasses the place where the facts thereof have originated and which has jurisdiction over the parties sought to be enjoined, which is the RTC of Cagayan de Oro City."

In sum, there is no compelling reason to disturb the findings and conclusion of the Court in Division.

WHEREFORE, the Petition for Review is **DENIED,** for lack of merit. Accordingly, the Decision dated March 20, 2018, rendered by the Third Division of this Court in CTA AC No. 170, and its Resolution dated September 3, 2018 are **AFFIRMED**. No pronouncement as to costs.

SO ORDERED.

Cielito N. Mindaro-Grulla
CIELITO N. MINDARO-GRULLA
Associate Justice

WE CONCUR:

(See Dissenting Opinion)
ROMAN G. DEL ROSARIO
Presiding Justice

Juanito C. Castañeda, Jr.
(See Concurring Opinion)
JUANITO C. CASTAÑEDA, JR.
Associate Justice

ERLINDA P. UY
Associate Justice

ESPERANZA R. FABON-VICTORINO
Associate Justice

Ma. Belen
MA. BELEN M. RINGPIS-LIBAN
Associate Justice

(I join Presiding Justice's Dissenting Opinion)
CATHERINE T. MANAHAN
Associate Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

(I join Presiding Justice's Dissenting Opinion)
MARIA ROWENA MODESTO-SAN PEDRO
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 among the members of the Court *En Banc* before the case was assigned to the writer of the opinion of the Court *En Banc*.

ROMAN G. DEL ROSARIO
Presiding Justice

REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

EN BANC

UCPB LEASING AND FINANCE CORPORATION (ULFC),
Petitioner,

- *versus* -

CAGAYAN DE ORO CITY and GLENN C. BAÑEZ (in his capacity as OIC-City Treasurer of Cagayan de Oro City),
Respondent.

CTA EB NO. 1933
(CTA AC No. 170)

Present:

Del Rosario, *P.J.*,
Castañeda, Jr.,
Uy,
Fabon-Victorino,
Mindaro-Grulla,
Ringpis-Liban,
Manahan,
Bacorro-Villena, and
Modesto-San Pedro, JJ.

Promulgated:
DEC 09 2019

x- 3:45p.m. - - - - - - -x

DISSENTING OPINION

DEL ROSARIO, P.J.:

With utmost respect, I dissent on the denial of the Petition for Review.

A perusal of the records disclosed that petitioner filed its Petition with the Makati City Regional Trial Court - Branch 146 (Makati RTC) to question the denial of its protest on the assessment by the City Treasurer of Cagayan De Oro City pursuant to Section 195 of Republic Act No. 7160, otherwise know as the Local Government Code (LGC).

Essentially, the Petition before the Makati RTC involves an **ordinary civil action** questioning the denial of petitioner's protest on the assessment issued by respondent for business tax, **with a misjoined prayer for the grant of ancillary remedies of temporary restraining order and preliminary injunctive writ** to enjoin respondents from, *inter alia*, collecting the tax from petitioner.

The Makati RTC, while noting that the main action of the Petition is for the nullification of the notice of assessment, treated the same as an injunction case. It accordingly dismissed the Petition with a declaration that it is bereft of jurisdiction as it relates to an act or omission of a local officer and government unit located outside of its territorial jurisdiction.

The Court in Division, on the other hand, declared that the Makati RTC erred in considering the Petition as injunction case since it was for the nullification of impugned assessment, a remedy sanctioned under Section 195 of the LGC. While it found that Makati RTC is a court of competent jurisdiction and the proper venue applying Section 2, Rule 4 of the Rules of Court, it held that said court is bereft of any authority to direct respondents to cease and desist from imposing business tax on petitioner's sale of real properties within the territorial jurisdiction of Cagayan De Oro City by virtue of Section 21 (1) of Batas Pambansa (BP) Blg. 129. It concluded that in the event a decision is rendered in favor of petitioner cancelling the local business tax assessment for its sale of real properties and enjoining respondents from enforcing the same, such decision will be rendered inutile for it cannot be enforced outside the territorial jurisdiction of Makati RTC.

To my mind, it is apparent that there is a misjoinder of causes of action in the Petition before the Makati RTC as the action for injunction was incorporated in petitioner's appeal assailing the assessment against it. The dismissal of the misjoined action for injunction is indubitable as the Makati RTC has no jurisdiction to issue a writ of injunction to enjoin actions to be committed outside its territorial boundaries.[1]

The foregoing notwithstanding, the Makati RTC has jurisdiction over the civil action *(the subject matter of which questions the denial of petitioner's protest on the assessed local business tax of P526,320.00)*, pursuant to Section 195 of LGC[2] in relation to Section

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[1] Sec. 21(1) of B.P. 129; Embassy Farms, Inc. vs. Court of Appeals, G.R. No. 80682, August 13, 1990.

[2] Section 195. *Protest of Assessment.* - When the local treasurer or his duly authorized representative finds that correct taxes, fees, or charges have not been paid, he shall issue a notice of assessment stating the nature of the tax, fee, or charge, the amount of deficiency, the surcharges, interests and penalties. Within sixty (60) days from the receipt of the notice of assessment, the taxpayer may file a written protest with the local treasurer contesting the assessment; otherwise, the assessment shall become final and executory. The local treasurer shall decide the protest within sixty (60) days from the time of its filing. If the local treasurer finds the protest to be wholly or partly meritorious, he shall issue a notice cancelling wholly or partially the assessment. However, if the local treasurer finds the assessment to be wholly or partly correct, he shall deny the protest wholly or partly with notice to the taxpayer. The taxpayer shall have thirty (30) days from the receipt of the denial of the protest or from the lapse of the sixty (60) day period prescribed herein within which to appeal with the court of competent jurisdiction otherwise the assessment becomes conclusive and unappealable.

19 (8) of BP Blg. 129, as amended by Republic Act (RA) No. 7691,[3] and Sec. 5 of said RA No. 7691.[4]

Petitioner's choice of elevating the denial of its protest to the Makati RTC, a ***court of competent jurisdiction*** contemplated under Section 195 of the LGC in relation to Sec. 19 of BP Blg. 129, was properly laid as petitioner's principal place of business is located in Makati City, in line with Section 2, Rule 4 of the Rules of Court which gives petitioner an option where to lodge its action.[5]

Since the Makati RTC has jurisdiction over the ordinary civil action, it can validly hear the case and render judgment thereon. Necessarily, it has inherent power to enforce its judgment, for if a court is competent to pronounce judgment, it must be equally competent to issue execution to obtain its satisfaction.[6]

Stated otherwise, the fact that a cause of action not falling within the RTC jurisdiction is **misjoined** with a cause of action within its jurisdiction does not deprive the RTC of jurisdiction to act on the latter. The pronouncement ***in Lilia B. Ada, et al. vs. Florante Baylon***[7] is most enligthening:

> "[W]hile parties to an action may assert in one pleading, in the alternative or otherwise, as many causes of action as they may have against an opposing party, such joinder of causes of action is subject to the condition, inter alia, that the joinder shall not include special civil actions governed by special rules.
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> **Nevertheless a misjoinder of causes of action is not a ground for dismissal**. Indeed, the courts have the power, acting upon the motion of a party to the case or sua sponte, to order the

[3] Sec. 19. Jurisdiction in civil cases. – Regional Trial Courts shall exercise exclusive original jurisdiction. xxx
(8) In all other cases in which the demand, exclusive of interest, damages of whatever kind, attorney's fees, litigation expenses, and costs or the value of the property in controversy exceeds One hundred thousand pesos (P100,000.00) or, in such other cases in Metro Manila, where the demand exclusive of the abovementioned items exceeds Two Hundred thousand pesos (P200,000.00).
[4] Section 5. After five (5) years from the effectivity of this Act, the jurisdictional amounts mentioned in Sec. 19(3), (4), and (8); and Sec. 33(1) of Batas Pambansa Blg. 129 as amended by this Act, shall be adjusted to Two hundred thousand pesos (P200,000.00). Five (5) years thereafter, such jurisdictional amounts shall be adjusted further to Three hundred thousand pesos (P300,000.00): Provided, however, That in the case of Metro Manila, the abovementioned jurisdictional amounts shall be adjusted after five (5) years from the effectivity of this Act to Four hundred thousand pesos (P400,000.00).
[5] Sec. 2. Venue of personal actions. All other actions may be commenced and tried where the plaintiff or any of the principal plaintiffs resides, or where the defendant or any of the principal defendants resides, or in the case of a non-resident defendant where he may be found, at the election of the plaintiff.
[6] Hidalgo vs. A.S. Crossfield, G.R. No. L-6492 December 9, 1910.
[7] G.R. No. 182435, August 13, 2012.

> severance of the misjoined cause of action to be proceeded with separately. However, if there is no objection to the improper joinder or the court did not motu proprio direct a severance, then there exists no bar in the simultaneous adjudication of all the erroneously joined causes of action.
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> Xxx. **If the court trying the case has no jurisdiction over a misjoined cause of action, then such misjoined cause of action has to be severed from the other causes of action, and if not so severed, any adjudication rendered by the court with respect to the same would be a nullity.**" (Boldfacing supplied)

All told, I vote to: (i) **GRANT** the Petition for Review; (ii) **REVERSE AND SET ASIDE** the March 20, 2018 Decision and September 3, 2018 Resolution rendered by the Court in Division; and, (iii) **REMAND** the case to the Makati City Regional Trial Court - Branch 146 for further proceedings, specifically to determine the merits of petitioner's main action, *i.e, propriety of the denial of petitioner's protest on local business tax assessment.*

ROMAN G. DEL ROSARIO
Presiding Justice

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

UCPB LEASING AND FINANCE CORPORATION (ULFC),
Petitioner,

CTA EB No. 1933
(CTA AC No. 170)

Present:

Del Rosario, *PJ*,
Castañeda, Jr.,
Uy,
Fabon-Victorino,
Mindaro-Grulla,
Ringpis-Liban,
Manahan,
Bacorro-Villena, and
Modesto-San Pedro, *JJ.*

- *versus* –

CAGAYAN DE ORO CITY and GLENN C. BAÑEZ (in his capacity as OIC-City Treasurer of Cagayan de Oro City),
Respondent.

Promulgated:

DEC 09 2019

3:45 p.m.

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SEPARATE CONCURRING OPINION

CASTAÑEDA, JR., *J.:*

I respectfully register my separate concurring opinion affirming the denial of the instant Petition for Review, but on the ground that the RTC of Makati is not a court of competent jurisdiction relative to petitioner's appeal of the denial of its protest against the subject assessment of respondents.

The subject Decision expressed the view that the appeal on the decision or inaction of the City Treasurer of Cagayan De Oro City over the protest should be brought to the RTC of Cagayan De Oro City. However, by affirming the Decision and Resolution of the CTA Third (3rd) Division, it effectively ruled that the RTC of Makati City is the proper venue and the court of competent jurisdiction to entertain petitioner's appeal from the denial of its protest, albeit without the power to enforce its order outside its territorial limits.

The prayer for the issuance of an injunctive order against respondents does not constitute a separate and distinct cause of action from petitioner's principal action, *i.e.*, appeal of the denial of petitioner's protest, because both are based on the same: (1) alleged right; and (2) act or omission alleged to be violative of the aforementioned right. In other words, petitioner's prayer for injunctive relief is merely ancillary to the principal reliefs prayed for in the Petition for Review.

Thus, if the RTC of Makati is the court of competent jurisdiction to entertain petitioner's action, then it should have the full and complete power to rule upon every issue involved in the case. Otherwise, it would be more appropriate to call the RTC of Makati in this case as a court of *partial* competent jurisdiction. Unfortunately, there is *no* such court of *partial* competent jurisdiction which has the power to rule on the principal action but not on the ancillary action.

Moreover, to invite the idea that the RTC of Makati has the power to entertain the principal action but has no power to issue an injunctive relief in relation to the said principal action, is to suggest to the parties that they may split their causes of action.

Splitting a cause of action is the act of dividing a single cause of action, claim or demand into two or more parts, and bringing suit for one of such parts only, intending to reserve the rest for another separate action.[1] A single cause of action or entire claim or demand cannot be split up or divided in order to be made the subject of two or more different actions.[2] The purpose of the rule is to avoid harassment and vexation to the defendant and avoid multiplicity of suits.[3] The Supreme Court, in *City of Bacolod v. San Miguel Brewery, Inc.("City of Bacolod"),*[4] elucidated on the application of the concept of splitting of a cause of action as follows:

> "In the last analysis, a cause of action is basically an act or an omission or several acts or omissions. A single act or omission can be violative of various rights at the same time, as

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[1] *Isidro Perez and Narciso A. Ragua v. Hon. Court of Appeals et. al.*, G.R. No. 157616, July 22, 2005, 464 SCRA 89 citing *Nabus v. Court of Appeals*, G.R. No. 91670, February 7, 1991, 193 SCRA 732.
[2] *Catalina B. Chu, et. al., v. Sps. Fernando C. Cunanan et. al.*, G.R. No. 156185, September 12, 2011.
[3] *Geronimo Q. Quadra v. The Court of Appeals and the Philippine Charity Sweepstakes Office*, G.R. No. 147593, July 31, 2006.
[4] G.R. No. L-25134 October 30, 1969, 29 SCRA 826,827.

> when the act constitutes juridically a violation of several separate and distinct legal obligations. This happens, for example, when a passenger of a common carrier, such as a taxi, is injured in a collision thereof with another vehicle due to the negligence of the respective drivers of both vehicles. In such a case, several rights of the passenger are violated, *inter alia*, (1) the right to be safe from the negligent acts of either or both the drivers under the law on culpa-acquiliana or quasi-delict; (2) the right to be safe from criminal negligence of the said drivers under the penal laws; and (3) the right to be safely conducted to his destination under the contract of carriage and the law covering the same, not counting anymore the provisions of Article 33 of the Civil Code. The violation of each of these rights is a cause of action in itself. Hence, such a passenger has at least three causes of action arising from the same act. On the other hand, it can happen also that several acts or omissions may violate only one right, in which case, there would be only one cause of action. **Again the violation of a single right may give rise to more than one relief. In other words, for a single cause of action or violation of a right, the plaintiff may be entitled to several reliefs. It is the filing of separate complaints for these several reliefs that constitutes splitting up of the cause of action. This is what is prohibited by the rule.**" *(Emphasis supplied)*

By the same logic as *City of Bacolod*, The petition before the RTC of Makati is based on a single cause of action only, although the grant thereof may entitle petitioner to several reliefs which include, among others, the declaration of nullity and setting aside of the subject assessment.

Section 4, Rule 2 of the Rules of Court provides that if two or more suits are instituted on the basis of the same cause of action, the filing of one or a judgment upon the merits in any one is available as a ground for the dismissal of the others. In other words, the violation of the rule against splitting up of a cause of action warrants the dismissal of a suit on the ground of either *litis pendentia*[5] or *res judicata*,[6] as the case may be. Jc

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[5] *Litis pendentia*, as a ground for the dismissal of a civil action, refers to that situation wherein another action is pending between the same parties for the same cause of action, such that the second action becomes unnecessary and vexatious. For the bar of *litis pendentia* to be invoked, the following requisites must concur: (a) identity of parties, or at least such parties as represent the same interests in both actions; (b) identity of rights asserted and relief prayed for, the relief being founded on the same facts; and (c) the identity of the two preceding particulars is such that any judgment rendered in the pending case, regardless of which party is successful would amount to *res judicata* in the other. (*Norlinda S. Marilag v. Marcelino B. Martinez*, G.R. No. 201892, July 22, 2015.)

[6] *Res judicata* literally means a matter adjudged, judicially acted upon or decided, or settled by judgment. It provides that a final judgment on the merits rendered by a court of competent jurisdiction is conclusive as to the rights of the parties and their privies; and constitutes an absolute bar to subsequent actions involving the same claim, demand or cause of action. The following are the requisites of *res judicata*: (1) the former judgment must be final; (2) the court that rendered it had jurisdiction over the subject matter and the parties; (3) it is a judgment on the merits; and (4) there is — between the first and the second actions — an identity of parties, subject matter and cause of action. (*Devorah E. Bardillon v. Barangay Masili of Calamba, Laguna*, G.R. No. 146886, April 30, 2003.)

Furthermore, the view that petitioner has two (2) separate and distinct causes of action, *i.e.*, appeal from the denial of the protest with the RTC of Makati and prayer for injunctive relief with the RTC of Cagayan De Oro City, would cause two (2) co-equal and coordinate courts to adjudicate on cases involving the same parties, subject-matter and cause of action. Such a situation would create the possibility of having conflicting decisions of two (2) co-equal and coordinate courts in the event that the RTC of Cagayan De Oro City issues an injunction against respondents while, on the other hand, the RTC of Makati upholds the assessment against petitioner. At any rate, whatever decision that the RTC of Makati might render in the appeal of the denial of petitioner's protest would constitute *res judicata* on the purported injunction suit since both cases involve an inquiry into the existence of the right claimed by petitioner and the validity of the tax assessment issued by respondents.

To reiterate, there is only a single cause of action involved in the Petition before the RTC of Makati. Such petition, however, must be filed with and resolved by the **court of competent jurisdiction** as contemplated under Section 195 of the LGC.

There is no question that Regional Trial Courts (RTCs) in general have jurisdiction to take cognizance of appeals from the decision or inaction of the local treasurer on local tax protests. Section 7(a)(3) of RA No. 9282, as amended, prescribes that the Court of Tax Appeals shall exercise exclusive appellate jurisdiction to review by appeal, decisions, orders or resolutions of RTCs in local tax cases originally decided or resolved by them in the exercise of their original or appellate jurisdiction.[7] Moreover, Section 19 (8) of *Batas Pambansa (BP) Blg.* 129, as amended, confers to RTCs exclusive original jurisdiction in civil cases in which the demand, exclusive of interest, damages of whatever kind, attorney's fees, litigation expenses, and costs or the value of the property in controversy exceeds ₱300,000 for cases outside of Metro Manila, or ₱400,000 for cases within Metro Manila.

However, while RTCs in general have jurisdiction over local tax cases, the exercise thereof must be confined within the respective judicial regions in which these courts are assigned. It must be borne in mind that under Section 17 of BP Blg. 129, as amended, the exercise of jurisdiction of the RTCs and their judges is basically regional in scope.[8] As the Supreme Court has declared in *Elizalde Malaloan and Marlon Luarez v. Court of Appeals et. al.,*[9] to wit:

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[7] *Luz R. Yamane, in her capacity as the City Treasurer of Makati City v. BA Lepanto Condominium Corporation*, G.R. No. 154993, October 25, 2005.
[8] *Office of the Court Administrator v. Judge Jesus V. Matas, RTC, Branch 2, Tagum, Davao Del Norte (acting Presiding Judge, RTC Branch 18, Digos, Davao Del Sur) and Eduardo C. Torres, Jr., OIC, Clerk of Court, RTC, Tagum, Davao Del Norte*, A.M. No. RTJ-92-836, August 2, 1995.
[9] G.R. No. 104879, May 6, 1994.

> "Jurisdiction is conferred by substantive law, in this case Batas Pambansa Blg. 129, not by a procedural law and, much less, by an administrative order or circular. **The jurisdiction conferred by said Act on regional trial courts and their judges is basically regional in scope. Thus, Section 17 thereof provides that '(e)very Regional Trial Judge shall be appointed to a region which shall be his permanent station,' and he 'may be assigned by the Supreme Court to any branch or city or municipality within the same region as public interest may require, and such assignment shall not be deemed an assignment to another station . . .' which, otherwise, would necessitate a new appointment for the judge.**" *(Emphasis and underscoring supplied)*

The relevance of the foregoing consideration is more apparent in cases where the factual circumstances which gave rise to an appeal of local tax protest arose in a place outside of the territorial jurisdiction of the RTC where the appeal was filed, such as the present case.

In the present case, most, if not all, of the crucial facts which gave rise thereto have occurred *outside* of the territorial jurisdiction of the RTC of Makati, *i.e.*, Cagayan De Oro City. More importantly, the public officials whose official acts are sought to be reviewed and enjoined by petitioner likewise hold office in Cagayan De Oro City. Also, in the event that a decision is rendered in favor of petitioner, *i.e.*, cancellation of the assessment and injunction against respondents from enforcing the same, such decision would have to be enforced outside the territorial jurisdiction of the RTC of Makati. Accordingly, it is only proper that the present case should be taken cognizance by the particular RTC whose territorial jurisdiction encompasses the place where the facts thereof have originated.

Thus, I agree with the view that the appeal on the decision or inaction of the City Treasurer of Cagayan De Oro City over the protest should be brought to the RTC of Cagayan De Oro City.

Considering the foregoing, I vote to **DENY** the instant Petition for Review.

Juanito C. Castañeda, Jr.
JUANITO C. CASTAÑEDA, JR.
Associate Justice