REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

En Banc

THE CITY TREASURER and THE CITY GOVERNMENT OF TAGUIG CITY,
Petitioners,

- *versus* -

UPTOWN RITZ RESIDENCES CONDOMINIUM ASSOCIATION, INC.,
Respondent.

CTA *EB* NO. 2977
(Formerly SCA No. 315 and Civil Case No. 22-4583)

Members:

RINGPIS-LIBAN,
BACORRO-VILLENA,
MODESTO-SAN PEDRO,
REYES-FAJARDO,
CUI-DAVID,
FERRER-FLORES, *and*
ANGELES, *JJ.*

Promulgated:

JAN 08 2026 1:30

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DECISION

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

Before the Court *En Banc* is a Petition for Review docketed as CTA *EB* No. 2977 filed on September 9, 2024, assailing the Decision dated June 6, 2024 ("Assailed Decision"),[1] and Order dated July 23, 2024 ("Assailed Order"),[2] both rendered by the Regional Trial Court of Taguig City – Branch 153 ("RTC").

[1] *Rollo*, pp. 38 to 44.
[2] *Id.* at 45 to 46.

The Parties

Petitioner City Government of Taguig ("petitioner Taguig") is a political subdivision of the government, existing under and by virtue of *Republic Act ("RA") No. 7160*, also known as the *Local Government Code* ("*LGC*"), *RA No. 8487*, also known as the *Charter of the City of Taguig*, and other laws of the Philippines.[3]

Petitioner City Treasurer ("petitioner Treasurer"), represented by Mr. Voltaire L. Enriquez, is a government instrumentality authorized, among others, to act upon and decide protest and claims for refunds and/or tax credits of illegally and erroneously collected local business taxes.[4]

Respondent Uptown Ritz Residence Condominium Association, Inc. is a duly organized condominium corporation existing under Philippine laws, particularly pursuant to *RA No. 4726*, or otherwise known as the "*Condominium Act*", with principal office located in Taguig City.[5]

The Facts

When respondent sought to renew its business permit with petitioner Taguig for the year 2022, petitioner Treasurer issued a Billing Statement imposing fees which include local business tax ("LBT"), environmental impact fee ("EIF"), deficiency tax, and business plate/sticker ("BPS") fee. Respondent paid these.[6]

Respondent later filed a formal written complaint for refund for 2022 LBT and BPS fee before petitioner on March 10, 2022, praying for the cancellation of LBT imposed on year 2022 business permit renewal fee, EIF, and the grant of its claim for refund for LBT, deficiency tax and BPS fees for the year 2022 amounting to ₱244,782.87.[7]

Petitioner Treasurer responded through a letter denying respondent's claim. Thus, respondent filed before the Metropolitan Trial Court ("MeTC") of Taguig City, Branch 74 its Complaint, praying for the cancellation of LBT imposed on year 2022 business permit renewal, and for refund of LBT, EIF, deficiency tax and BPS fees for the year 2022 amounting to ₱244,782.87 plus ₱200,000.00 Attorney's fees.[8]

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[3] Par. 9, Petition for Review, *id.* at 19.
[4] Assailed Decision, *id.* at p. 38.
[5] *Id.*
[6] Par. 12, Petition for Review, *id.* at 20.
[7] Par. 13, *id.*
[8] Par. 14, *id.*

On January 3, 2023, the MeTC partially granted the reliefs prayed for by respondent. The lower court ordered petitioners to refund or issue tax credit in favor of respondent the total amount of ₱237,632.87 representing alleged erroneously paid LBT, cedula corporation and deficiency tax for year 2022. It denied the claim for refund of EIF by respondent and held that condominium corporations are generally liable to pay for EIF and other fees imposed by the City Government of Taguig per *Ordinance No. 116, series of 2008.*[9]

On May 22, 2023, petitioners filed a timely Notice of Partial Appeal of the aforementioned Decision, dated January 3, 2023.[10]

On June 13, 2024, respondents received a copy of the RTC Decision, dated June 6, 2024, affirming *in toto* the Decision of the lower court.[11]

Petitioners filed a Motion for Reconsideration of the Assailed Decision, dated June 6, 2024, which the RTC denied in an Order, dated July 23, 2024, a copy of which was received by petitioners on July 26, 2024, denying petitioners' Motion.[12]

Petitioners filed its Motion for Extension of Time to File Petition for Review on August 22, 2024.[13] In a Minute Resolution, dated August 30, 2024, the Court, subject to the condition that the motion for extension was filed on time, granted petitioner a final and non-extendible period of 15 days from August 25, 2024, or until September 9, 2024, within which to file its Petition for Review.[14] Petitioners then filed their Petition for Review on September 9, 2024.[15]

On November 7, 2024, respondent filed its Comment/Opposition (To the Petition for Review dated 06 September 2024).[16]

In a Resolution dated December 5, 2025, this Court *En Banc* submitted the case for decision.

Hence, this Decision.

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[9] Par. 17, *id.* at 21.
[10] Par. 18, *id.*
[11] Par. 19, *id.*
[12] Par. 20, *id.*
[13] *Id.* at 1 to 6.
[14] *Id.* at 16.
[15] *Id.* at 17 to 35.
[16] *Id.* at 51 to 69.

The Assigned Error

Petitioners raise the following issue before this Court:

THE HONORABLE REGIONAL TRIAL COURT BRANCH 153 OF TAGUIG CITY COMMITTED REVERSIBLE ERROR IN AFFIRMING THE DECISION OF THE MTC WITH REGARD TO THE GRANT OF REFUND OF LOCAL BUSINESS TAX TO RESPONDENT.[17]

Arguments of the Parties

Petitioners' arguments

Petitioners argue that there is no law that exempts from taxation the association dues and income collected by condominium corporations from members; that condominium corporations are specifically held liable for LBT under *Section 75 of the Taguig Revenue Code*, as amended by *Taguig Ordinance No. 34-17*, where the LBT imposed is computed based on declared gross sales or gross receipts; and that respondent was assessed as a contractor pursuant *to Section 7(d) of Ordinance 34, Series of 2017.*

Respondent's arguments

Respondent counters that petitioners misunderstood the nature of its claim for refund as it does not claim an exemption but claims at the outset that it is not one of the entities that can be taxed with LBT as it is not engaged in the sale of services, and the money and assets collected from its members are not income earned from any profit-making activities. As such, it also cannot be considered as a contractor since its activity does not consist of sale of service for a fee.

Our Ruling

The *Petition for Review* must be denied.

The Court En Banc has jurisdiction over the Petition

Under *Section 7(a)(3) of Republic Act ("RA") No. 1125, as amended by RA No. 9828*, ("*the CTA Law*"), 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

[17] Statement of the Issue, Petition for Review, *id.* at 22.

decided or resolved by them in the exercise of their original or appellate jurisdiction.

In particular, *Rule 4, Section 2(b) of the Revised Rules of the Court of Tax Appeals*[18] ("*RRCTA*") provides that the Court *en banc* shall exercise exclusive appellate jurisdiction to review by appeal the decisions, resolutions or *orders of the Regional Trial Courts in local tax cases* decided or resolved by them in the exercise of their appellate jurisdiction.

Meanwhile, *Section 11 of the CTA Law* prescribes:

> SEC. 11. Who May Appeal; Mode of Appeal; Effect of Appeal. — Any party adversely affected by a decision, *ruling* or inaction of the Commissioner of Internal Revenue, the Commissioner of Customs, the Secretary of Finance, the Secretary of Trade and Industry or the Secretary of Agriculture or the Central Board of Assessment Appeals or *the Regional Trial Courts may file an appeal with the CTA 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)* herein.
> (Italics supplied.)

This is echoed in *Rule 8, Section 3(c) of RRCTA*:

> (c) A party adversely affected by a decision or *ruling of* the Central Board of Assessment Appeals and *the Regional Trial Court in the exercise of their appellate jurisdiction* may appeal to the Court by filing before it a petition for review *within thirty days from receipt of a copy of the questioned decision or ruling.*
> (Italics supplied.)

As such, in order for this Court to acquire jurisdiction in the instant case, the petition for review by the aggrieved party must be filed before the Court *en banc* within 30 days from the date of receipt of the order of the RTC in local tax cases resolved by them in the exercise of their appellate jurisdiction.

In this case, petitioners received the Assailed Order on their timely filed Motion for Reconsideration on July 26, 2024,[19] giving them until August 25, 2024 to file a petition for review before this Court.

However, petitioners instead filed a Motion for Extension of Time to File Petition for Review on August 22, 2024,[20] requesting for additional 15 days from the expiration of the original 30-day period to file the petition for

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[18] A.M. No. 05-11-07-CTA, November 22, 2005.
[19] Annex B to the Motion for Extension of Time to File Petition for Review, *id.* at 14.
[20] *Id.* at 1 to 4.

review. This was granted by this Court on August 30, 2024, giving petitioners until September 9, 2024 to file their Petition for Review.[21]

It is notable, however, that the *RRCTA* does not authorize the grant of additional 15 days in filing the Petition for Review before the Court *en banc* on cases involving the decisions, resolutions, or orders of the RTC in the exercise of its *appellate jurisdiction*. Said permissible period of extension of 15 days to file Petition for Review is available only on the decision or resolution of a Division of the Court on a motion for reconsideration or new trial under *Rule 8, Section 3(b)* for civil cases and *Rule 9, Section 9(b)* for criminal cases *of the RRCTA*.

However, *Rule 8, Section 4(c) of RRCTA* states that the mode of appeal from a decision or ruling of the RTC in the exercise of their *appellate jurisdiction* before the Court *en banc* is by filing a Petition for Review as provided in *Rule 43 of the 1997 Rules of Civil Procedure*. Thus, in suppletory reference on the provisions of *Rule 43, Section 4* thereof provides that the Court of Appeals may grant an additional period of 15 days within which to file the petition for review upon proper motion and the payment of the full amount of the docket fee before the expiration of the reglementary period.

Verily, an extension of time to file of a petition for review before this Court *En Banc* on cases involving the decisions, resolutions, or orders of the RTC in the exercise of its *appellate jurisdiction* may be authorized pursuant to *Rule 43, Section 4 of the 1997 Rules of Civil Procedure*.

Accordingly, the Motion for Extension of Time to File Petition for Review on August 22, 2024 was timely filed. Petitioners indeed filed their Petition for Review on September 9, 2024, well-within the 15-day extension granted by the Court. Thus, this Court acquired jurisdiction over the same.

Condominium corporations are not subject to LBT. A taxpayer cannot be exempt from something it is not liable for in the first place.

Petitioners insist that respondent is not exempt from the imposition of LBT and that the latter failed to prove that it is entitled to an exemption.

However, petitioners gravely misunderstood the MeTC ruling, as upheld by the RTC, and the cited jurisprudence on the matter.

[21] Minute Resolution dated August 30, 2024, *Id.* at 16.

There lies a difference between tax exemption and not being subject to tax.

A tax exemption entails that a particular transaction or property is subject to a particular tax, but by virtue of a legislative grant, it becomes exempted from its payment. A tax exemption may be lifted by a succeeding legislation and, thereafter, the person, transaction or property shall already be liable for the tax.

On the other hand, when a particular person, transaction, or property is not subject to tax, there is no legislation subjecting it to tax in the first place. Since it is not imposed with a tax, it logically follows that it does not need any exemption. As such, the issue of exemption is rendered irrelevant.

Section 143 of the LGC and *Section 75 of the Taguig Revenue Code, as amended*, imposes tax on *businesses* at various rates depending on the nature of the business activity. Based on this, local tax is imposed only on businesses. Thus, it is essential to determine whether a person, transaction, activity, or property is in pursuit of or engaged in trade or business for it to be imposed with LBT.

In this case, respondent, as the subject person, is undisputably a condominium corporation existing under Philippine laws, particularly pursuant to *RA No. 4726*, or otherwise known as the "*Condominium Act*".

As already settled in *Yamane vs. BA Lepanto Condominium Corporation*,[22] ("*Yamane*") and reiterated in *Delos Santos vs. Commissioner of Internal Revenue*,[23] a condominium corporation is not engaged in trade or business. Association dues are not intended for profit, but for the maintenance of the condominium project. The collection of association dues, membership fees, and other charges is purely for the benefit of the condominium owners:

> For when a condominium corporation manages, maintains, and preserves the common areas in the building, it does so only for the benefit of the condominium owners. It cannot be said to be engaged in trade or business, thus, the collection of association dues, membership fees, and other assessments/charges is not a result of the regular conduct or pursuit of a commercial or an economic activity, or any transactions incidental thereto.
>
> Neither can it be said that a condominium corporation is rendering services to the unit owners for a fee, remuneration of consideration. Association dues, membership fees, and other assessments/charges form part of a pool from which a condominium corporation must draw funds in

[22] G.R. No. 154993, October 25, 2005.
[23] G.R. No. 222548, June 22, 2022.

> order to bear the costs for maintenance, repair, improvement, reconstruction expenses and other administrative expenses.

Accordingly, respondent functions as an entity merely to promote the maintenance and upkeep of the condominium property for the mutual benefit of the owners. Its receipts are not remunerations or fees for services rendered but are mere reimbursements from the condominium unit owners for the costs incurred by the corporation in maintaining the condominium building. It does not advertise its services for the public to avail. Its activities are for the mutual benefit of the owners, who are also the shareholders of the condominium corporation. Clearly, it is not engaged in trade or business.

Based on the foregoing, this Court can already sufficiently conclude that the MeTC and RTC were correct in granting the LBT refund in favor or respondent as it is not engaged in business, hence, not liable for LBT. Therefore, the denial of petitioners' appeal herein is justified.

However, We deem it necessary to address petitioners' other arguments and thereby put them to rest.

Petitioners allege that condominium corporations are being taxed for their receipts from the condominium owners and that income and profit are deemed irrelevant with respect to gross sales or receipts which are taxable under the *LGC*.

This argument is again misplaced.

Section 131(n) of the LGC defines gross sales and receipts as follows:

> (n) "Gross Sales or Receipts" include the total amount of money or its equivalent representing the contract price, compensation, or service fee, including the amount charged or materials supplied with the services and deposits or advance payments actually or constructively received during the taxable quarter for the services performed or to be performed for another person excluding discounts if determinable at the time of sales, sales return, excise tax, and value-added tax.

The above definition of gross sales and receipts does not factor any deductible costs and expenses. As such, income and profit are indeed irrelevant. However, mere receipt of money or its equivalent does not automatically subject the same to LBT. The receipt thereof must represent the contract price, compensation or service fee. But then, as already explained in *Yamane*, a condominium corporation does not render services to the unit owners for a fee, remuneration of consideration. As such, respondent's receipts do not qualify as gross sales or receipts subject to LBT as it does not represent a service fee.

Neither do condominium corporations fall within the category of a contractor under *Section 131(h) of the LGC* and *Section 75(d) of the Taguig Revenue Code, as amended*, whose activity consists essentially in the sale of all kinds of service for a fee. The term "service for a fee" qualifies a contractor for purposes of imposition of LBT. Thus, again, we go back to the pronouncement in *Yamane* that condominium corporations do not render services for a fee and, hence, negates the definition of a contractor in *LGC* and the *Taguig Revenue Code, as amended.*

Further, the term contractor as used under *Section 131(h) of the LGC* in a definition echoed in *Section 74 of the Taguig Revenue Code, as amended*, is given the following inclusions:

> As used in this Section, the term "contractor" shall include general engineering, general building and specialty contractors as defined under applicable laws; filling, demolition and salvage works contractors; proprietors or operators of mine drilling apparatus; proprietors or operators of dockyards; persons engaged in the installation of water system, and gas or electric light, heat, or power; proprietors or operators of smelting plants, engraving, plating, and plastic lamination establishments; proprietors or operators of establishments for repairing, repainting, upholstering, washing or greasing of vehicles, heavy equipment, vulcanizing, recapping and battery charging; proprietors or operators of furniture shops and establishments for planning or surfacing and recutting of lumber, and sawmills under contract to saw or cut logs belonging to others; proprietors or operators of dry cleaning or dyeing establishments, steam laundries, and laundries using washing machines; proprietors or owners of shops for the repair of any kind of mechanical and electrical devices, instruments, apparatus, or furniture and shoe repairing by machine or any mechanical contrivance; proprietors or operators of establishments or lots for parking purposes; proprietors or operators of tailor shops, dress shops, milliners and hatters, beauty parlors, barbershops, massage clinics, sauna, Turkish and Swedish baths, slenderizing and building salons and similar establishments; photographic studios; funeral parlors; proprietors or operators of hotels, motels, and lodging houses; proprietors or operators of arrastre and stevedoring, warehousing, or forwarding establishments; master plumbers, smiths, and house or sign painters; printers, bookbinders, lithographers; publishers except those engaged in the publication or printing of any newspaper, magazine, review or bulletin which appears at regular intervals with fixed prices for subscription and sale and which is not devoted principally to the publication and advertisements; business agents, private detective or watchman agencies, commercial and immigration brokers, and cinematographic film owners, lessors and distributors.

A condominium corporation is not included in the foregoing definition. Even its nature of operations or activities is not closely similar to those included in the list. Conclusively then, a condominium corporation is not intended to be classified as a contractor and no LBT on contractors can be imposed upon it.

Given that respondent, as a condominium corporation, is not subject to local tax on gross receipts as a contractor and is not engaged in trade or business in the first place, it does not need to claim any exemption therefrom. Thus, petitioners' insistence that respondent is not entitled to LBT exemption is gravely misplaced. Respondent is not subject to LBT at all. As such, any LBT payment made by respondent was erroneous, illegal, and warrants a refund.

Verily, the RTC was correct in upholding the grant of refund in favor of respondent. Absent any substantial error committed by the lower courts, this Court shall not disturb the same.

ACCORDINGLY, the instant *Petition for Review* is hereby **DENIED** for lack of merit. Accordingly, the Assailed Decision dated June 6, 2024 and Assailed Order dated July 23, 2024 are hereby **AFFIRMED**.

SO ORDERED.

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

Marian Ivy F. Reyes - Fajardo
MARIAN IVY F. REYES-FAJARDO
Associate Justice

LANEE S. CUI-DAVID
Associate Justice

CORAZON G. FERRER-FLORES
Associate Justice

HENRY S. ANGELES
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 before the case was assigned to the writer of the opinion of the Court.

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice