REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL SECOND DIVISION

ROYAL CARGO, INC.,
Petitioner,

- *versus* -

CITY TREASURER OF PARAÑAQUE CITY,
Respondent.

CTA AC CASE NO. 337
(Civil Case No. 2021-010)

Members:

RINGPIS-LIBAN, *PJ, Chairperson,*
MODESTO-SAN PEDRO, *and*
FERRER-FLORES, *JJ.*

Promulgated:

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RESOLUTION

***MODESTO-SAN PEDRO, J.*:**

For the Court's resolution is respondent's *Motion for Reconsideration (to the Decision dated February 18, 2026)*, filed on April 28, 2026, with petitioner's *Comment/Opposition*, filed on June 23, 2026, against this Court's *Decision* dated February 18, 2026 ("Assailed Decision"), which reversed and set aside the order of the Regional Trial Court, Branch 257 ("RTC"; court *a quo*) dismissing petitioner's claim for refund before it and remanded the same to the court *a quo* for continuation of the proceedings, reception of evidence, and determination of the amount of local business tax ("LBT") for calendar year ("CY") 2019 refundable, if any, in favor of petitioner.

Respondent insists that a statement of account ("SOA") is a notice of assessment under *Section 195 of the Local Government Code* ("*LGC*") and that failure to reflect a "deficiency tax" does not negate the SOA's nature as a notice of assessment. Further, the SOA for CY 2019 is considered a deficiency tax assessment for CY 2018 since it is based on CY 2018 gross receipts.

These arguments deserve scant consideration.

In relying on *International Container Terminal Services, Inc. vs. City of Manila*,[1] ("*ICTSI*") respondent claims that the Supreme Court expressly treated the SOAs covering the first to third quarters for CY 1999 as notices of assessment while only the SOAs for the fourth quarter of CY 1999 and onwards were not considered as a notice of assessment.

This analysis by respondent of the facts of *ICTSI* is misplaced.

A careful reading of the full text of *ICTSI* reveals that there was no categorical ruling by the Supreme Court that the SOAs for the first three quarters of CY 1999 were expressly treated as notices of assessment. Instead, the High Court merely acknowledged that there was no dispute on the refund claim for the first three quarters and clarified that the controversy it aimed to settle was ICTSI's entitlement to refund for the succeeding quarters:

> Here, *there is no dispute on the refund of P6,224,250.00, representing the additional taxes paid for the first three (3) quarters of 1999*, as ordered by the Court of Tax Appeals Second Division in its May 17, 2006 Decision on the basis that there was direct double taxation. The controversy here pertains to petitioner's entitlement to a refund of the taxes paid subsequent to the third quarter of 1999, which was denied by the Court of Tax Appeals Second Division on the ground that petitioner failed to comply with the requirements of Section 195. (Italics supplied.)

Thus, the nature of the SOAs for the first three quarters of CY 1999 was not an issue which the Supreme Court settled in *ICTSI*, contrary to respondent's claim. The mere mention of an undisputed fact in the ruling part of a Supreme Court decision without making any categorical pronouncement thereon cannot be considered as a sound legal basis to support an argument.

Instead, what was settled and categorically pronounced in *ICTSI*, as correctly pointed out by petitioner in its Comment/Opposition, was the nature of the SOA from the fourth quarter of CY 1999 and onwards, which the Supreme Court did not consider as notices of assessment required under *Section 195 of the LGC*:

> The "assessments" from the fourth quarter of 1999 onwards were Municipal License Receipts; Mayor's Permit, Business Taxes, Fees & Charges Receipts; and Official Receipts issued by the Office of the City Treasurer for local business taxes, which must be paid as prerequisites for the renewal of petitioner's business permit in respondent City of Manila. While these receipts state the amount and nature of the tax assessed, they do not contain any amount of deficiency, surcharges, interests, and penalties due from petitioner. They cannot be considered the "notice of assessment" required under Section 195 of the Local Government Code.

[1] G.R. No. 185622, October 17, 2018.

Similarly, in this case, the disputed SOA BIN 2004019139 dated January 18, 2019 was an assessment for permits and licenses, which must be paid as prerequisites for the renewal of petitioner's business permit in the City of Parañaque. It does not contain any amount of deficiency, surcharges, interests, and penalties due from petitioner. Indeed, it cannot be considered as a "notice of assessment" required under *Section 195 of the LGC*.

Lastly, in an attempt to buttress its misled insistence that the SOA for CY 2019 is a notice of assessment, upon which *Section 195 of the LGC* applies, respondent asserts that it is in essence a deficiency tax assessment as it pertains to LBT for CY 2018.

This is utterly erroneous. *Section 2J.02 of The Revenue Code of Parañaque,*[2] consistent with *Section 166 of the LGC*, provides that payment of business taxes accrues on the first day of January of each year. Relatively, in determining the amount of business tax which accrues every January 1 of each year, *Section 2H.02(e) of The Revenue Code of Parañaque,* consistent with *Section 143(e) of the LGC,* provides that the City of Parañaque may impose taxes on contractors and other independent contractors a graduated business tax on gross sales/receipts for the *preceding* calendar year.

Accordingly, the gross sales/receipts for the preceding calendar year merely serves as the basis to compute the business tax due for the current year. It is not a *deficiency* tax assessment. It is merely a computation, in simple terms, for purposes of settling business tax for the current year as a requisite to continue doing business in the locality.

Thus, the SOA BIN 2004019139 dated January 18, 2019 for CY 2019 is not an assessment for *deficiency* tax for CY 2018. It does not state that petitioner lacked LBT payment for CY 2018. Instead, the gross receipts for CY 2018 merely served as the basis to compute how much LBT is due for CY 2019.

FOR THESE REASONS, respondent's *Motion for Reconsideration (to the Decision dated February 18, 2026)* is **DENIED** for lack of merit..

SO ORDERED.

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

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[2] *Parañaque Ordinance No. 22-04 dated December 22, 2004* the local revenue code applicable at the time of petitioner's payment of LBT for CY 2019.

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

CORAZON G. FERRER-FLORES
Associate Justice