REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL SECOND DIVISION

CITY GOVERNMENT OF QUEZON CITY, as represented by Mr. Edgar T. Villanueva, in his capacity as City Treasurer of Quezon City, *Petitioner,*	**CTA AC CASE NO. 351** (RTC Civil Case No. R-QZN-22-05086-CV)
	Members:
- versus -	**RINGPIS-LIBAN**, *PJ, Chairperson,* **MODESTO-SAN PEDRO**, *and* **FERRER-FLORES**, *JJ.*
NATIONAL GRID CORPORATION OF THE PHILIPPINES, *Respondent.*	Promulgated: MAY 04 2026 1:41 p.m.

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DECISION

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

The Case

This *Petition for Review* seeks to reverse and set aside the Decision, dated December 27, 2023 ("Assailed Decision"), which cancelled petitioner's assessment for city tax, mayor's permit fee, business and other regulatory fees for the calendar year ("CY") 2022 issued against and paid by respondent and ordered the refund thereof in the latter's favor, and Order, dated October 16, 2024 ("Assailed Order"), which upheld the same, both rendered by the Regional Trial Court of Quezon City, Branch 215 ("the RTC" or "the court *a quo*"), in Civil Case No. R-QZN-22-05086-CV.

The Parties

Petitioner City Government of Quezon City is a duly constituted public corporation, organized and existing under and by virtue of *Commonwealth Act No. 502, as amended*, herein represented by Mr. Edgar T. Villanueva, in his capacity as the City Treasurer of Quezon City, with a principal office situated at Annex Building, Quezon City Hall, Elliptical Road, Diliman, Quezon City.[1]

Respondent National Grid Corporation of the Philippines ("NGCP") is a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal office at NGCP Building, Quezon Avenue corner BIR Road, Diliman, Quezon City.[2]

The Facts

On January 11, 2022, petitioner issued Tax Bill No. B-2022-01-11-OM-000426 (Billing No. 1896708) ("Tax Bill") to respondent assessing the latter of its tax obligation to the city for the taxable CY 2022.[3]

On January 19, 2022, respondent paid the total tax stated in the Tax Bill in the amount of ₱22,270,576.58.[4] However, the City Tax and Mayor's Permit amounting to ₱22,237,443.78 and ₱10,000.00, respectively, were paid under protest.[5]

On February 16, 2022, respondent submitted its Protest Letter dated February 16, 2022 to petitioner.[6] Asserting an exemption from payment of any and all taxes, duties, fees, and charges of any kind, nature, or description levied or collected by the national or local government unit on its franchise, rights, privileges, receipts, revenues, and profits used in connection with its franchise under *Section 9 of Republic Act ("R.A.") No. 9511*,[7] respondent, in the same letter, likewise claimed for the refund of the City Tax and Mayor's Fee amounting to ₱22,237,443.78 and ₱10,000.00, respectively.

Receiving no response from petitioner within 60 days from the filing of the Protest Letter, respondent filed on May 17, 2022 its Petition before the RTC, assailing the Tax Bill and claiming for the refund of the City Tax and Mayor's Fee amounting to ₱22,237,443.78 and ₱10,000.00, respectively, for the CY 2022.[8]

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1 Par. 4, Petition for Review, Docket, p. 7.
2 Par. 5, *id.*
3 Par. 14, *id.* at 9; Exhibit "A", RTC Docket – Vol. I, p. 35.
4 Par. 15, *id.*; Exhibit "C", RTC Docket – Vol. I, p. 37.
5 Exhibit "B", RTC Docket – Vol. I, p. 36.
6 Par. 16, *id.*; Exhibit "D", RTC Docket – Vol. I, pp. 38 to 42.
7 An Act Granting the National Grid Corporation of the Philippines a Franchise to Engage in the Business of Conveying or Transmitting Electricity Through High Voltage Back-Bone System of Interconnected Transmission Lines, Substations and Related Facilities, and For Other Purposes.
8 RTC Docket – Vol. I, pp. 2 to 17.

On December 27, 2023, the RTC promulgated the Assailed Decision,[9] granting respondent's petition. However, it ordered the refund of the whole amount as stated in the Tax Bill of ₱22,270,576.58, to wit:

> **In view thereof,** the Petition is **GRANTED**. Petitioner NGCP is declared exempt from payment of local business tax, city tax, Mayor's Permit Fee, local franchise tax, and other regulatory fees and charges in relation to the operation of its legislative franchise, to respondent City Government of Quezon City. The latter's assessment for city tax, mayor's permit fee, business and other regulatory fees and charges in the total amount of ₱22,270,576.58 for calendar year 2022 is hereby **CANCELLED** and declared **NULL** and **VOID**. Respondent City Treasurer of Quezon City is hereby **ORDERED TO REFUND** in favor of petitioner NGCP the amount ₱22,270,576.58.
>
> **SO ORDERED.**

After a timely Motion for Reconsideration filed by petitioner, the RTC rendered the Assailed Order on October 16, 2024, denying the same.[10]

On November 15, 2024, petitioner filed the instant Petition for Review,[11] to which respondent filed its Comment on January 20, 2025.[12]

Petitioner filed its Memorandum on April 4, 2025,[13] while respondent filed its Memorandum on May 2, 2025.[14] Thus, in a Minute Resolution dated May 8, 2025,[15] the case was deemed submitted for decision.

Hence, this Decision.

The Issues

Petitioner raised the following issue for the Court's resolution:[16]

> THE TRIAL COURT COMMITTED A SERIOUS BUT REVERSIBLE ERROR WHEN IT RULED THAT RESPONDENT NGCP IS NOT LIABLE TO PAY LOCAL BUSINESS TAX, CITY TAX, MAYOR'S PERMIT FEE, LOCAL FRANCHISE TAX, AND OTHER REGULATORY FEES AND CHARGES IN RELATION TO THE OPERATION OF ITS LEGISLATIVE FRANCHISE TO PETITIONER QUEZON CITY.

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[9] Petition for Review (Annex A), Docket, pp. 30 to 48.
[10] *Id.* 49 to 51.
[11] *Id* at p. 5 to 24.
[12] *Id* at p. 85 to 99.
[13] *Id* at p. 175 to 194.
[14] *Id* at p. 196 to 231.
[15] *Id* at p. 245.
[16] Grounds for the Allowance of the Petition, *id.* at 11.

THE TRIAL COURT COMMITTED A SERIOUS BUT REVERSIBLE ERROR WHEN IT FAILED TO CONSIDER THAT THE RESPONDENT DID NOT APPLY FOR AN EXEMPTION FROM LOCAL FRANCHISE TAX.

THE TRIAL COURT COMMITTED A SERIOUS BUT REVERSIBLE ERROR WHEN IT FAILED TO CONSIDER THAT THE RESPONDENT HAD BEEN PAYING LOCAL BUSINESS TAXES FROM 2009 TO 2019 WITHOUT DEFAULT AND PROTEST.

Arguments of the Parties

Petitioner's Arguments:

Petitioner argues that the RTC erred in relying on the Bureau of Local Government Finance ("BLGF") opinion favoring respondent's tax exemption as it has no authority to interpret national tax laws and to conclude that NGCP is not liable for local business taxes. Further, respondent did not file any tax exemption application before the Local Government of Quezon City to be exempt from paying business permit fees including the City (business) Tax, Mayor's Permit Fee and other regulatory fees, and that respondent did not prove that it paid the 3% franchise tax, in lieu of all other taxes, fees and charges under *R.A. No. 9511*. Lastly, petitioner argues that respondent has been paying local business taxes from 2009 and 2011 to 2019 without protest, thereby making respondent guilty of laches.

Respondent's Counter-arguments:

Respondent counter-argues that it is exempt from paying business permit fees including the City (business) Tax, Mayor's Permit Fee and other regulatory fees and charges under *Section 9 of R.A. No. 9511* and that it is not estopped from claiming exemption from the payment of LBT for the CY 2022 despite voluntarily paying the same for the previous CYs 2009, 2011 to 2019 as the remedies of protesting an LBT assessment or claiming for a refund thereof as provided under *Sections 195 and 196 of the 1991 Local Government Code ("LGC")* accrues every time the LGU make an assessment or collects a tax.

The Ruling of the Court

The *Petition* must be denied.

The Court's exclusive appellate jurisdiction on cases decided by the RTC in the exercise of its original jurisdiction is limited only with respect to local taxes.

Section 7(a)(3) of R.A. No. 1125, as amended by R.A. No. 9282, ("*the CTA Law*") provides that the Court of Tax Appeals ("CTA") shall exercise exclusive appellate jurisdiction to review by appeal the 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.

Corollary to this, *Rule 4, Section 3(a)(3) of the Revised Rules of the CTA, as amended*, ("*RRCTA*") provides that appeals on decisions rendered by the RTC in local tax cases originally decided by its shall be under the jurisdiction of the Court in Division, to wit:

> SECTION 3. *Cases Within the Jurisdiction of the Court in Divisions.* — The Court in Divisions shall exercise:
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> (a) Exclusive original or appellate jurisdiction to review by appeal the following:
>
> . . . .
>
> (3) Decisions, resolutions or orders of the Regional Trial Courts *in local tax cases* decided or resolved by them in the exercise of their original jurisdiction;
> (Italics supplied.)

The foregoing is explicit in stating that the CTA's jurisdiction in reviewing decision rendered by the RTC in the exercise of its original jurisdiction is only with respect to local taxes.

As explained in *Herarc Realty Corp. v. Provincial Treasurer of Batangas*,[17] under *Section 7(a)(3) of R.A. No. 9282*, the appellate jurisdiction of the CTA over decisions, orders, or resolutions of the RTC becomes operative when the latter has ruled on a local tax case, *i.e.*, *one which is in the nature of a tax case or which primarily involves a tax issue*. Local tax cases include those involving RPT, which is governed by *Book II, Title II of R.A. No. 7160, or Local Government Code (LGC) of 1991*. Among the possible issues are the legality or validity of the RPT assessment; protests of assessments; disputed assessments, surcharges, or penalties; legality or validity of a tax ordinance; claims for tax refund/credit; claims for tax-

[17] G.R. No. 210736, September 5, 2018.

exemption; actions to collect the tax due; and even prescription of assessments.

On the other hand, fees are exactions for purposes of regulation and inspection and are for that reason limited in amount to what is necessary to cover the cost of the services rendered in that connection.[18] While the imposition of fees is one of the means by which local government units raise revenues under *Section 129 of the 1991 LGC*,[19] it cannot be considered as a local tax.

The term "tax" frequently applies to all kinds of exactions of monies which become public funds. It is often loosely used to include levies for revenue as well as levies for regulatory purposes such that license fees are frequently called taxes although license fee is a legal concept distinguishable from tax: the former is imposed in the exercise of police power primarily for purposes of regulation, while the latter is imposed under the taxing power primarily for purposes of raising revenues. Thus, if the generating of revenue is the primary purpose and regulation is merely incidental, the imposition is a tax; but if regulation is the primary purpose, the fact that incidentally revenue is also obtained does not make the imposition a tax.[20]

Indeed, *Section 131(l) of the 1991 LGC* defines fees as a charge fixed by law or ordinance *for the regulation* or inspection of a business or activity. The same definition was adopted by petitioner in its *Ordinance No. SP-91, S-93* or the *Quezon City Revenue Code of 1993*, under *Section 2* thereof.

However, given that the CTA jurisdiction is limited only with respect to local taxes, appeals from RTC decisions in the exercise of its original jurisdiction involving fees cannot be brought before this Court.

To recall, respondent, in bringing forward its case before the court *a quo*, seeks for the: (1) cancellation of petitioner's assessment for CY 2022; and (2) refund of the following payments:

a.) City Tax amounting to ₱22,237,443.78; and
b.) Mayor's Fee amounting to ₱10,000.00.

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[18] *Calalang v. Lorenzo*, G.R. No. L-6961, June 17, 1955. Also cited in *Bases Conversion and Development Authority, et. al. v. City Government of Bagiuo City*, G.R. No. 192694, February 22, 2023.

[19] SECTION 129. *Power to Create Sources of Revenue.* — Each local government unit shall exercise its power to create its own sources of revenue and to levy taxes, fees, and charges subject to the provisions herein, consistent with the basic policy of local autonomy. Such taxes, fees, and charges shall accrue exclusively to the local government units.

[20] *Progressive Development Corp. v. Quezon City*, G.R. No. L-36081, April 24, 1989.

However, the court *a quo*, ruling in favor of respondent, ordered the cancellation of the assessment and, consequently, the refund of the whole payment made under the Tax Bill amounting to ₱22,270,576.58, instead of refunding only the City Tax and Mayor's Fee as prayed for by respondent.

A perusal of the Tax Bill shows a total due and payable amounting to ₱22,270,576.58, broken as follows:

Mayors Permit	10,000.00
City Tax	22,237,443.78
Garbage Fee	7,800.00
Sanitary Fee	450.00
Building Insp. Fee	50.00
Electrical Insp. Fee	20.00
Plumbing Insp. Fee	7.00
Signboard	50.00
New Registration Plate/Sticker	50.00
Zoning Fee	545.00
QCBRD	100.00
CTC	10,500.00
FSIF RA 9514	2,860.80
Environmental Clearance Inspection Fee	300.00
EPO Fee	300.00
Sanitary Inspection Fee	100.00
Total	**22,270,576.58**

Notably, only one item from the foregoing list corresponds to a local tax, which is the City Tax amounting to ₱22,237,443.78, while the rest pertains to fees, which are beyond the scope of this Court's jurisdiction.

While We find error in the court *a quo*'s disposition in granting a relief that is not prayed for by respondent (*i.e.* ordering for the refund of an amount higher than the amount sought), this Court shall nevertheless limit its ruling only on the matter of the City Tax amounting to ₱22,237,443.78, the validity of its imposition by petitioner and the propriety of its refund in favor of respondent, as ordered by the court *a quo*, as it is the only matter involving a local tax.

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However, as an *obiter*, We note that respondent erroneously availed of the remedy under *Section 195 of the 1991 LGC*,[21] and the court *a quo* erroneously treated the matter as such, when it should fall under *Section 196* of the same *Code*.[22]

In *City of Manila and Office of the City Treasurer of Manila vs. Cosmos Bottling Corporation*,[23] the Supreme Court clarified that the application of *Section 195* is triggered by an assessment made by the local treasurer or his duly authorized representative for nonpayment of the correct taxes, fees, or charges.

Consistent with the above, *International Container Terminal Services, Inc. vs. City of Manila*,[24] pronounced that *Section 195* explicitly states that it is a remedy against a notice of assessment issued by the local treasurer, *upon a finding that the correct taxes, fees, or charges have not been paid.* The notice of assessment must state "the nature of the tax, fee, or charge, the *amount of deficiency*, the surcharges, interests and penalties."

A perusal of the Tax Bill shows that it failed to qualify as a notice of assessment in order for *Section 195 of the 1991 LGC* to apply in this case. Accordingly, the Tax Bill was issued not as an assessment for any *deficiency* LBT, but merely pursuant to petitioner's power to impose and collect business

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[21] Section 195. *Protest of the 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.

[22] Section 196. *Claim for Refund of Tax Credit.* — No case or proceeding shall be maintained in any court for the recovery of any tax, fee, or charge erroneously or illegally collected until a written claim for refund or credit has been filed with the local treasurer. No case or proceeding shall be entertained in any court after the expiration of two (2) years from the date of the payment of such tax, fee, or charge, or from the date the taxpayer is entitled to a refund or credit.

[23] G.R. No. 196681, June 27, 2018.

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

or franchise taxes, in accordance with *Section 151,*[25] in relation to *Sections 137,*[26] *143*[27] *and 167,*[28] *of the 1991 LGC.*

Since no notice of assessment was issued in this case, the payment of the City Tax for CY 2022, which respondent alleged to be illegal or erroneous, falls within the coverage of the remedy provided under *Section 196 of the LGC.*

Nevertheless, the timeliness of the filing of the administrative and judicial claims for refund made by petitioner, even erroneously choosing *Section 195 of the 1991 LGC*, is still compliant with *Section 196* of the same. Recall that respondent's payment of the Tax Bill was made on January 19, 2022 and, thereafter, it filed a Protest Letter, with claim for refund, on February 16, 2022. Alleging no response on the Protest Letter, respondent filed the Petition before the court *a quo* on May 17, 2022, praying, among others, for the refund of the City Tax. Considering both claims were made within two years from the date of payment of the tax, respondent's claim may be validly treated as a remedy under *Section 196 of the 1991 LGC.*

Moving forward, We now proceed to determine whether the court *a quo* properly granted the refund of the City Tax paid by respondent for CY 2022 amounting to ₱22,237,443.78.

Respondent is exempted from paying local taxes under R.A. 9511, after proving that it already paid the 3% franchise tax to the national government.

Petitioner raises three main points in asserting the validity of its imposition and collection of City Tax from respondent for CY 2022:

1.) Local government units may impose franchise tax, notwithstanding any exemption granted by law or other special law;

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25 SECTION 151. *Scope of Taxing Powers.* – Except as otherwise provided in this Code, *the city, may levy the taxes, fees, and charges which the province or municipality may impose*: Provided, however, That the taxes, fees and charges levied and collected by highly urbanized and independent component cities shall accrue to them and distributed in accordance with the provisions of this Code. (Italics, Ours.)

26 SECTION 137. *Franchise Tax.* — Notwithstanding any exemption granted by any law or other special law, the province may impose a tax on businesses enjoying a franchise, at a rate not exceeding fifty percent (50%) of one percent (1%) of the gross annual receipts for the preceding calendar year based on the incoming receipt, or realized, within its territorial jurisdiction.

27 SECTION 143. *Tax on Business.* — The municipality may impose taxes on the following businesses:

. . . .

28 SECTION 167. *Time of Payment.* – Unless otherwise provided in this Code, *all local taxes*, fees, and charges *shall be paid within the first twenty (20) days of January or of each subsequent quarter*, as the case may be. . . . (Italics, Ours.)

2.) Respondent failed to apply for a local tax exemption; and

3.) Respondent is estopped from questioning the validity of the imposition and collection of local taxes by petitioner considering it paid the same for CYs 2009 and 2011 to 2018 without protest.

1.) <u>The local tax in question in the case at bar is not a franchise tax but a local business tax.</u>

Petitioner raises that *Section 137 of the 1991 LGC* explicitly states that *notwithstanding any exemption granted by any law or other special law*, the province may impose a tax on businesses enjoying a franchise, at a rate not exceeding fifty percent (50%) of one percent (1%) of the gross annual receipts for the preceding calendar year based on the incoming receipt, or realized, within its territorial jurisdiction.

Relatively, on the basis of *Section 151 of the 1991 LGC*,[29] the foregoing was adopted in *Section 31 of the Quezon City Revenue Code of 1993*, with alterations on the tax rate.

Thus, on the strength of the foregoing provisions, petitioner asserts that it may still impose and collect franchise tax from respondent despite its tax exemption under *Section 9 of R.A. No. 9511*.

The foregoing argument is misplaced.

Perusal of the records show that the local tax imposed and collected by petitioner from respondent in this case in the amount of ₱22,237,443.78 for CY 2022 is not a franchise tax but a tax on "non-essential gross receipts", as alleged by respondent in its Protest Letter filed on February 16, 2022, which was not rebutted by petitioner. As such, the foregoing argument by petitioner has no relevance in this case.

Meanwhile, *Section 9 of R.A. 9511* expressly provides for respondent NGCP's exemption from income tax and any and all local and national taxes, duties, fees, and charges, to wit:

> Section 9. *Tax Provisions.* — In consideration of the franchise and rights hereby granted, the Grantee [NGCP], its successors or assigns, shall pay a franchise tax equivalent to three percent (3%) of all gross receipts derived by the Grantee [NGCP] from its operation under this franchise. *Said tax shall be* ***in lieu*** *of income tax and* ***any and all*** *taxes, duties, fees and*

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[29] *Supra* on Note 28.

> *charges of any kind, nature or description levied,* ***established or collected by any authority whatsoever, local or national****, on its franchise, rights, privileges,* ***receipts****, revenues and profits, and on properties used in connection with its franchise, from which taxes, duties and charges, the Grantee is hereby expressly exempted*: Provided, That the Grantee, its successors or assigns, shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other corporations are now or hereby may be required by law to pay: Provided, further, That payment by Grantee of the concession fees due to PSALM under the concession agreement shall not be subject to income tax and value-added tax (VAT).
> (Italic supplied.)

The extent of respondent NGCP's tax exemption based on the foregoing provision has been explained in *NGCP v. Oliva*[30] to indeed cover local taxes:

> *First*. Tax exemptions must be clear and unequivocal, and must be directly stated in a specific legal provision.
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> In the present case, Section 9 of RA 9511 provided for NGCP's tax liabilities and exemptions.
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> *Second*. The "in lieu of all taxes" clause is strictly limited to the kind of taxes, taxing authority, and object of taxes specified in the law.
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> Section 9 of RA 9511 states that NGCP's payment of franchise tax is in lieu of payment of "income tax and any and all taxes, duties, fees and charges of any kind, nature or description levied, established or collected by any authority whatsoever, **local or national**, on its franchise, rights, privileges, receipts, revenues and profits, and on properties used in connection with its franchise." Thus, in contrast to Smart's franchise as quoted above, Section 9 of RA 9511 clearly stated that the NGCP's "in lieu of all taxes" clause includes taxes imposed by the local government on properties used in connection with NGCP's franchise.

However, respondent NGCP's tax exemption shall only become operative once it complies with the payment of franchise tax equivalent to three percent (3%) of all gross receipts. This is because *Section 9 of R.A. 9511* provides that the 3% franchise tax shall only be "in lieu of" local and national taxes. Otherwise stated, NGCP's tax exemption is not absolute: rather, it is conditioned upon its payment of 3% franchise tax.

Relatively, *Section 143 of the 1991 LGC* provides that Tax on Business is imposed on the basis of gross sales or receipts for the *preceding* calendar year, considering that the accrual and payment of local taxes for the current year is done in January or at the beginning of the year.[31] Thus, in assessing

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[30] G.R. Nos. 213157 & 213558, August 10, 2016.

[31] See *Sections 166 and 167 of the 1991 LGC.*

any local tax liability for the current year, the local government's basis in computing the amount of tax due is the gross sales or receipts derived from the preceding year.

In this case, any local tax due for CY 2022 shall be based on the gross sales or receipts for the preceding year CY 2021. Consequently, if respondent NGCP intends to claim an exemption from the payment of CY 2022 local taxes, it must prove that it paid the 3% franchise tax to the national government, *i.e.* with the Bureau of Internal Revenue ("BIR"), during the preceding CY 2021.

Indeed, respondent has proven that it paid 3% franchise tax in 2021 as evidenced by its monthly BIR Forms 0605 and quarterly BIR Forms 2553 filed for CY 2021,[32] supported with Certifications issued by the BIR Large Taxpayers Service,[33] certifying that the amounts declared in the said BIR Forms 0605 and 2553 were collected.

Considering that respondent has satisfied the condition that it pays 3% franchise tax, as imposed under *Section 9 of R.A. 9511,* for the preceding year CY 2021, it shall already be in lieu of any and all local taxes that may be imposed by respondent for CY 2022. Thus, petitioner can no longer collect any local tax from respondent for CY 2022. Accordingly, the grant of refund of the City Tax in the amount of ₱22,237,443.78 is proper.

2.) <u>It is not necessary for respondent to apply for any local tax exemption before the petitioner.</u>

Under *Section 192 of the 1991 LGC* which provides that local government units may, through ordinances duly approved, grant tax exemptions, incentives or reliefs under such terms and conditions as they may deem necessary. Pursuant to such prerogative, petitioner asserts that respondent failed to apply for a local ordinance which confirms its tax exemption under *Section 9 of R.A. 9511.*

Petitioner's understanding of the invoked provision is misplaced.

Section 192 of the 1991 LGC pertains to a local government's power to grant tax exemptions at its own instance, through the issuance of a local ordinance, and affects subjects only within its territorial jurisdiction. Nothing in the said provision can be construed that the grant of tax exemption shall be initiated by an application of a taxpayer.

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[32] Exhibits "X-12" to "X-12-11", with sub-markings, RTC Docket – Vol. III, pp. 502 to 513.
[33] Exhibits "G-6" to "G-9", RTC Docket – Vol. I, pp. 56 to 59.

On the other hand, *Section 9 of R.A. 9511* is straightforward in the grant of tax exemption, and imposes only one condition in order to be entitled to such – that is the payment of 3% franchise tax. Nothing therein states that the entitlement to tax exemption must be confirmed by the concerned local government unit.

Considering that respondent already established its payment of the 3% franchise tax, it is, by all means, already entitled to local tax exemption under the law and no longer needs to apply for it with petitioner.

3.) Respondent is not estopped from questioning the validity of the imposition and collection of local taxes by petitioner considering it paid the same for CYs 2009 and 2011 to 2018 without protest.

Petitioner alleges that respondent's consistent and uninterrupted payments of business taxes to Quezon City for almost 10 years weakens its claim that it is exempt from the payment of the subject tax and is a clear acknowledgment and willingness on the part respondent to make payments thereof, rendering its desertion of its alleged claim of exemption. Alleging that respondent has been negligent or omitted to assert its right within a reasonable time, it warrants a presumption that it either abandoned its right or declined to assert it.

However, respondent counters that the rights of a taxpayer in contesting the assessment made by a local government unit under *Sections 195 and 196 of the 1991 LGC* accrues every time the LGU make an assessment or collect a tax.

We agree with respondent.

Sections 195 and 196 of the 1991 LGC provides, as follows:

> Section 195. *Protest of the 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.
>
> Section 196. *Claim for Refund of Tax Credit.* — No case or proceeding shall be maintained in any court for the *recovery of any tax, fee, or charge erroneously or illegally collected* until a written claim for refund or credit has been filed with the local treasurer. No case or proceeding shall be entertained in any court after the expiration of two (2) years from the date of the payment of such tax, fee, or charge, or from the date the taxpayer is entitled to a refund or credit.
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> (Italics supplied.)

The foregoing remedies are made available for *each instance* of a notice of assessment issued or a tax erroneously or illegally collected ("trigger events") by a local government unit. It likewise provides for the prescriptive periods within which to exercise said remedies.

Each time a trigger event takes place, the taxpayer may opt to exercise the foregoing remedies, but it must do so within the time therein stated. Each trigger event is a separate instance and does not affect other trigger events.

In this case, the trigger event was the illegal collection of a local tax by petitioner despite the tax exemption being enjoyed by respondent, and each calendar year of collection is a separate trigger event. This is in relation to *Section 166 of the 1991 LGC*, which provides for the *yearly* accrual of taxes every 1st of January.

Thus, respondent's non-availment of its remedies for past trigger events does not necessarily deprive it of the same remedies for recent trigger events.

Lastly, respondent's entitlement to tax exemption under *Section 9 of R.A. 9511* is not diminished, nor abandoned, by its mere failure to invoke the same before petitioner in the previous calendar years. Respondent remains entitled to the tax exemption under said law and may invoke it anytime until it is withdrawn by Congress.

All told, respondent is exempt from payment of local taxes and is indeed entitled to the refund of City Tax amounting to ₱22,237,443.78 it paid for CY 2022.

ACCORDINGLY, the instant *Petition for Review* is **DENIED** for lack of merit. Thus, the *Decision dated December 27, 2023* and *Resolution dated October 16, 2024*, in Civil Case No. R-QZN-22-05086-CV, rendered by the RTC of Quezon City, Branch 215, ordering the refund to the extent of the City Tax amounting to ₱22,237,443.78 for CY 2022 in favor of respondent NGCP, are hereby **AFFIRMED**.

SO ORDERED.

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

CORAZON G. FERRER-FLORES
Associate Justice

C E R T I F I C A T I O N

Pursuant to Article VIII, Section 13 of the Constitution it is hereby certified that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice