REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

SECOND DIVISION

THE TREASURER OF THE CITY OF MANILA Petitioner,	C.T.A. AC NO. 43 (Civil Case No. 01-102676 should be 02-102676)
	Members:
- versus -	CASTAÑEDA, JR., *Chairperson* UY, *and* PALANCA-ENRIQUEZ, *JJ.*
UNILEVER PHILIPPINES, INC. Respondent.	**Promulgated:** FEB 18 2009 4:27 p.m.

x---x

DECISION

UY, J.:

The instant Petition for Review seeks the reversal of the Decision dated November 3, 2006[1] rendered by Branch 21 of the Regional Trial Court of Manila in Civil Case No. 01-102676 (should be 02-102676) entitled "*Unilever Philippines, Inc., petitioner, vs. The Treasurer of the City of Manila, respondent*" granting herein respondent's subject claim for refund; and the

---

[1] Decision rendered in Civil Case Nos. 01-102052, 01-102676 (should be 02-102676), 02-103237, 02-104045, 02-104955, 03-108165, 04-108907, and 04-109703, penned by the Hon. Judge Amor A. Reyes, Annex "F", Petition for Review, Docket, pp. 78-84.

Order dated July 12, 2007[2] denying herein petitioner's Motion for the Reconsideration of said Decision.

THE FACTS

As culled from the records of this case, these are the facts of the case.

Petitioner, the Treasurer of the City of Manila, is the official charged with the implementation of the Revenue Code of Manila, as well as the collection and assessment of business taxes, license and permit fees within the City of Manila and holds office at the Ground Floor, Manila City Hall, Taft Avenue, Manila.

Respondent, Unilever Philippines, Inc., is a domestic corporation duly registered and existing by virtue of the laws of the Philippines, with principal address at 1351 United Nations Avenue, Manila.

Petitioner collects business taxes from respondent on the basis of Sections 14 and 21 of the Revenue Code of Manila (RCM). Section 14 of the RCM provides for the tax on manufacturers, assemblers and other processors of articles of commerce; and the rates for this type of tax have changed by amendment to the Code, such as Ordinance No. 7988 in the year 2000 and Ordinance No. 8011, in the year 2001.

On the other hand, Section 21 of the same Code imposes tax on businesses subject to excise, value-added or percentage taxes under the National Internal Revenue Code (NIRC). This provision has likewise been modified with the amendments introduced by Ordinance Nos. 7988 and 8011.

[2] Order rendered in Civil Case Nos. 01-102052, 01-102676, 02-103237, 02-104045, 02-104955, 03-108165, 04-108907, and 04-109703, Docket, pp 86-87.

On the belief that its payment of business taxes under Sections 14 and 21 of the RCM amounts to double taxation, respondent filed a claim for refund of business taxes assessed and collected on the basis of Section 21 of the City's Revenue Code in the Letter dated October 4, 2001. Petitioner denied respondent's claims for refund.

Hence, on January 21, 2002, respondent filed a Petition for Refund of its tax payments made in 1999 in the amount of P6,403,030.62 with the Regional Trial Court (RTC) of Manila, Branch 21, docketed as Civil Case No. 02-102676[3] entitled "Unilever Philippines, Inc., petitioner, vs. The Treasurer of the City of Manila, respondent", and was later consolidated with seven other Petitions for Refund [4] bearing the same case title, involving the same business tax under Section 21 of the RCM but pertaining to different taxable periods.

It must be noted however that reference to said case number had been interchangeably referred to either as 01-102676 (in the instant Petition for Review), or 02102676 (in the Petition for Refund filed with the Regional Trial Court).[5] Similarly in the caption[6] of the assailed Decision, the subject case was captioned as Civil Case No. 01-102676 while in the body of the Decision, it was referred to as Civil Case No. 02-102676.[7]

After the case was allegedly set for preliminary conference where the parties respectively marked their evidence, and during pre-trial, the proceedings in the preliminary conference was allegedly adopted and the

[3] Annex "A", Petition for Refund, Docket, pp. 31-40.
[4] Civil Case Nos. 01-102052, 02-103237, 02-104045, 02-104955, 03-108165, 04-108907, and 04-109703.
[5] Ibid, at p. 31.
[6] Decision, p. 1, Docket, p. 78.
[7] Ibid, p. 2, Docket, p. 79.

parties agreed to simultaneously filed their respective Memorandum within thirty (30) days.[8] Both parties complied.

On November 3, 2006, the RTC of Manila, Branch 21 granted the refund claim in the subject assailed Decision,[9] the *fallo* of which states:

> "**WHEREFORE,** premises considered, the petitions are hereby GRANTED. The application to petitioner of Sec. 21 of the Tax Ordinance No. 7988 as amended by Tax Ordinance No. 8011 is hereby declared VOID. Respondent is hereby ordered to REFUND/CREDIT petitioner the taxes paid under Sec. 21 of the said ordinance. With costs against respondents.
>
> **SO ORDERED.**"

A Motion for Reconsideration[10] was filed by herein petitioner on November 27, 2006, which was subsequently denied in the assailed Order[11] promulgated on July 12, 2007; the pertinent portions of which read:

> "Assessing the allegations of the contending parties, the Court believes and so holds that no new matters of significance have been raised that could convince the Court of the cogency of the reversal of the decision.
>
> Accordingly, the Motion for Reconsideration is hereby DENIED.
>
> **SO ORDERED.**"

Intending to seek recourse before this Court, petitioner filed a Motion For Extension Of Time To File Petition For Review on October 22, 2007,[12] and petitioner was granted an extension of fifteen (15) days from October 10, 2007, within which to file her Petition for Review.[13] Subsequently, petitioner

[8] Paragraphs 6 and 7, Petition for Review, Docket, p. 8.
[9] Docket, p. 84.
. Docket, p. 87
[11] Docket, pp. 86-87.
[12] Docket, pp.1-5.
[13] Resolution dated November 13, 2007, Docket, p. 100.

filed the present Petition for Review, by way of registered mail posted on October 25, 2007 and received by this Court on November 5, 2007.[14]

An Opposition (re: Petition for Review dated October 25, 2007) was filed by respondent on December 3, 2007.[15] Thereafter, the parties were directed to simultaneously file their respective Memorandum in the Resolution dated January 3, 2008.[16] Only respondent filed the required Memorandum on February 8, 2008[17]. Thus, in the Resolution dated March 6, 2008[18], this case was considered submitted for decision, without Memorandum from petitioner.

THE ISSUES

Petitioner presents the following issues for resolution:

"I. Whether or not the Honorable Regional Trial Court gravely erred in holding that there is double taxation in the imposition of Section 21 of the Manila Revenue Code, as amended.

II. Whether or not the Honorable Regional Trial Court gravely erred in holding that Section 21 is expressly prohibited by Section 133 of the Local Government Code.

III. Whether or not the Honorable Regional Trial Court gravely erred in holding that Section 195 and 187 of the Local Government Code do not apply in the instant case."[19]

The foregoing issues may be summarized as follows: Whether or not the Regional Trial Court of Manila, Branch 21, committed grave error in finding that the enforcement of Section 21 of the Revenue Code of Manila against respondent constitutes double taxation prohibited by law considering

---

[14] Docket, pp. 6-30.
[15] Posted by registered mail and received by this Court on December 17, 2007 Docket, pp. 101-132.
[16] Docket, p. 137.
[17] Filed by registered mail and received by this Court February 19, 2008.
[18] Docket, p. 257.
[19] Docket, p. 9.

that respondent is likewise taxed under Section 14 of the Revenue Code of Manila.

In other words, does the imposition of taxes against respondent under Sections 21 and 14 of the Revenue Code of Manila constitute double taxation.

Petitioner's Arguments

Petitioner claims that the lower court erred in finding respondent entitled to the refund of its payment for taxes under Section 21 of the RCM, considering that the imposition of taxes under Sections 21 and Section 14 of the RCM do not amount to double taxation. According to petitioner, Section 21 is actually not a tax on the business of respondent but on the end-users, whereas under Section 14, the tax is specifically levied on the business of respondent as a manufacturer; that the tax imposed under Section 21 had already been collected by respondent (the payor) from the end-users (the payee), the same having been added by respondent to the basic prices of its goods or services. In a way, respondent acts as a withholding agent of the City Government of Manila, who must remit to the latter the taxes collected under Section 21.

The tax imposed on petitioner under Section 21 of the RCM is allegedly not a sales tax, but is in the concept of an indirect tax upon end-users of the goods and services of the business, not the establishment itself, for in the language of Section 21 they are specifically levied on *business subject to excise, value-added or percentage tax under the National Internal Revenue Code*. In other words, Sections 14 and 21 of the RCM refer to different tax objects and they are not of the same kind and character.

The only limitation, if indeed there exists, is that allegedly the rate of tax must not be more than 2% of the gross sales. Section 21, therefore, considering that it imposes only 50% of 1% herein respondent's gross sales or receipts, is outside the limitations provided for by Section 143 (h) of the Local Government Code.

Moreover, petitioner points out that respondent failed to comply with a *condition sine qua non* before judicial intervention prescribed in Section 187 of the Local Government Code of 1991, and that it is likewise estopped from pursuing its claim for refund due to its failure to protest or appeal the assessments made by petitioner in utter disregard of Section 195 of the Local Government Code of 1991.

Lastly, petitioner stresses that the trial court should have summarily dismissed the case before it because it is fatally flawed for failure of respondent as petitioner therein, to plead its capacity to sue and to show the authority of Atty. Danilo L. Cruz, who certified and verified the petition before the trial court.

Respondent's Arguments

Respondent counters that the enforcement of Section 21 of the RCM constitutes double taxation prohibited by law, since it already pays business taxes under Section 14 as a manufacturer, and the sale of the same manufactured goods should no longer be subject to business tax under Section 21 of the RCM; that the imposition of tax pursuant to Section 21 of the RCM runs counter to Section 143(h) of the LGC which prohibits the imposition of tax on business already being subject to tax as a manufacturer or being taxed under Sections 143 (a), (b), (c), (d), (e), and (f). Inasmuch as it is

NM

already paying tax as a manufacturer, it can no longer be subject to tax under Section 21 of the RCM which is based on Section 143(h) of the LGC.[20]

Furthermore, respondent submits that the petition for refund filed before the Regional Trial Court of Manila was done pursuant to Section 196 of the LGC, and therefore Section 195 of the same Code, is allegedly not applicable in this case, considering that Section 195 refers to a situation where the local treasurer finds out that the correct taxes have not been paid and a notice of assessment had been issued against the supposed taxpayer. Thus, contrary to petitioner's argument, herein respondent allegedly need not comply with the rule on the filing of written protest within sixty (60) days from receipt of the assessment because no finding of deficiency was made by herein petitioner and what comes into play instead is Section 196 of the LGC, which merely requires that a written claim for refund or credit has been filed with the local treasurer before judicial recourse may be availed of for the recovery of any tax, fee, or charge erroneously or illegally collected, with the further condition that 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.

Thus, respondent contends that the honorable trial court, in its Decision quoted by petitioner on page 6 of the petition, correctly ruled that: "The allegation of the respondent (herein petitioner City Treasurer) that the petitioner (herein respondent Unilever) failed to comply with Section 195 of the LGC is not correct. The law does not apply to the petitioner because there is no finding of deficiency payment made by the respondent".

---

[20] Opposition (re: Petition for Review dated October 25, 2007), Docket, pp. 101-134.

Finally, respondent contends that contrary to petitioner's bare assertion, and consistent with the ruling of the trial court, Atty. Danilo Cruz was authorized to cause the filing of the Petition for Refund before court *a quo*, that it had the capacity to sue and be sued, and this was stated in paragraph 1 of its Petition for Refund, and admitted by the petitioner in paragraph 1 of her Answer. Having made the foregoing admission, petitioner is estopped from raising said arguments.

THE COURT'S RULING

We find the petition bereft of merit.

In a long line of cases[21], this Court had consistently held that the imposition of business taxes under Sections 14 and 21 of the Revenue Code of Manila, as amended, constitutes double taxation, as there would be taxation twice for the same subject or activity, which is, the business of manufacturing; by the same public authority and within the same taxing jurisdiction, which is the City of Manila; for the same purpose, which is to generate revenue for the local taxing authority; and in the same year or taxing period. And taking into consideration the prevailing factual and legal circumstances of the present case, We find no cogent reason to deviate from these previous decisions.

---

[21] *Treasurer of the City of Manila vs. Unilever Philippines*, CTA AC No. 28, November 28, 2007; *Treasurer of the City of Manila vs. Alcan Packaging Starpack Corporation*, CTA EB No. 261, July 30, 2007; *Unilever Philippines vs. Treasurer of the City of Manila*, CTA AC No. 25, June 18, 2007; *Alcan Packaging Starpack Corporation vs. The Treasurer of the City of Manila*, CTA AC No. 17, September 11, 2006; *Liberty M. Toledo vs. Unilever Philippines*. CTA AC No. 21, May 10, 2007; *Zarcon Development Corporation vs. City Treasurer of the City of Manila*, CTA AC No. 24, May 16, 2007; *Swedish Match Philippines, Inc. vs. The Treasurer of the City of Manila*, CTA AC No. 15, July 21, 2006.

The 1987 Philippine Constitution[22] acknowledges and provides the power of local government units to tax in this wise:

> "**Sec. 5.** Each local government unit shall have the power to create its own sources of revenues and to levy taxes, fees, and charges subject to such guidelines and limitations as the Congress may provide, consistent with the basic policy of local autonomy. Such taxes, fees, and charges shall accrue exclusively to the local governments."

In line with the foregoing Constitutional *fiat*, Congress enacted Republic Act No. 7160, otherwise known as the "Local Government Code", containing guidelines and limitations to which local government units must adhere. One of such limitations is found in Section 143(h) of the LGC, which states:

> "**SEC. 143. Tax on Business**. — The municipality[23] may impose taxes on the following businesses:
>
> (a) On manufacturers, assemblers, repackers, processors, brewers, distillers, rectifiers and compounders of liquors, distilled spirits, and wines or manufacturers of any article of commerce of whatever kind or nature, in accordance with the following schedule:
>
> | With gross sales or receipts for the precedent calendar year in the amount of: | Amount of Tax Per Annum |
> |---|---|
>
> xxx xxx xxx
>
> (b) On wholesalers, distributors, or dealers in any article of commerce of whatever kind or nature in accordance with the following schedule:
>
> xxx xxx xxx
>
> (c) On exporters, and on manufacturers, millers, producers, wholesalers, distributors, dealers or retailers of essential commodities enumerated hereunder at a rate not

[22] Section 5, Article X, Local Government, 1987 Philippine Constitution.
[23] Under Section 151 of the Local Government Code, cities may also impose the same taxes which a municipality may impose.

mrs

exceeding one-half (1/2) of the rates prescribed under subsections (a), (b) and (d) of this Sections:

xxx xxx xxx

(d) On retailers, With gross sales or receipts Rate of tax for the preceding calendar year of :

xxx xxx xxx

Provided, however, That barangays shall have the exclusive power to levy taxes, as provided under Section 152 hereof, on gross sales or receipts of the preceding calendar year of Fifty thousand pesos (P50,000.00) or less, in the case of cities, and Thirty thousand pesos (P30,000.00) or less, in the case of municipalities.

(e) On contractors and other independent contractors, in accordance with the following schedule:

xxx xxx xxx

(f) On banks and other financial institutions, at a rate not exceeding fifty percent (50%) of one percent (1%) on the gross receipts of the preceding calendar year derived from interest, commissions and discounts from lending activities, income from financial leasing, dividends, rentals on property and profit from exchange or sale of property, insurance premium.

(g) On peddlers engaged in the sale of any merchandise or article of commerce, at a rate not exceeding Fifty pesos (P50.00) per peddler annually.

(h) **On any business, not otherwise specified in the preceding paragraphs, which the sanggunian concerned may deem proper to tax**: Provided, That on any business subject to the excise, value-added or percentage tax under the National Internal Revenue Code, as amended, the rate of tax shall not exceed two percent (2%) of gross sales or receipts of the preceding calendar year.

The sanggunian concerned may prescribe a schedule of graduated rates but in no case to exceed the rates prescribed herein." (*Emphasis supplied*)

When the City Government of Manila enacted the Revenue Code of Manila, it included the following provisions:

"**Section 14. Tax on Manufacturers, Assemblers and other Processors.** — There is hereby imposed a graduated tax on manufacturers, assemblers, repackers, processors, brewers, distillers, rectifiers and compounders of liquors, distilled spirits, and wines or manufacturers of any article of commerce of whatever kind or nature, in accordance with the following schedule.

With gross sales or receipts for the preceding calendar year in the amount of:	Amount of Tax

xxx xxx xxx"

"**Section 21. Tax on Businesses Subject to the Excise, Value Added or Percentage Taxes under the NIRC. — On any of the following businesses and articles of commerce subject to the excise, value added or percentage taxes under the National Internal Revenue Code** hereinafter referred to as the NIRC, as amended, a tax of fifty percent (50%) of one percent (1%) per annum on the gross sales or receipts of the preceding calendar year is hereby imposed:

A) On persons who sell goods and services in the course of trade or business; and those who import goods whether for business or otherwise, as provided for in Sections 100 to 103 of the NIRC as administered and determined by the Bureau of Internal Revenue pursuant to the pertinent provisions of the said code.

B) On the gross receipts of keepers of garages, cars for rent or hire driven by the lessee, transportation contractors, persons who transport passengers or freight for hire, and common carriers by land, air or water, except owners of bancas and owners of animal-drawn two-wheel vehicle.

C) On the amount paid on every overseas dispatch, message or conversation transmitted from the Philippines by telephone, telegraph, telewriter exchange, wireless and other communication equipment services, except amounts paid by the government, its political subdivisions or instrumentalities; diplomatic services; public international organizations or any of their agencies based in the Philippines; and news services.

The tax shall be payable by the person paying for the services rendered and shall be paid to the person rendering the services who is required to collect and pay the tax within twenty (20) days after the end of each quarter.

ny

D) Excisable goods subject to VAT

(1) Distilled spirits
(2) Wines
(3) Tobacco products (other than cigarettes, cigars and chewing tobacco)
(4) Tobacco specially prepared for chewing
(5) Lubricating oils and grease
(6) Processed gas
(7) Waxes and petrolatum
(8) Denatured alcohol to be used for motive power
(9) Fireworks
(10) Cinematographic films
(11) Saccharine
(12) Coal and coke
(13) Fermented liquor, brewer's wholesale price, excluding the ad valorem tax
(14) Automobiles, manufacturers or importer selling price
(15) Non-essential goods based on wholesale price, net of excise tax and VAT
    (a) Jewelry, whether real and imitation. pearls, precious and semi-precious stones and imitations thereof; goods made of, or ornamented, mounted or fitted with precious metals or imitations thereof or ivory (not including surgical and dental instruments, silver-plated wares, frames or mountings for spectacles or eyeglasses, and dental gold or gold alloys and other precious metals used in filling, mounting or fitting of the teeth.)
    (b) Perfumes and toilet waters.
    (c) Yachts and other vessels intended for pleasure or sports.
(16) Mineral products, based on actual market value of the annual gross output at the time of removal

(E) Excisable goods not subject to VAT

(1) Naphtha, regular gasoline and other similar products of distillation
(2) Premium gasoline
(3) Aviation turbo jet
(4) Kerosene
(5) Diesel fuel oil
(6) Liquefied petroleum
(7) Bunker fuel oil
(8) Naphtha when used as raw material for production of petrochemical products
(9) Asphalt (*Emphasis supplied*)

A comparison of the foregoing provisions reveals that Section 14 of the RCM was patterned after Section 143(a) of the LGC; while Section 21 of the

RCM was based on Section 143(h) of the LGC. We juxtapose these provisions for easy reference:

Local Government Code of 1991 (LGC)	***Manila Revenue Code***
Section 143. *Tax on Business.* — The municipality may impose taxes on the following businesses: (a) On manufacturers, assemblers, repackers, processors, brewers, distillers, rectifiers, and compounders of liquors, distilled spirits, and wines or manufacturers of any article of commerce of whatever kind or nature, in accordance with the following schedule: x x x	**Section 14.** *Tax on Manufacturers, Assemblers and Other Processors* — There is hereby imposed a graduated tax on manufacturers, assemblers, repackers, processors, brewers, distillers, rectifiers and compounders of liquors, distilled spirits, and wines or manufacturers of any article of commerce of whatever kind or nature, in accordance with the following schedule: x x x
Section 143. *Tax on Business.* — The municipality may impose taxes on the following businesses: x x x (h) On any business, not otherwise specified in the preceding paragraphs, which the *sanggunian* concerned may deem proper to tax: *Provided,* That on any business subject to the excise, value-added or percentage tax under the National Internal Revenue Code, as amended, the rate of tax shall not exceed two percent (2%) of gross sales or receipts of the preceding calendar year. The *sanggunian* concerned may prescribe a schedule of graduated tax rates but in no case to exceed the rates prescribed herein (U*nderscoring supplied).*	**Section 21.** *Tax on Businesses Subject to the Excise, Value - Added or Percentage Taxes Under the NIRC.* — On any of the following businesses and articles of commerce subject to the excise, value-added or percentage taxes under the National Internal Revenue Code hereinafter referred to as NIRC, as amended, a tax of fifty percent (50%) of one percent (1%) per annum on the gross sales or receipts of the preceding calendar year is hereby imposed: (A) On persons who sell goods and services in the course of trade or business; and those who import goods whether for business or otherwise, as provided for in Sections 100 to 103 of the NIRC as administered and determined by the Bureau of Internal Revenue pursuant to the pertinent provisions of said code *(Underscoring supplied)* x x x

Based on Section 143(h) of the LGC, a taxpayer who is already paying the tax under Section 143(a) to (g) can no longer be made to pay the tax under Section 143(h). Considering that respondent already paid taxes under Section 14, which is based on Section 143(a), it can no longer be made to pay the tax under Section 21 of the RCM, which is based on Section 143(h). This is the literal import of the law. Also, subjecting respondent to tax under Section 21 of the RCM is prohibited as it will constitute the obnoxious type of double taxation.

"Double taxation" is defined by the Supreme Court in *Commissioner of Internal Revenue vs. Solidbank Corporation,* as follows:

> "*Double taxation* means taxing the same property twice when it should be taxed only once; that is, 'x x x taxing the same person twice by the same jurisdiction for the same thing.' It is obnoxious when the taxpayer is taxed twice, when it should be but once. Otherwise described as 'direct duplicate taxation,' the two taxes must be imposed on the **same subject matter, for the same purpose, by the same taxing authority, within the same jurisdiction, during the same taxing period; and they must be of the same kind or character.**[24]" (*Emphasis supplied*)

Applying the foregoing jurisprudence, all the elements of the obnoxious type of double taxation exist in this case. Here, both Sections 14 and 21 of the RCM impose tax on the gross receipts of the same business, which is manufacturing; for the same purpose, which is to generate revenue; imposed by the same taxing authority within its jurisdiction, which is the City of Manila; and during the same taxing period.

Petitioner's allegation that Section 21 does not constitute double taxation because it only taxes the person availing of the goods and services of

[24] G.R. No. 148191, November 25, 2003.

the business, not the business itself, is untenable. A careful reading of Section 21 of the RCM reveals that it is only in the second paragraph of Section 21(C), that the phrase "shall be payable by the person paying for the services rendered and shall be paid to the person rendering the services who is required to collect and pay the tax" is found. This statement immediately follows the first paragraph of Section 21(C) pertaining to "every overseas dispatch, message or conversation transmitted from the Philippines", and it cannot be found elsewhere in Section 21 of the RCM.

Applying the doctrine of the last antecedent, the subject highlighted *proviso* qualifies only paragraph (C), being the immediately preceding antecedent in Section 21, and not the other paragraphs of the same provision such as paragraph (A). Under said rule, relative and qualifying words, phrases, and clauses are to be applied to the words or phrase immediately preceding and are not to be construed as extending to or including others more remote; nor are they ordinarily to be construed as extending to the following words.[25]

The said opinion is corroborated by the fact that a similar provision involving tax on overseas dispatch, messages and communications is found in Section 120 (A) of the NIRC of 1997, to wit:

> "**SEC. 120. Tax on Overseas Dispatch, Message or Conversation Originating from the Philippines. —**
>
> **(A) Persons Liable. —** There shall be collected upon every overseas dispatch, message or conversation transmitted from the Philippines by telephone, telegraph, telewriter exchange, wireless and other communication equipment services, a tax of ten percent (10%) on the amount paid for such services. The tax imposed in this Section shall be payable by

[25] Alcantara, Statutes, 1993 Edition, p. 67.

> the person paying for the services rendered and shall be paid to the person rendering the services who is required to collect and pay the tax within twenty (20) days after the end of each quarter."

In ascertaining the intention of the lawmaker, courts are permitted to look into prior laws on the same subject and to investigate the antecedents of the statute involved. This rule is especially applicable in the interpretation of codes, revised, or compiled statutes, for the prior laws which have been codified, compiled, or revised will show the legislative history that will clarify the intent of the law or shed light on the meaning and scope of the codified or revised statute.[26]

More importantly, the modifying *proviso* could not have qualified Section 21(A) because to do so would violate Section 130(c) of the Local Government Code which provides:

> "**Section 130.** *Fundamental Principles.* - The following fundamental principles shall govern the exercise of the taxing and other revenue-raising powers of local government units:
>
> xxx xxx xxx
>
> (c) The collection of local taxes, fees, charges and other impositions shall in no case be let to any private person; "

Thus, respondent cannot legally be made a withholding agent of its clients since it would make respondent responsible for the collection of local business taxes that is allegedly imposed on its clients.

With respect to petitioner's submission that respondent is estopped from filing its subject refund claim for failure to protest or appeal the

[26] Agpalo, Ruben, Statutory Construction, 5th Edition, 2003, p. 98.

assessment, as set forth under Section 195 of the Local Government Code, We disagree with petitioner. Said provision reads:

> "**SEC. 195. *Protest of Assessment.*** – When the local treasurer or his duly authorized representative find 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 canceling wholly or partially the assessment. However, if the local treasurer finds the assessment 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."

At the outset, the instant case involves a claim for refund of taxes paid under Section 21 of the MRC, while Section 195 of the LGC of 1991 speaks of "protest of assessment" making it clearly not applicable in this case. Evidently, a refund is totally different from a case of disputed assessment.

Section 195 of the LGC pertains only to instances when a taxpayer has incorrectly paid taxes and the local treasurer issues a notice of assessment for the payment of the correct taxes, in which case, the taxpayer shall file a written protest and follow the procedure laid down by the said Section. In the instant case, no notice of assessment requiring for the payment of any unpaid taxes, was issued by herein petitioner, City Treasurer of the City of Manila. Notably, the payment of the tax being refunded in the instant Petition for Refund is admitted and no issue had been raised regarding the correctness or incorrectness of payments made by herein respondent. Therefore, there is no proper subject matter for which a corresponding protest can be filed.

In this regard, the applicable provision in this case is Section 196 of the Local Government Code of 1991 which states:

> "**SEC. 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."

Applying the foregoing legal provision to the facts of this case, the taxes paid by herein respondent imposed under Section 21 of the Manila Revenue Code involve the first quarter of the year 2000 in the total amount of P6,403,030.62; respondent thereafter filed its written claim for refund with petitioner in its Letter dated October 4, 2001; and later on filed the Petition for Refund with the court *a quo* on January 21, 2002. Although date of payment of the taxes for the first quarter of 2000 has not been clearly established, it appears that the same preceded the filing of the Petition for Refund before the court *a quo,* and apparently, said petition was filed within the two-year prescriptive period imposed under Section 196, thereby complying with the requisites mentioned in the foregoing provision.

Lastly, with respect to respondent's contention that appropriate authority of Danilo Cruz to cause the filing of the Petition for Refund before the court *a quo*, had not been duly proven, We take note that in the Order of the court *a quo* in the Consolidated Cases Nos. 02-101045; 02-102052; **02-**

102676;[27] 02-104955; 02-103237, the Motion to Admit filed by Unilever Philippines Inc., as petitioner in said cases on September 23, 2004 was granted and its Secretary's Certificate authorizing Mr. Danilo Cruz to initiate the tax refund cases therein in behalf of petitioner was admitted. Hence, this finding of the court *a quo* settles once and for all the authority of Danilo Cruz to initiate the subject tax refund case, among other cases filed before the Regional Trial Court of Manila.

In the light of the foregoing discussions, We find no reversible error committed by the court *a quo* to merit a reversal of its assailed Decision dated November 3, 2006 and Order dated July 12, 2007.

WHEREFORE, premises considered, the instant Petition for Review is hereby **DENIED** for lack of merit. Accordingly, the appealed Decision dated November 3, 2006 and the Order dated July 12, 2007 of the Regional Trial Court of Manila, Branch 21, in Civil Case No. 02-102676 are hereby **AFFIRMED**.

SO ORDERED.

ERLINDA P. UY
Associate Justice

WE CONCUR:

JUANITO C. CASTAÑEDA, JR.
Associate Justice

See attached Dissenting & Concurring Opinion

OLGA PALANCA-ENRIQUEZ
Associate Justice

[27] The subject case under review, RTC Docket , pp. 104-105.

ATTESTATION

I attest 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's Division.

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

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, and the Division Chairperson's Attestation, 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.

ERNESTO D. ACOSTA
Presiding Justice