CTA Form No. 8 (For DCC)

24-000273-0025

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

CTA AC NO. 328

MANULIFE DATA SERVICES, INC. and

JOHN HANCOCK ADMINISTRATIVE SERVICES LLC,
Petitioners,

- versus -

LAPU-LAPU CITY, HON. ELENITA S. CATAGCATAG, in her capacity as the City Treasurer of Lapu Lapu City,
Respondents.

NOTICE OF RESOLUTION

To:

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HOH. NELSON G. LEYCO
Presiding Judge
Thru: Branch Clerk of Court
Regional Trial Court
7th Judicial Region
Branch 27 Lapu-Lapu City

GREETINGS:

You are hereby notified by these presents that on **May 12, 2026,** a Resolution was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **May 13, 2026.**

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

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL FIRST DIVISION

MANULIFE DATA SERVICES, INC. and JOHN HANCOCK ADMINISTRATIVE SERVICES LLC,
Petitioners,

- versus -

LAPU-LAPU CITY, HON. ELENITA S. CATAGCATAG, in her capacity as the City Treasurer of Lapu-Lapu City,
Respondents.

CTA AC Case No. **328**

Members:

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

Promulgated:
MAY 12 2026; 9:20 AM

x - x

RESOLUTION

***BACORRO-VILLENA, J.*:**

For the Court's resolution are the following:

(1) Petitioners Manulife Data Services, Inc.'s (**MDSI**'s) and John Hancock Administrative Services LLC's (**JHAS**'s) "Motion for Partial Reconsideration (Re: Decision dated 20 October 2025)"[1] (**MPR**), filed *via* accredited courier and emailed on 10 November 2025, *sans* respondents Lapu-Lapu City's (**respondent LGU**'s) and Hon. Elenita S. Catagcatag's (**respondent treasurer**'s) comment despite due notice;[2] and

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1 Division Docket, pp. 122-129.
2 See Records Verification dated 20 January 2026.

(2) Respondents' MPR,[3] filed *via* registered mail on 11 November 2025 and emailed on 06 January 2026 (pursuant to this Court's Resolution dated 11 December 2025), with petitioners' "Comment/Opposition (Re: Respondent's [MPR])"[4] **(Comment)**, personally filed and emailed on 28 November 2025.

Both parties seek the reconsideration of this Court's Decision[5] promulgated on 20 October 2025 **(assailed Decision)**, the dispositive portion of which reads as follows:

> ...
>
> **WHEREFORE**, premises considered, the present Petition for Review filed by petitioners Manulife Data Services, Inc. (MDSI) and John Hancock Administrative Services LLC (JHAS) on 29 May 2024 is hereby **PARTIALLY GRANTED**. The assailed Order dated 05 June 2023 and Resolution dated 29 April 2024 of the Regional Trial Court (RTC) of Lapu-Lapu City, Cebu, Branch 27, in Civil Case No. R-LLP-17-00790-CV, are **REVERSED** and **SET ASIDE** only with respect to petitioner MDSI's claim for ₱996,361.57.
>
> Petitioner JHAS's claim in the aggregate amount of ₱128,223.15 is hereby **SEVERED** from the present case and petitioner JHAS is accordingly **DROPPED** as a co-plaintiff.
>
> Accordingly, let the case be **REMANDED** to the RTC of Lapu-Lapu City, Cebu, Branch 27, for further proceedings on the merits, specifically to determine the amount of excess local business tax it paid for the first quarter of calendar year (CY) 2017, if any, to be refunded or credited in favor of petitioner MDSI.
>
> **SO ORDERED.**
>
> ...

3 Division Docket, pp. 137-143.
4 Id., pp. 146-151.
5 Id., pp. 94-121; Emphasis in the original text.

I. PETITIONERS' MOTION FOR PARTIAL RECONSIDERATION (MPR)

In their MPR, petitioners asseverate that: (1) there was, in fact, proper joinder of causes of action, as both petitioners' claims rest on a common legal basis, *i.e.*, their alleged entitlement to local tax exemption under Article 66[6] of the Omnibus Investment Code (**OIC**) of 1987, as amended by Republic Act (**RA**) No. 8756,[7] as Regional Operating Headquarters (**ROHQs**) and both arose from a single transaction consisting of respondents' joint denial of their protest and refund claims; (2) a common question of law exists, *i.e.*, whether petitioners, as allegedly ROHQs, are exempt from local taxes, which respondents themselves treated as a unified issue when they issued a single denial addressed to both entities; (3) the Regional Trial Court (**RTC/court a *quo***) of Lapu-Lapu City, Cebu, Branch 27 properly assumed jurisdiction because the principal relief sought is not merely for the recovery of money but the nullification of allegedly unlawful tax assessments, rendering the case incapable of pecuniary estimation, with any refund being merely incidental; and (4) even assuming *arguendo* that there was a misjoinder, the proper remedy is not dismissal or dropping of a party but severance and remand of the entire case to the court a *quo* pursuant to Section 6,[8] Rule 2 of the Rules of Civil Procedure (**RCP**), as amended, to allow separate adjudication of the causes of action without prejudice to either petitioner.[9]

We shall address the foregoing arguments in *seriatim*, *albeit* in the following order: the *fourth* issue, *first* and *second* issues jointly, followed by the *third* issue.

A. THE ASSAILED DECISION *ONLY* DROPPED AND SEVERED PETITIONER JOHN HANCOCK ADMINISTRATIVE SERVICES LLC'S (JHAS'S) CLAIM.

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6 Art. 66. *Exemption From All Kinds of Local Taxes, Fees or Charges.*

7 AN ACT PROVIDING FOR THE TERMS, CONDITIONS AND LICENSING REQUIREMENTS OF REGIONAL OR AREA HEADQUARTERS, REGIONAL OPERATING HEADQUARTERS, AND REGIONAL WAREHOUSES OF MULTINATIONAL COMPANIES, AMENDING FOR THE PURPOSE CERTAIN PROVISIONS OF EXECUTIVE ORDER NO. 226, OTHERWISE KNOWN AS THE OMNIBUS INVESTMENTS CODE OF 1987.

8 **Section 6.** *Misjoinder of causes of action.*

9 Supra at note 1.

At the outset, petitioners' insistence that the proper remedy for misjoinder is "severance, not dismissal," is misplaced.

The Court did not dismiss petitioner JHAS's cause of action. On the contrary, the Court correctly modified the court a *quo*'s dismissal (for alleged lack of jurisdiction) by ordering that petitioner JHAS be dropped as co-plaintiff and its claim severed to be proceeded with separately, which is in accord with Section 11,[10] Rule 3 of the RCP, as amended.

Accordingly, petitioner JHAS may still pursue its severed claim before the proper court, subject to applicable reglementary and prescriptive periods. The Court cannot direct the court a *quo* to proceed with petitioner JHAS's severed cause of action because, as already determined, it cannot validly adjudicate a cause of action over which it has no jurisdiction; otherwise, any adjudication would be a nullity.[11]

B. THERE WAS NO PERMISSIVE JOINDER OF PARTIES; THUS, THE TOTALITY RULE DOES NOT FIND APPLICATION IN THE INSTANT CASE.

Petitioners insist that both claims arose from (**a**) a common legal basis (their alleged entitlement to local tax exemption as ROHQs) and (**b**) a single transaction, *i.e.*, respondents' joint denial of their protest/refund claims.

We have tersely addressed this in the assailed Decision.[12] Nevertheless, to further allay petitioners' doubts, We reiterate and expound.

It bears stressing that claims of tax exemption (such as those invoked by petitioners) are construed *strictissimi juris* against the

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10 **Section 11**. *Misjoinder and non-joinder of parties* – Neither misjoinder nor non-joinder of parties is ground for dismissal of an action. Parties may be dropped or added by order of the court on motion of any party or on its own initiative at any stage of the action and on such terms as are just. **Any claim against a misjoined party may be severed and proceeded with separately.**

11 See *Lilia B. Ada, et al. v. Florante Baylon*, G.R. 182435, 13 August 2012.

12 Supra at note 5, pp. 107-110.

taxpayer.[13] As a corollary, each taxpayer's liability, payment and entitlement to a refund are inherently personal and distinct. Thus, even if respondents issued a single denial, the rights asserted by petitioners remain rooted in their respective and independent transactions, payments and factual circumstances. A consolidated denial by respondent LGU does not operate to merge separate causes of action into a single, indivisible claim.

As to the alleged "common question of law," while there may be some overlap in the legal issue (*e.g.*, interpretation of the exemption invoked), such similarity is merely superficial. As the Court earlier observed in the assailed Decision,[14] the entitlement to local tax exemption necessarily entails a granular, taxpayer-specific inquiry. This is especially so considering respondents, in their Answer[15] before the court a *quo*, squarely raised that the services individually rendered by petitioners do not fall within the qualifying services an ROHQ may lawfully perform. Thus, the resolution of each claim requires an examination of each petitioner's regulatory status, actual operations and the nature of services rendered during the relevant period. These factual issues are substantial, rendering them unsuitable for joint resolution. Accordingly, their joinder would risk procedural confusion and inefficiency, whereas separate proceedings better serve the orderly administration of justice.

In light of the foregoing, the Court maintains that the joinder is procedurally infirm for purposes of trying both claims in a single proceeding. Absent proper permissive joinder, the amounts prayed for cannot be aggregated to confer jurisdiction upon the court a *quo* over petitioner JHAS's refund claim.

C. THE INSTANT CASE IS CAPABLE OF PECUNI[A]RY ESTIMATION.

Petitioners argue that the court a *quo* has jurisdiction over both causes of action on the theory that these are incapable of pecuniary estimation.

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13 See *Coca-Cola Bottlers Philippines, Inc. v. Commissioner of Internal Revenue*, G.R. No. 222428, 19 February 2018, citing *Atlas Consolidated Mining and Development Corporation v. Commissioner of Internal Revenue*, G.R. No. 159490, 18 February 2008.

14 Supra at note 12.

15 RTC Records, Volume I, pp. 113-124.

We are not persuaded by this belated attempt to re-characterize the nature of the case.

Firstly, this theory was not squarely raised in the Petition for Review[16] before this Court. Petitioners' theory of the case—as framed in their pleadings and anchored on the the Local Government Code (**LGC**) of 1991, as amended—rests on the statutory remedies for the refund of the local business taxes (**LBTs**) allegedly erroneously or illegally collected. Having litigated the controversy as a refund case, petitioners cannot now, at the reconsideration stage, pivot to a different jurisdictional characterization simply to avoid the consequences of the amount of petitioner JHAS's claim and the rules on joinder.

Secondly, even on the merits, the Court finds that the case is capable of pecuniary estimation. The controlling test is the principal relief sought, determined from the material allegations of the complaint and the reliefs prayed for.[17] Here, petitioners' complaint is even captioned as "Complaint (Re. Claim for Refund of Local Business Taxes)"[18] and the core relief sought is the refund/return of a definite sum of local business taxes allegedly paid, as shown below:[19]

> ...
>
> **WHEREFORE**, premise[s] considered, plaintiffs **Manulife Data Services, Inc.** and **John Hancock Administrative Services LLC** respectfully pray that, after due proceedings, this Honorable Court render judgment --
>
> (1) Setting aside and declaring the assessment of local business taxes against plaintiffs null and void for being contrary to law;
>
> (2) Ordering defendants to refund to plaintiffs the total amounts of **ONE MILLION SIX HUNDRED NINETY-THREE THOUSAND SIX HUNDRED THIRTY-THREE PESOS AND TEN CENTAVOS (P1,693,633.10)** for MDSI and **ONE HUNDRED TWENTY-EIGHT THOUSAND TWO HUNDRED TWENTY-THREE PESOS AND FIFTEEN CENTAVOS (P128,223.15)** for JHAS, as well as

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16 Division Docket, pp. 5-27.

17 See *First Sarmiento Property Holdings, Inc., v. Philippine Bank of Communications*, G.R. No. 202836, 19 June 2018.

18 RTC Records, Volume I, pp. 3-14.

19 Id., p. 12.

> those that plaintiffs may be obligated to pay during the pendency of the litigation, with legal interest; and
>
> (3) Permanently enjoining the defendants from collecting local business taxes from plaintiffs.
>
> Plaintiffs likewise pray for such further or other reliefs as may be deemed just or equitable.[20]
>
> ...

Lastly, petitioners' own statutory anchor (Section 195[21] of the LGC of 1991, as amended) stresses the pecuniary nature of the suit. Section 195 is triggered by a notice of assessment that must state "the amount of deficiency, the surcharges, interests and penalties," and it grants the taxpayer a defined period to protest and, upon denial or inaction, to "appeal with the court of competent jurisdiction." By design, therefore, a Section 195 controversy centers on a dispute that is measurable in money.

Petitioners' prayer further confirms this. Beyond assailing the assessment's validity, they expressly seek an order refunding specific sums already paid, plus any amounts paid during the case, with legal interest. Where payment has been made, jurisprudence recognizes that a taxpayer may question the validity/correctness of the assessment (Section 195) and at the same time seek a refund, because once the assessment is set aside, refund "follows as a matter of course."[22] Conversely, even if the action is styled as one for refund under Section 196[23] of the LGC of 1991, as amended, the taxpayer ordinarily cannot prove "erroneous payment or illegal collection" without necessarily assailing the assessment that was protested.[24]

In short, petitioners' theory and reliefs show that the suit's real object is the reversal of a quantified tax liability and the recovery of amounts paid, not an independent, primarily non-monetary action.

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20 Emphasis in the original text.

21 **Section 195**. *Protest of Assessment.*

22 See *Hon. Lourdes R. Jose, in her capacity as City Treasurer of City of Caloocan v. Tigerway Facilities and Resources, Inc.*, G.R. No. 247331, 26 February 2024.

23 **Section 196**. *Claim for Refund of Tax Credit.*

24 Id.

Given these circumstances, petitioners' "incapable of pecuniary estimation" theory is best viewed for what it is: **a belated, self-serving recharacterization raised only at the reconsideration stage—indeed, a last-ditch attempt to keep JHAS within the RTC's jurisdiction** despite the Court's prior ruling on improper joinder and the resulting non-availability of aggregation.

II. RESPONDENT'S MOTION FOR PARTIAL RECONSIDERATION (MPR)

Respondents contend that this Court erred in ruling that the Business Tax Order of Payment (**BTOP**) dated 16 and 21 January 2017[25] are not valid assessments, arguing that the BTOPs satisfy the requirements under Section 195 of the LGC of 1991, as amended, as they indicate the nature of the tax and the amounts due, including surcharges and interest, and were issued for already due but unpaid taxes. They further assert that the Court's reliance on *International Container Terminal Services, Inc. v. The City of Manila, et al.*[26] (**ICTSI**) is misplaced, as the BTOPs herein allegedly contain all essential elements of an assessment and were issued as demands for payment of delinquent taxes. Consequently, respondents maintain that Section 195 of the LGC of 1991, as amended, applies, and petitioners' failure to timely file their judicial action and required protests renders the assessments final and bars their claim for refund.[27]

In the Comment, petitioners counter, echoing the assailed Decision, that respondents' claim that the BTOPs constitute valid assessments is untenable, arguing that (1) the BTOPs do not meet the requirements of Section 195 of the LGC of 1991, as amended, as they neither state any deficiency tax nor provide the factual and legal bases of the alleged liability, but merely list charges incidental to business permit renewal; (2) respondents' theory that "assessments" include initially imposed but unpaid taxes is unsupported by law or jurisprudence, especially since a deficiency assessment presupposes a prior determination after investigation, which is wanting here; (3) even assuming *arguendo* respondents' position, the BTOPs were issued in

25 Exhibits "G-1" and "H", RTC Records, Volume II, pp. 544 and 546, respectively.
26 G.R. No. 185622, 17 October 2018.
27 Supra at note 3.

connection with permit renewal, not as a result of any discovered deficiency; (4) the mere inclusion of surcharges and interest does not cure the absence of legal basis, a fundamental requirement of a valid assessment; and (5) consequently, in the absence of a valid assessment, Section 196 of the LGC of 1991, as amended, on refund applies, with which petitioners complied.[28]

Incipiently, We observe that respondents' arguments in their MPR are a mere rehash of the matters that the assailed Decision has already exhaustively addressed and passed upon.[29] Nonetheless, to dispel respondents' concerns, the Court finds it fitting to further elucidate the bases for its conclusion that the BTOPs do not constitute valid assessments.

We proceed.

An assessment, for local tax purposes, under the LGC of 1991, as amended, is not merely a computation of supposed local tax liabilities.[30] It is a formal notice that must, at the least, inform the taxpayer of the nature of the tax and the amount due (including surcharges, interests, and penalties) and it must operate as an actual demand for payment.[31] It is this notice that triggers: (**a**) the relevant prescriptive periods on assessment and collection under Section 194 of the LGC of 1991, as amended;[32] and (**b**) the taxpayer's and the treasurer's corresponding timelines under Section 195[33] of the LGC of 1991, as amended, *i.e.*, the taxpayer's sixty (60)-day period to protest and the treasurer's 60-day period to resolve the protest.[34] Thus, a taxpayer must be able to readily and with certainty identify the particular document that constitutes the assessment; otherwise, needless confusion arises as to when prescription is interrupted, when collection may begin to run and when protest remedies must be timely invoked.

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28 Supra at note 4.
29 Supra at note 5.
30 See *National Power Corporation v. The Province of Pampanga and Pia Magdalena D. Quibal*, G.R. No. 230648, 06 October 2021.
31 Id.
32 LGC of 1991, as amended, Section 194.
33 Supra at note 21.
34 LGC of 1991, as amended, Section 195.

While neither the LGC of 1991, as amended, nor its implementing rules prescribe a single mandatory template for a notice of assessment, jurisprudence is clear that due process demands that the notice of assessment sufficiently inform the taxpayer of the factual and legal bases of the charge.[35] At minimum, the notice must be sufficiently informative as to the nature of the tax and the amounts being demanded, and it must be traceable to the applicable local tax ordinance (the actual source of the LGU's taxing imposition), lest the taxpayer be deprived of a meaningful opportunity to intelligently protest.[36] An assessment that fails to meet these requirements is void and unenforceable.

Tested against these legal benchmarks, the BTOPs cannot be deemed the notice of assessment contemplated by Section 195 of the LGC of 1991, as amended. The BTOPs appear to be documents incidental to business permit renewal,[37] *i.e.*, billing-type statements listing various charges, rather than a formal assessment that clearly communicates a definite tax demand grounded on a particular ordinance and enforceable within a specified period. Critically, the BTOPs lack a definite due date for payment. The absence of a clear payment deadline negates the element of an actual demand to pay within a prescribed period—an essential feature of an assessment if it is to trigger the legal consequences under Sections 194 and 195 of the LGC of 1991, as amended. In addition, the BTOPs do not specify the particular city ordinance and provision upon which the local tax was assessed, and the manner of computing interest is not shown in a way that would allow the taxpayer to verify or recompute the charges. These omissions, taken together, undermine the BTOPs' character as valid notices of assessment and instead reinforce the conclusion that they are mere billing documents attendant to permit renewal, not the formal notice contemplated by the LGC of 1991, as amended.

To treat casually issued billing statements for business permit renewal as notices of assessments would subvert the statutory design of Sections 194 and 195 of the LGC of 1991, as amended, and create an undesirable precedent prejudicial to taxpayers who must be clearly

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35 See *Hon. Lourdes R. Jose, in her capacity as City Treasurer of City of Caloocan v. Tigerway Facilities and Resources, Inc.*, supra at note 22.

36 *Luz R. Yamane, in her capacity as the City Treasurer of Makati City v. BA Lepanto Condominium Corporation.*, G.R. No. 154993, 25 October 2005.

37 See Exhibits "G" and "H-1", RTC Records, Volume II, pp. 543 and 547, respectively; *cf.* Exhibits "G-1" and "H", id., pp. 544 and 546, respectively.

apprised when a formal assessment has been made and when protest and prescriptive periods begin to run.

In view of the foregoing disquisition, the Court discerns no compelling ground to disturb, much less reverse, the assailed Decision.[38]

WHEREFORE, premises considered, petitioners Manulife Data Services, Inc.'s and John Hancock Administrative Services LLC's "Motion for Partial Reconsideration (Re: Decision dated 20 October 2025)" filed *via* accredited courier and emailed on 10 November 2025 and respondents Lapu-Lapu City's and Hon. Elenita S. Catagcatag's "Motion for Partial Reconsideration" filed *via* registered mail on 11 November 2025 and emailed on 06 January 2026 are **DENIED** for lack of merit.

SO ORDERED.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

I CONCUR:

LANEE S. CUI-DAVID
Associate Justice

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[38] Supra at note 5.