REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

BANGKO SENTRAL NG PILIPINAS, Petitioner,	CTA EB No. 1438 (CBAA Case No. L-116) (LBAA Case No. 2011-1)
-versus-	Present: DEL ROSARIO, *PJ,* CASTAÑEDA, JR., BAUTISTA, UY,
THE CENTRAL BOARD OF ASSESSMENT APPEALS, THE LOCAL BOARD OF ASSESSMENT APPEALS OF THE PROVINCE OF BATANGAS, AND FORTUNATA G. LAT, in her capacity as THE PROVINCIAL TREASURER OF BATANGAS, Respondents.	CASANOVA, FABON-VICTORINO, MINDARO-GRULLA, RINGPIS-LIBAN, and MANAHAN, *JJ.* Promulgated: FEB 14 2018 3:45 p.m.

x- -x

DECISION

FABON-VICTORINO, J.:

In this appeal by way of Petition for Review[1] under Section 1, Rule 43 of the Rules of Court, petitioner Bangko Sentral ng Pilipinas (BSP) assails the Decision dated June 30, 2015 and Resolution dated February 12, 2016, both rendered by respondent Central Board of Assessment Appeals.

THE PARTIES

Petitioner is the Bangko Sentral ng Pilipinas (BSP), a government instrumentality created under Republic Act (R.A.) No. 7653[2], with principal office address at A. Mabini corner P. Ocampo Streets, Malate, Manila. It is a registered taxpayer with Taxpayer Identification No. (TIN) 000-691-315.

Respondent Central Board of Assessment Appeals (CBAA) is a quasi-judicial body with exclusive jurisdiction to hear and determine all appeals from the decisions, resolutions, and final orders of the Local Board of Assessment Appeals (LBAA) of cities, and provinces nationwide. It may be served with summons and other court processes at the 7th Floor, EDPC Building, BSP Complex, Roxas Boulevard, Manila.

Respondent LBAA of the Province of Batangas, is a local government office with authority to determine appeals questioning the action of the provincial, city or municipal assessor/treasurer pertaining to assessment/collection of real property tax, with address at Provincial Capitol, Batangas City.

Respondent Provincial Treasurer of Batangas, Fortunata G. Lat, is impleaded in her official capacity. She holds office at the Office of Provincial Treasurer of Batangas, Batangas Provincial Capitol Building, Capitol Hills, Batangas City.

THE FACTS AND THE PROCEEDINGS

During the period from January to February 1998, Orient Commercial Banking Corporation (Orient Bank) availed of emergency loans and advances from petitioner in the aggregate amount of ₱2,320,946,000.00 pursuant to Section 84 of R.A. No. 7653[3]. Orient Bank also incurred an

---

[2] The New Central Bank Act.

[3] An emergency loan or advance under Section 84 of R.A. No. 7653 is a credit facility intended to assist a bank experiencing serious liquidity problems arising from causes not attributable to, or beyond the control of, bank management. The grant of such

overdraft in its demand deposit clearing account with petitioner in the total amount of ₱1,028,000,000.00.

To secure payment of the above-cited liabilities, Orient Bank and various third-party mortgagors executed Real Estate Mortgages (REMs) in favor of petitioner. Individual Sureties Jose C. Go and Vicente C. Go executed a Surety Agreement in favor of petitioner dated January 9, 1999, binding themselves jointly and severally liable for the indebtedness of Orient Bank.

On February 13, 1998, after it availed of the last tranche of emergency loans and advances from petitioner, Orient Bank declared a "Bank Holiday" and closed all its branches. As of the close of business on the same date, Orient Bank had incurred obligations in favor of petitioner as follows:

Emergency Loans and Advances	₱2,320,946,000.00
Overdraft	₱1,028,000,000.00

On December 11, 1998, petitioner demanded payment of the foregoing obligations from the Individual Sureties but they refused to pay. Due to Orient Bank's failure to settle its outstanding obligations, petitioner extrajudicially foreclosed the properties of Orient Bank and various third-party mortgagors covered by the REMs executed in its favor.

The foreclosure sale however failed to satisfy in full Orient Bank's obligation to petitioner. After deducting the proceeds of the foreclosure sale, Orient Bank still owed petitioner the following amounts:

Emergency Loans and Advances	₱1,273,959,042.97
Overdraft	₱1,028,000,000.00

facility is extended, upon the discretion of the Monetary Board of the BSP as a temporary remedial measure to help a solvent bank overcome serious liquidity problems (The Editorial Board and Staff of the Office of the General Counsel and Legal Services, BSP, the New Central Bank Act Annotated, page 299 [Book 1, 2010] citing Subsection X272.1, Manual of Regulations for Banks.)

Orient Bank also failed to settle its remaining obligations prompting petitioner to file a Complaint for Sum of Money (With Application for Writ of Preliminary Injunction) against it, the Individual Sureties and several companies principally owned by the Individual Sureties before the Regional Trial Court (RTC) Branch 12 of Manila docketed as Civil Case No. 99-95993.

While the case was pending, petitioner, Orient Bank, the Individual Sureties and several companies principally owned by the Individual Sureties, executed a Compromise Agreement dated December 22, 2003, in which the parties agreed, among others, to settle Orient Bank's outstanding obligation in the amount of ₱2,974,903,000.00, through *dacion* of certain real properties in favor of petitioner, which included the properties subject of the present Petition, specifically, the parcels of land covered by Transfer Certificates of Title (TCT) Nos. 055-2010001001, 055-2010001002 and 055-2010001003[4]. The remaining balance shall be paid within a period of ten (10) years, extendible for five (5) years as provided in the Amortization Schedule attached to the said Compromise Agreement. On December 29, 2003, the Compromise Agreement was approved by the RTC.

Due to breach of the terms and conditions of the Compromise Agreement by Orient Bank, *et al.,* petitioner filed with the RTC an Urgent Motion for Execution, which was denied in the Order dated December 12, 2008. On motion for reconsideration, it was granted in the Order dated June 4, 2009 which directed the issuance of a Writ of Execution to enforce the Compromise Agreement as approved in the Order of December 29, 2003.

On July 6, 2009, the Writ of Execution was issued directing the Sheriff Crispin M. Dalagin to levy on the real properties of Evercrest and thereafter pay the outstanding obligation of Orient Bank, *et al.* to petitioner.

---

[4] These properties were formerly covered by TCT Nos. T-117007, T-117008 and T-117009 in the name of Evercrest. At present, these properties are already registered in the name of petitioner and are now covered by TCT Nos. 055-2010001001, 055-2010001002 and 055-2010001003, Annexes "A" to "C" to the Petition for Review, *en banc* docket, pp. 26-35.

The public auction sale of the subject properties was set on August 12, 2009, at 10:00 a.m.

To prevent the conduct of the auction sale, Jose C. Go, Evercrest, *et. al.* filed a Petition for Certiorari (With Prayer for Temporary Restraining Order and/or Writ of Preliminary Injunction) with the Court of Appeals (CA) against Judge Noli C. Diaz, Sheriff Crispin M. Dalagin, petitioner and the Register of Deeds of Nasugbu, Batangas, docketed as CA G.R. SP No. 109927 two days before the scheduled public auction, or on August 10, 2009.

On August 11, 2009, the CA issued the prayed for Temporary Restraining Order (TRO) effective for sixty days.

After the life of the TRO expired, the subject properties were auctioned on November 4, 2009, with petitioner as the winning bidder. On the same day, the corresponding Certificate of Sale was registered.

After the one-year redemption period expired without redemption on the part of Orient Bank, *et al.,* or on November 9, 2010, the titles of the subject properties were consolidated in the name of petitioner[5]. However, to effect the said consolidation, petitioner had to pay under protest the real property tax liabilities of Evercrest for the subject properties for the years 2004 to 2008 in the aggregate amount of ₱125,591,872.97. The payment with the Letter Protest dated November 8, 2010[6] was addressed to respondent Provincial Treasurer of Batangas indicating that during the year 2004 to 2008, no taxes accrued nor due against the subject properties because they were then owned by the Province of Batangas, hence, exempt from realty taxes.

In the Letter dated November 9, 2010, received by petitioner on November 15, 2010, respondent Provincial Treasurer of Batangas denied petitioner's Protest[7] on the

[5] Certified True Copies of Official Receipt No. BTG 0816744 dated November 9, 2010 and Certificate of Tax Payment, Annexes "D" and "E" to the Petition for Review, *en banc* docket, pp. 36-37.
[6] Annex "F" to the Petition for Review, *en banc* docket, p. 38.
[7] Annex "G" to the Petition for Review, *en banc* docket, p. 39.

ground that the beneficial use of the subject properties from 2004 to 2008 belonged and was enjoyed by Evercrest. Hence, Evercrest incurred real property tax liabilities pursuant to Section 234 of the Local Government Code (LGC) of 1991 even if during the said period they were registered and owned by the Province of Batangas.

Unconvinced, petitioner elevated the adverse ruling to the LBAA on January 13, 2011 praying to set aside the Letter dated November 9, 2010 of respondent Provincial Treasurer of Batangas and refund of the real property tax it paid under protest for the years 2004 to 2008.

On March 16, 2011, respondent Provincial Treasurer of Batangas filed her Comment/Opposition[8] contending that petitioner has no legal standing to question her assessments on the subject property which already became final, executory and demandable for failure of Evercrest/Mega Heights to take any action to challenge it. Granting *arguendo* that the subject properties were in the name of the Province of Batangas from 2004 to 2008, they could still be assessed realty taxes as the beneficial use thereof during the said period was with Evercrest/Mega Heights, both taxable persons. Lastly, petitioner's reliance on paragraph 6 of the Compromise Agreement between the Province of Batangas and Evercrest/Mega Heights is misplaced as there is nothing therein granting Evercrest realty tax exemption.

In its Reply[9], petitioner invoked its personality as the current owner of the subject properties as basis of its legal standing to impugn the assessment. Hence, it denied liability to pay the said assessment on the ground that from 2004 to 2008, the subject properties were still owned and registered in the name of the Province of Batangas, *a fortiori*, exempt from realty taxes.

On June 20, 2011, respondent LBAA dismissed petitioner's Appeal/Protest[10]. The LBAA ruled that while petitioner has legal interest to question the assessment and that it seasonably appealed the case, it could not validly

---

[8] LBAA Record, pp. 34-40.
[9] LBAA Record, pp. 44-54.
[10] LBAA Record, pp. 55-60.

claim exemption from payment of realty taxes for as a rule, unpaid realty taxes are directly chargeable against the taxable individual or entity who has actual and beneficial use and possession of the property, such as Evercrest.

Failing to get a favorable decision, petitioner, on August 31, 2011, challenged respondent LBAA's ruling before respondent CBAA[11] on the sole ground that respondent LBAA erred when it ruled that realty property taxes accrued on the subject properties albeit their ownership belonged to the Province of Batangas from 2004 to 2008.

On September 28, 2011, respondent Provincial Treasurer of Batangas filed her Comment[12] basically truncated from her Comment/Opposition filed with the LBAA on March 16, 2011.

In its Reply[13] to the foregoing Comment, petitioner echoed its arguments found in a similar pleading filed with the LBAA.

On June 30, 2015, respondent CBAA rendered the assailed Decision[14] denying petitioner's appeal, in the following fashion:

> WHEREFORE, in view of all the foregoing, this BOARD renders its DECISION:
>
> 1. DENYING the prayer of Petitioner-Appellant to Annul the Resolution dated 20 June 2011 issued by the Respondent-Appellee LBAA;
>
> 2. DENYING the prayer of Petitioner-Appellant to Annul the letter dated 9 November 2010 issued by Respondent-Appellee Provincial Treasurer; and
>
> 3. With MODIFICATION that during the period 2004 to 2010, Evercrest was liable to pay

---

[11] CBAA Record, pp. 4-15.
[12] CBAA Record, pp. 48-54.
[13] CBAA Record, pp. 58-69.
[14] Annex "H" to the Petition for Review, *en banc* docket, pp. 40-57.

the real property taxes as beneficial owner thereof.

SO ORDERED.

On August 28, 2015, petitioner moved to reconsider the foregoing Decision[15] arguing that the respondent CBAA erred in 1) finding that it has no legal interest over the subject properties, and 2) in holding that Evercrest is liable as beneficial owner to pay the real property taxes on the subject properties from 2004 to 2008.

On October 7, 2015, respondent Provincial Treasurer of Batangas filed her Comment/Opposition[16], describing petitioner as one without legal standing to challenge the assessments on the subject properties not being the registered or declared owner thereof during the period 2004 up to May 2009. Thus, its interest in the subject properties is at most inchoate. Allegedly, evidence showed that from 2004 to May 2009, the beneficial use of the subject properties belonged and was continuously enjoyed by Evercrest/Mega Heights, hence, it should be the one liable for realty taxes during the said period.

In the similarly assailed Resolution of February 12, 2016[17], the CBAA denied petitioner's bid for reconsideration, stressing that petitioner neither had actual and material, nor direct and immediate interest in the subject properties during the period 2004 to 2008 for it was Evercrest that had the actual use and enjoyment thereof during the said period. And since the subject assessment was not challenged pursuant to Section 226 of the LGC of 1991, the same became final, executory and demandable.

On March 16, 2016, petitioner filed the instant Petition for Review before the Court *En Banc.*

On August 25, 2016, respondent Provincial Treasurer of Batangas, in compliance with the Resolution dated July 13,

[15] CBAA Record, pp. 248-258.
[16] CBAA Record, pp. 263-269.
[17] CBAA Record, pp. 271-280.

2016[18], posted her Comment[19], to which petitioner filed a Reply on October 12, 2016[20].

On February 14, 2017, the case was submitted for decision[21] after petitioner filed its Memorandum in compliance with the Court *En Banc* Resolution dated November 4, 2016[22] and after respondent Provincial Treasurer of Batangas filed her Manifestation stating that she is reiterating her arguments in her Comment[23].

THE ISSUE

Whether the BSP is entitled to the refund of the realty taxes for the years 2004 to 2008 it paid under Protest in order to consolidate the titles of the subject properties in its name.

Petitioner's arguments

Petitioner insists that it has legal interest to assail its payment of the real property tax assessed against the subject properties for the years 2004 to 2008 because it paid the assessment in order to have the titles of the subject properties consolidated in its name.

According to petitioner, it correctly filed its appeals to respondents LBAA and CBAA as mandated under the existing Law and Rules. Contrary to respondent CBAA's ruling, there is nothing in Section 252, in relation to Sections 226 and 229 of the LGC of 1991, that requires a taxpayer to first question the real property tax assessment of the provincial, city or municipal assessor before filing an appeal with LBAA and CBAA. In fact, Sections 226 and 252 of the LGC of 1991 provide for two (2) different and distinct remedies and the taxpayer's failure to assail the action of the provincial assessor under Section 226 of the LGC of 1991, does not

[18] *En Banc* Docket, pp. 114-115.
[19] *En Banc* Docket, pp. 121-127.
[20] *En Banc* Docket, pp. 137-144.
[21] *En Banc* Docket, pp. 376-378.
[22] *En Banc* Docket, pp. 147-148.
[23] *En banc* docket, pp. 149-150.

preclude the taxpayer from availing the remedies under Section 252 of the same Code.

Finally, petitioner strongly adheres to its stance that the subject properties were exempt from real property taxation during the period 2004 to 2008 as they were then owned and registered in the name of the local government of Batangas, rendering the assessment of respondent Provincial Treasurer of Batangas without any legal basis. Moreover, aside from allegation, respondent Provincial Treasurer of Batangas failed to show proof that the actual and beneficial use, possession, management and administration of the subject properties remained with Evercrest during the period 2004 to 2008. Paragraph 6 of the earlier Compromise Agreement between the Province of Batangas and Evercrest even provides that real property taxes on the subject properties shall accrue once the titles thereof revert back to Evercrest. Since the said condition did not occur as contemplated under the Compromise Agreement, no real property taxes accrued on the subject properties from 2004 to 2008.

Respondent's arguments

Respondent Provincial Treasurer of Batangas concurs with respondent CBAA that petitioner has no legal standing nor personality to question the subject assessment as only Evercrest/Mega Heights had it. Respondent Provincial Treasurer of Batangas narrated that in 2004, Evercrest filed with RTC of Manila, Branch 11, Civil Case No. 04-110602 to prevent the Province of Batangas from taking possession and control of the subject properties as a remedy to effect collection of realty taxes. On March 31, 2005, judgment was rendered invalidating the titles over the subject properties issued in the name of the Province of Batangas. On March 31, 2006, Evercrest and the Province of Batangas executed a Compromise Agreement which the RTC approved. Per Paragraph 5 of the said Compromise Agreement, Evercrest/Mega Heights shall have full control and possession of the subject properties until the respective titles are reissued in the name of Evercrest/Mega Heights in May 2009. All these according to respondent Provincial treasurer of Batangas indicate that for the period 2004 to

May 2009 Evercrest/Mega Heights had the beneficial use and enjoyment of the subject properties.

Thus, petitioner merely stepped into the shoes of Evercrest/Mega Heights when it entered into a subsequent Compromise Agreement pertaining to the obligations of Orient Bank to it. In other words, petitioner assumed all rights and obligations of Evercrest/Mega Heights including their arrears in realty taxes from 2004 to 2008. Also during the effectivity of the Compromise Agreement, petitioner did not take any action to challenge the outstanding real property taxes assessed on the subject properties.

Finally, the fact that petitioner never impleaded nor notified the Province of Batangas about its filing of Civil Case No. 99-95993 against Evercrest/Mega Heights with the RTC Branch 12 of Manila, indicates recognition that Evercrest/Mega Heights was in possession and use of the subject properties from 2004 to 2008.

RULING OF THE COURT *EN BANC*

The crux of the controversy is petitioner's claimed entitlement to the refund of the real property taxes it paid under Protest which were assessed against the subject properties for the years 2004 to 2008 on the alleged ground that at the time of the assessment, the subject properties were owned and registered in the name of the Province of Batangas, hence, exempt from real property taxes.

Primordial is the determination of this Court's jurisdiction over the present appeal.

The CTA is a court of special jurisdiction, thus, it can only take cognizance of matters that are clearly within its jurisdiction.[24] Section 7 (a) (5) R.A. No. 1125, as amended by R.A. No. 9282, provides that the Court has exclusive appellate jurisdiction to review by appeal, Decisions of the Central Board of Assessment Appeals in the exercise of its appellate jurisdiction over cases involving the assessment

[24] Allied Banking Corporation v. Commissioner of Internal Revenue, G.R. No. 175097, February 5, 2010, 611 SCRA 657.

and taxation of real property originally decided by the provincial or city board of assessment appeals.

Section 2 (e), Rule 4 of the Revised Rules of the Court of Tax Appeals (RRCTA) accorded this jurisdiction specifically to the Court *En Banc, viz.*:

> RULE 4
> Jurisdiction of the Court
>
> xxx xxx xxx
>
> SECTION 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:
>
> xxx xxx xxx
>
> (e) Decisions of the Central Board of Assessment Appeals (CBAA) in the exercise of its appellate jurisdiction over cases involving the assessment and taxation of real property originally decided by the provincial or city board of assessment appeals;

Evidently, the Court *En Banc* has appellate jurisdiction over the case.

As to the whether the present appeal was filed within the prescriptive period, Section 11 of R.A. No. 1125 explicitly states that any party adversely affected by a decision, ruling or inaction of the CBAA may file an appeal with the Court within thirty (30) days after the receipt of such decision or ruling or after the expiration of the period fixed by law for action as referred to in Section 7(a)(2) of the same law.

The record shows that petitioner received the CBAA Resolution dated February 12, 2016 on **March 1, 2016**. Therefore, petitioner had until **March 31, 2016** to file a Petition for Review before the Court *En Banc*. Hence, the petitioner seasonably filed its Petition for Review on **March 16, 2016**.

Significantly, Section 252 of the LGC of 1991 provides that before a taxpayer may challenge before the LBAA the questioned realty tax assessment, the taxpayer must first pay under protest the contested assessment to the provincial or city or municipal treasurer for the LBAA to entertain the appeal which should be filed within thirty (30) days from date of payment, thus:

> SECTION 252. Payment under Protest. —
>
> (a) **No protest shall be entertained unless the taxpayer first pays the tax.** There shall be annotated on the tax receipts the words "paid under protest". **The protest in writing must be filed within thirty (30) days from payment of the tax to the provincial, city treasurer or municipal treasurer, in the case of a municipality within Metropolitan Manila Area, who shall decide the protest within sixty (60) days from receipt.**
>
> (b) xxxx.
>
> (c) xxxx.
>
> (d) **In the event that the protest is denied or upon the lapse of the sixty-day period prescribed in subparagraph (a), the taxpayer may avail of the remedies as provided for in Chapter 3, Title Two, Book II of this Code.** (emphases supplied)

Corollarily, Sections 226, 229 and 231 of Chapter 3, Title II, Book II of the LGC on the appellate procedures before the LBAA and the CBAA state:

> SEC. 226. Local Board of Assessment Appeals. — Any owner or person having legal interest in the property who is not satisfied with the action of the provincial, city or municipal assessor in the assessment of his property may, within sixty (60) days from the date of receipt of the written notice of assessment, appeal to the Board of Assessment Appeals of the province or city by filing a petition under oath in the form prescribed for the purpose, together with copies of the tax declarations and such affidavits or documents submitted in support of the appeal.

SEC. 229. Action by the Local Board of Assessment Appeals. —

xxx xxx xxx.

(c) The secretary of the Board shall furnish the owner of the property or the person having legal interest therein and the provincial or city assessor with a copy of the decision of the Board. In case the provincial or city assessor concurs in the revision or the assessment, it shall be his duty to notify the owner of the property or the person having legal interest therein of such fact using the form prescribed for the purpose. The owner of the property or the person having legal interest therein or the assessor who is not satisfied with the decision of the Board may, within thirty (30) days after receipt of the decision of said Board, appeal to the Central Board of Assessment Appeals, as herein provided. **The decision of the Central Board shall be final and executory.**

SEC. 231. Effect of Appeal on the Payment of Real Property Tax. — Appeal on assessments of real property made under the provisions of this Code shall, in no case, suspend the collection of the corresponding realty taxes on the property involved as assessed by the provincial or city assessor, without prejudice to subsequent adjustment depending upon the final outcome of the appeal.

In the case of Dr. Pablo R. Olivarez, et al. vs. Mayor Joey Marquez, *et al.*[25], the Supreme Court elucidated on the requisite of "payment first before protest" in assailing the assessment issued by the provincial, city or municipal assessor. The Final Arbiter also clarified that the 60-day period to appeal before the LBAA commences from the denial of the protest or from receipt of the notice of assessment, as provided in Section 226 of the R.A. 7160, to wit:

Thus, should the taxpayer/real property owner question the excessiveness or reasonableness of the assessment, Section 252 directs that the ***taxpayer should first pay the tax due before his protest can be entertained.*** There shall be annotated on the tax receipts the words "paid under protest." It is **only after the taxpayer has paid the tax due that he may file a protest in writing within thirty days from payment of the tax to the Provincial, City or Municipal Treasurer,**

[25] G.R. No. 155591, September 22, 2004.

> **who shall decide the protest within sixty days from receipt**. In no case is the local treasurer obliged to entertain the protest unless the tax due has been paid.
>
> If the local treasurer denies the protest or fails to act upon it within the 60-day period provided for in Section 252, the taxpayer/real property owner may then appeal or directly file a verified petition with the LBAA within sixty days from denial of the protest or receipt of the notice of assessment, as provided in Section 226 of R.A. No. 7160 xxx

Thus, the aggrieved taxpayer or real property owner assailing the correctness or reasonableness of the assessment issued by the provincial, city or municipal assessor must first pay under protest the assessed amount before filing a written protest with the provincial, city or municipal treasurer. If the latter denies the protest or fails to act on the protest within the 60-day period mandated under Section 252 (a) of the LGC, the 60-day period within which to appeal to LBAA under Section 252 (d), in relation to Section 226, shall be reckoned from the receipt of the denial of the said protest or from the lapse of the 60-day period within which the treasurer should act on the protest.

In the instant case, petitioner paid under protest the real property taxes due on the subject properties for the years 2004 to 2008 on November 9, 2010. Respondent Provincial Treasurer of Batangas denied the Protest through a Letter dated November 9, 2010, which petitioner received on November 15, 2010. On January 13, 2011, petitioner elevated such denial to respondent LBAA which on June 20, 2011 issued a Resolution denying the Appeal, copy of which was received by petitioner on August 2, 2011. On August 31, 2011, petitioner filed an Appeal before respondent CBAA which in turn rendered the assailed Decision of June 30, 2015 denying the appeal. It was sent to petitioner through registered mail on August 4, 2015. Petitioner's Motion for Reconsideration filed on August 28, 2015 suffered the same fate as indicated in the Resolution dated February 12, 2016 which petitioner received on March 1, 2016. The adverse ruling of respondent CBAA prompted petitioner to seek relief before the Court *En* Banc on March 16, 2016. It appears from the narration of incidents that petitioner filed its appeals before respondents LBAA and CBAA following the period prescribed under LGC of 1991.

However, does petitioner have the legal interest or legal standing to challenge the assessment made over the subject properties for the years 2004 to 2008?

Section 226 of the LGC of 1991 identified the persons, natural or juridical, vested with the personality to contest an assessment, namely: 1) the owner and 2) the person with legal interest in the property.

Legal interest is defined as an interest in property or a claim cognizable at law, equivalent to that of a legal owner who has legal title to the property.[26]

In Cariño v. Ofilado[27], the Supreme Court explained that legal interest should be an interest that is actual and material, direct and immediate, not simply contingent or expectant. The concept of the directness and immediacy involved is no different from that required in motions for intervention under Rule 19 of the Rules of Court that allow one who is not a party to the case to participate because of his or her direct and immediate interest, characterized by either gain or loss from the judgment that the court may render.[28]

Note that petitioner was the highest bidder in a public sale of the subject properties, therefore it became the rightful owner thereof after the expiration of the one-year period without redemption on the part of debtor. From that incident sprung petitioner's legal right or personality to question the payment it made under protest in order to consolidate ownership over the subject properties. Section 250 of the LGC of 1991 provides that the owner of the real property or the person having <u>legal interest</u> therein may pay the basic real property tax and after such payment, protest may be made to assail the assessment pursuant to Section

---

[26] Black's Law Dictionary (5th ed.), pp. 805-806.
[27] G.R. No. 102836, January 18, 1993, 217 SCRA 206.
[28] See RULES OF COURT, Rule 19, Section 1, and Alfelor v. Halasan, G.R. No. 165987, March 31, 2006, 486 SCRA 451, 461, citing Nordic Asia Ltd. v. Court of Appeals, 451 Phil. 482, 492-493 (2003).

252 of the same Code. Therefore, the person legally burdened with the obligation to pay for the tax imposed on the property has the legal interest in the property and the personality to challenge the tax assessment.

It must also be stressed that the liability for taxes generally rests on the owner of the real property at the time the tax accrues. This is a necessary consequence that proceeds from the fact of ownership.[29] However, personal liability for realty taxes may also expressly rest on the entity with the beneficial use of the real property, such as the tax on property owned by the government but leased to private persons or entities, or when the tax assessment is made on the basis of the actual use of the property.[30] In either case, the unpaid realty tax attaches to the property[31] but is directly chargeable against the taxable person who has actual and beneficial use and possession of the property regardless of whether or not that person is the owner.[32]

However, whether petitioner is entitled to its claim for refund on the ground that the subject properties were exempt from realty taxes from 2004 to 2008 as they were then owned and under the name of the Province of Batangas is another issue.

Evidence indicates that the Province of Batangas owned the subject properties during the relevant period. In fact, titles thereto were issued in its name but were subsequently invalidated by the RTC, Branch 11 of Manila in Civil Case No. 04-110602. However, by virtue of a court-approved Compromise Agreement, Evercrest/Mega Heights was granted possession, full control and enjoyment of the subject properties. On account thereof, realty tax

---

[29] See Baguio v. Busuego, G.R. No. 29772, September 18, 1980, 100 SCRA 116; and MERALCO v. Barlis, G.R. No. 114231, June 29, 2004, 433 SCRA 11.
[30] Republic v. Kidapawan, G.R. No. 166651, December 9, 2005, 477 SCRA 324, citing Vitug and Acosta, Tax Law and Jurisprudence (2000 ed.), p. 490.
[31] Section 257 of LGC of 1991 states:

SEC. 257. Local Government Lien. — The basic real property tax and any other tax levied under this Title [Title II — Real Property Taxation] constitute a lien on the property subject to tax, superior to all liens, charges, or encumbrances in favor of any person irrespective of the owner or possessor thereof, enforceable by administrative or judicial action, and may only be extinguished upon payment of the tax and the related interests and expenses.
[32] See Testate of Concordia Lim v. Manila, G.R. No. 90639, February 21, 1990, 182 SCRA 482.

assessments were issued against Evercrest/Mega Heights which were taxable entities. The said action was in accord with Section 234 (a) of the LGC of 1991 which provides that real property owned by the Republic of the Philippines or any of its political subdivisions is exempted from payment of the real property tax <u>except when the beneficial use thereof has been granted, for consideration or otherwise, to a taxable person.</u>

As provided by law, exemption from payment of realty taxes on properties owned by the Republic of the Philippines or any of its political subdivisions ceases from the moment the beneficial use thereof has been granted, for consideration or otherwise, to a taxable person, as in this case to Evercrest/Mega Heights. While it may be true that naked title over the subject properties were with the Province of Batangas from 2004 to May 2009, possession, full control and uninterrupted enjoyment thereof remained with Evercrest/Mega Heights.

Further, in real estate taxation, the unpaid tax attaches to the property and is chargeable against the taxable person who has actual or beneficial use and possession thereof irrespective of who owns it.

Very clearly, petitioner, who stepped into the shoes of Evercrest/Mega Heights upon its purchase of the subject properties in an auction sale, assumed all the rights as well as the obligations of Evercrest/Mega Heights including their arrears in realty taxes from 2004 to 2008.

Finally, the subject assessment had long been final for failure of Evercrest/Mega Heights to take appropriate action to question it within the period prescribed by law. In fact, administrative proceedings had already been conducted to enforce collection.

All said, petitioner cannot claim for refund of its payment of real property taxes due from Evercrest/Mega Heights from 2004 to 2008 based on alleged exemption of the subject property during the said period, which in the first place did not exist.

WHEREFORE, the Petition for Review filed by petitioner Bangko Sentral ng Pilipinas on March 16, 2016, is hereby **DENIED** for lack of merit. Consequently, Respondent CBAA's Decision dated September 2, 2010 and the Order dated June 7, 2011 are **AFFIRMED**.

SO ORDERED.

ESPERANZA R. FABON-VICTORINO
Associate Justice

We Concur:

ROMAN G. DEL ROSARIO
Presiding Justice

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

LOVELL R. BAUTISTA
Associate Justice

ERLINDA P. UY
Associate Justice

CAESAR A. CASANOVA
Associate Justice

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

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

Catherine T. Manahan
CATHERINE T. MANAHAN
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