23-000180-0025

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

CTA AC NO. 289

PUBLIC SAFETY MUTUAL BENEFIT FUND, INC., REPRESENTED BY ITS PRESIDENT ANTHONY L. CUAYCONG,
Petitioner,

NOTICE OF RESOLUTION

- versus -

ROSETTE A. LAQUIAN, Acting City Treasurer, San Juan City,
Respondent.

To:

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

ATTY. ANDREA JUAREZ
ATTY. JENNIFER ANNE REYES
ATTY. MOHAMMAD FAYEZ D. PAUDAC
ATTY. ANDREA FELIPINA B. JUAREZ
City Government of San Juan
2nd Floor, San Juan City Hall
Pinaglabanan St. cor. P. Narciso Street
San Juan City

MS. ROSETTE A. LAQUIAN
Acting City Treasurer
City Hall Complex, Pasig City (Stationed in San Juan City)
Pinaglabanan St. corner Dr. P.A. Narciso St.
Barangay Corazon de Jesus, San Juan City

ABELLA, YUMANG, CAPITAN and PARTNERS (ABLY for short)
Unit 204, 2nd Floor Corporate 101 Building
Mother Ignacia, Brgy. South Triangle
Quezon City

ATTY. LOURDES L. ESCUYOS
BRANCH CLERK OF COURT
Regional Trial Court
Branch 264, Pasig City (San Juan City Station)

GREETINGS:

You are hereby notified by these presents that on **August 29, 2025,** a Resolution was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **September 2, 2025.**

Atty. Margarette Y. Guzman
Executive Clerk of Court III

REPUBLIC OF THE PHILIPPINES
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QUEZON CITY

FIRST DIVISION

PUBLIC SAFETY MUTUAL BENEFIT FUND, INC., REPRESENTED BY ITS PRESIDENT ANTHONY L. CUAYCONG, Petitioner,	**CTA AC NO. 289**
	Members:
- versus -	**DEL ROSARIO,** ***P.J.***, *Chairperson*, **BACORRO-VILLENA,** *and* **CUI-DAVID,** ***JJ.***
ROSETTE A. LAQUIAN, Acting City Treasurer, San Juan City, Respondent.	Promulgated: AUG 29 2025; 9:30AM

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RESOLUTION

BACORRO-VILLENA, J.:

For the Court's resolution is respondent Rosette A. Laquian's (**respondent**'s) "Motion for Reconsideration (of the Decision promulgated on 12 February 2025)"[1] (**MR**) filed personally and *via* email on 03 March 2025, with petitioner Public Safety Mutual Benefit Fund, Inc.'s (**petitioner**'s) "Comment (on the Respondent's Motion for Reconsideration)"[2] (**Comment**) filed personally and *via* email on 28 March 2025.

The MR assails the First Division's Decision[3] promulgated on 12 February 2025 (**assailed Decision**). The dispositive portion of the said Decision reads:

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1 Division Docket, pp. 223-240.
2 Id., pp. 246-254.
3 Id., pp. 194-222.

> ...
>
> **WHEREFORE**, the foregoing premises considered, the present Petition for Review filed by petitioner Public Safety Mutual [Benefit] Fund, Inc. on 24 April 2023 is **PARTIALLY GRANTED**. The assailed Decision dated 13 June 2022 and Order dated 03 October 2022, both rendered by the Regional Trial Court of the City of Pasig, Branch 264 in Civil Case No. 75517-SJ, entitled *Public Safety Mutual Benefit Fund, Inc. represented by its Vice President Armando E. Ramolete v. Rosette F. Laquian, City Treasurer of San Juan City*, are hereby **REVERSED** and **SET ASIDE**.
>
> Accordingly, the subject Tax Order of Payment dated 07 January 2020 is **CANCELLED**. Respondent is **ORDERED TO REFUND** petitioner the amount of ₱21,436,732.40, representing petitioner's erroneously or illegally collected Local Business Tax for the calendar year ended 31 December 2020.
>
> **SO ORDERED.**
>
> ...

In the MR, respondent foremost disagrees with the Court's finding that petitioner is not engaged in business as a bank or financial institution and that it is not an insurance company.

Respondent points out that, in the case of *City of Davao, et al. v. Randy Allied Ventures, Inc.*[4] (**RAVI**), as cited in the *ponencia*, the Supreme Court did not deem the respondent therein as "doing business" as a financial institution as it only earned dividends incident to its primary purpose. For respondent, the aforementioned ruling is inapplicable to the instant case as herein petitioner generates revenue through the collection of insurance premiums in line with its primary purpose (as opposed to incidental earnings by a holding company as in the RAVI case).

Respondent insinuates that petitioner is doing business as a financial institution as it is operating akin to an insurance company. She highlights that petitioner openly admitted in its Petition for Review that it carries out an insurance company's activities. Respondent further argues that petitioner should not be exempted from local business tax (**LBT**) simply because it is a nonprofit entity. In line with this, respondent concludes that petitioner is subject to LBT, particularly as

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4 G.R. No. 241697, 29 July 2019.

the latter had not cited any legal basis justifying its claim of exemption from LBT.

For her part, respondent submits that the Tax Orders of Payment (**TOPs**) issued in the present case are valid and legal.

On the other hand, in its Comment, petitioner refers to the provisions of the Insurance Code as a special law *vis-à-vis* those of the Local Government Code of 1991 (**LGC**) as a general law. Petitioner cites Section 403 of the Insurance Code, which defines "mutual benefit associations" in relation to Section 190 of the same Code, which defines "insurance companies", and excepting mutual benefit associations from the definition thereof:

> ...
> Sec. 190. For purposes of this Code, the term *insurer* or *insurance company* shall include all partnerships, associations, cooperatives or corporations, including government-owned or -controlled corporations or entities, engaged as principals in the insurance business, **excepting mutual benefit associations**.
>
> ...
> Sec. 403. Any society, association or corporation, without capital stock, formed or organized not for profit but mainly for the purpose of paying sick benefits to members, or of furnishing financial support to members while out of employment, or of paying to relatives of deceased members of fixed or any sum of money, irrespective of whether such aim or purpose is carried out by means of fixed dues or assessments collected regularly from the members, or of providing, by the issuance of certificates of insurance, payment of its members of accident or life insurance benefits out of such fixed and regular dues or assessments, but in no case shall include any society, association, or corporation with such mutual benefit features and which shall be carried out purely from voluntary contributions collected not regularly and/or no fixed amount from whomsoever may contribute, **shall be known as a mutual benefit association** within the intent of this Code.[5]
> ...

Petitioner likewise explains that its Articles of Incorporation specified that it operated only for the exclusive benefit of its members, in line with the definition of a mutual benefit association. It adds that as a nonstock, nonprofit company, it cannot distribute profits through

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[5] Emphasis supplied and italics in the original text.

dividends and thus cannot be considered to be engaged in business for profit, for purposes of determining whether its activities are subject to LBT.

We resolve.

The crux of respondent's line of argument in the MR lies in the allegation that petitioner is a financial institution engaged in insurance business. Verily, the same had already been addressed in the assailed Decision.

As resolved and discussed in the assailed Decision, respondent's LBT assessments against petitioner were invalid as they were issued beyond the scope of the City of San Juan's authority to tax under the LGC. With petitioner not being an insurance company (and, in fact, specifically excepted by the nature of its operations), the City of San Juan cannot tax petitioner as such. The Court thus finds no cogent reason to vacate its earlier ruling.

As petitioner aptly pointed out, a plain reading of the pertinent provisions in the Insurance Code (*i.e.* Sections 109 and 403) clearly shows that entities that carry out activities similar to those of an insurance company, but are organized not for profit but mainly for the purpose of providing benefits of its members, are *not* insurance companies but *mutual benefit associations*.[6]

While the Insurance Code's provisions, by themselves, are already sufficient to advance the conclusion that petitioner is not subject to LBT; those of the LGC and the City of San Juan Revenue Code similarly support this view. To recapitulate, the City of San Juan Revenue Code of 2013 mirrored the LGC in defining "business" and "banks and other financial institutions", to wit:

...

ARTICLE B
Definition and Rules of Construction

SECTION 1B.01. *Definitions.* — When used in this Code, the term:

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6 Supra at page 3.

> ...
> *Business* — means trade or commercial activity regularly engaged in as means of livelihood or with a view to profit.
>
> *Banks and Other Financial Institutions* — include non-bank financial intermediaries, lending investor, finance and investment companies, pawnshops, money shops, insurance companies, stock markets, stock brokers and dealers in securities and foreign exchange, <u>as define under applicable laws or rules and regulations</u> thereunder.[7]
>
> ...

As can be gleaned from the foregoing, the Code relies on supplemental definitions "under applicable laws, or rules and regulations thereunder". For this purpose, the Insurance Code's provisions are indeed authoritative.

Respondent, in the MR, also erroneously questioned the citation of the RAVI *case*, wherein the Supreme Court ruled that a nonbank financial instution cannot be held liable for LBT. It made clear that persons made liable for LBT, in this case, are banks or other financial institutions by virtue of their being engaged in the business as such. As concluded in the assailed Decision, petitioner falls outside the definition of "banks and other financial institutions".

Contrary to respondent's position (that petitioner's supposed "insurance" activities meant that it is doing business as an insurance company), in line with the discussions further above, petitioner's activities are not subject to LBT. Clearly, respondent's position has no basis in law.

WHEREFORE, in view of the foregoing, respondent Rosette A. Laquian's "Motion for Reconsideration (of the Decision promulgated on 12 February 2025)" filed on 03 March 2025 is **DENIED** for lack of merit.

SO ORDERED.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

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[7] Emphasis and italics in the original text: underscoring supplied.

x - x

WE CONCUR:

ROMAN G. DEL ROSARIO
Presiding Justice

LANEE S. CUI-DAVID
Associate Justice