24-000594-0014

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

CTA AC NO. 339

TEAM ENERGY CORPORATION,
Petitioner,

- versus -

THE MUNICIPALITY OF PAGBILAO, QUEZON, HON. ANGELICA PORTES TATLONGHARI, in her capacity as the Municipal Mayor of the Municipality of Pagbilao, and **CORAZON H. ENCENAREZ,** in her capacity as Municipal Treasurer of the Municipality of Pagbilao,
Respondents.

NOTICE OF DECISION

To:

GATMAYTAN YAP PATACSIL GUTIERREZ & PROTACIO
(Counsel for the Petitioner)
30/F 88 Corporate Center
Sedeño corner Valero Streets
Salcedo Village Makati City

HON. ANGELICA PORTES TATLONGHARI
(In her capacity as the Municip[al Mayor of the Municipality of Pagbilao)
Pagbilao Municipal Hall, Rizal Street
Barangay Santa Catalina, Pagbilao
Quezon Province

CORAZON H. ENCENAREZ
(In her capacity as Municipal Treasurer of the Municipality of Pagbilao)
Pagbilao Municipal Hall, Rizal Street
Barangay Santa Catalina, Pagbilao
Quezon Province

ATTY. JULIENE THERESE V. SALVACION
ATTY. REI C. BALIGOD
(Counsel for the Respondents)
2nd Floor, Right Wing, Capitol Building
Quezon Capitol Compound
Lucena City, Quezon Province

ATTY. DENJI G. COSICO
Branch Clerk of Court
Regional Trial Court
Branch 58 - Lucena City
City Hall Annex Building, Brgy. Isabang
Lucena City, Quezon Province

GREETINGS:

You are hereby notified by these presents that on **December 18, 2025, a** Decision was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **December 22, 2025.**

Atty. Maria Johoanna F. Chan-Te
Executive Clerk of Court III

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

FIRST DIVISION

TEAM ENERGY CORPORATION,
Petitioner,

- versus -

THE MUNICIPALITY OF PAGBILAO, QUEZON, HON. ANGELICA PORTES-TATLONGHARI, in her capacity as the Municipal Mayor of the Municipality of Pagbilao, and **CORAZON H. ENCENAREZ,** in her capacity as Municipal Treasurer of the Municipality of Pagbilao,
Respondents.

CTA AC Case No. 339

Members:

BACORRO-VILLENA, *Acting Chairperson, and*
CUI-DAVID, *JJ.*

Promulgated:
DEC 1 8 2025; 9:40AM

x - x

DECISION

BACORRO-VILLENA, J.:

At bar is the Petition for Review[1] filed by petitioner Team Energy Corporation (**petitioner/TEC**) on 03 October 2024, pursuant to Section 3(a)(3)[2], Rule 4 of the Revised Rules of the Court of Tax Appeals

---

[1] Division Docket, pp. 5-51.

[2] **SEC. 3.** *Cases within the jurisdiction of the Court in Division.* – The Court in Division shall exercise:
(a) Exclusive original over 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[.]

(**RRCTA**), assailing the Order dated 15 July 2024[3] (**assailed Order**) rendered by the Regional Trial Court (**RTC/court *a quo***) of Lucena City, Quezon, Branch 58, in Civil Case No. 2024-07, entitled *Team (Philippines) Energy Corporation v. The Municipality of Pagbilao, Quezon, Hon. Angelica Portes-Tatlonghari, in her capacity as the Municipal Mayor of Pagbilao, and Corazon H. Encenarez, in her capacity as Municipal Treasurer of the Municipality of Pagbilao.*

It prays that judgment be rendered setting aside the assailed Order and declare that the local business tax (**LBT**) rate for contractors under Section 2A.02(E)[4] of the "Revised Revenue Code 2017 of the Municipality of Pagbilao" (**Revised Revenue Code**) is in violation of Section 187[5] of the Local Government Code (**LGC**) of 1991, as amended.

Petitioner likewise seeks a declaration that it is entitled to a refund representing the allegedly unwarranted excess arising from the rates imposed in the Revised Revenue Code, so long as it pays in accordance with the latter's provisions. Accordingly, petitioner asks the Court for a refund or tax credit in the amounts of ₱4,266,580.88 and ₱4,723,750.20,

---

3 RTC Records, pp. 788-797.

4 **CHAPTER II**
Municipal Taxes

ARTICLE A
Business Tax

...

SEC. 2A.02. *Imposition of Tax.* – There is hereby imposed on the following persons who establish, operate, conduct or maintain their respective business within the municipality a graduated business tax in the amounts hereafter prescribed:

...

E. ON CONTRACTORS AND OTHER INDEPENDENT CONTRACTORS IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

WITH GROSS SALES OR RECEIPTS FOR THE PRECEDING CALENDAR YEAR IN THE AMOUNT OF:	***Amount of Tax Per Annum***
...	
In excess of 2,000,000.00 or more	*Sixty percent of one percent (60% of 1%)*

5 **Sec. 187.** *Procedure for Approval and Effectivity of Tax, Ordinances and Revenue Measures; Mandatory Public Hearings.* - The procedure for approval of local tax ordinances and revenue measures shall be in accordance with the provisions of this Code: Provided, That public hearings shall be conducted for the purpose prior to the enactment thereof: Provided, further, That any question on the constitutionality or legality of tax ordinances or revenue measures may be raised on appeal within thirty (30) days from the effectivity thereof to the Secretary of Justice who shall render a decision within sixty (60) days from the date of receipt of the appeal: Provided, however, That such appeal shall not have the effect of suspending the effectivity of the ordinance and the accrual and payment of the tax, fee, or charge levied therein: Provided, finally, That within thirty (30) days after receipt of the decision or the lapse of the sixty-day period without the Secretary of Justice acting upon the appeal, the aggrieved party may file appropriate proceedings with a court of competent jurisdiction.

respectively representing excess LBTs it paid for the calendar years (**CYs**) 2022 and 2023.

PARTIES TO THE CASE

Petitioner TEC is a domestic corporation duly organized and existing under the laws of the Philippines, with principal office at 25F W Fifth Ave. Building, 5th Avenue, Bonifacio Global City, Taguig City.[6]

On the other hand, respondent Municipality of Pagbilao, Quezon is a local government unit (**respondent LGU**) created by law. Respondent Mayor Angelica Portes-Tatlonghari (**respondent Mayor**) is being impleaded in her official capacity as the Municipal Mayor of respondent LGU. Respondent Corazon H. Encenarez (**respondent Treasurer**), is being sued in her official capacity as the Municipal Treasurer of respondent LGU. As such, she is empowered to perform the duties of said office, including *inter alia*, the collection of all local taxes, fees and charges.[7]

Collectively, respondents may be served with notices, orders and processes through their counsel, the Quezon Provincial Legal Office at 2F Old Capitol Building, Quezon Capitol Compound, Lucena City.[8]

FACTS OF THE CASE

On 15 January 2022, petitioner submitted its Schedule of Gross Receipts for CY 2021 to the office of respondent Treasurer.[9] Therein, it declared Gross Receipts amounting to ₱8,532,860,932.62.[10]

---

6 Par. 13, The Parties, Petition for Review, Division Docket, pp. 8-9, *vis-à-vis* petitioner's Amended Articles of Incorporation dated 09 May 2023, Exhibit "F" to Petitioner's Complaint, RTC Records, p. 57.

7 Par. 14, The Parties, Petition for Review, Division Docket, p. 9.

8 Respondents' "Comment/Opposition (To Petitioner Team Energy Corporation's Petition for Review dated 1 October 2024)", Division Docket, p. 130.

9 Par. 16, Part I. The Material Facts and Antecedent Proceedings, Petition for Review, Division Docket p. 9, *vis-a-vis* par. 4, Respondents' "Comment/Opposition (To Petitioner Team Energy Corporation's Petition for Review dated 1 October 2024)", Division Docket, pp. 78-79.

10 Id.

Based on petitioner's submissions, respondent treasurer issued a Tax Order of Payment dated 15 January 2022[11] (**2022 TOP**). The 2022 TOP computed LBTs and fees due from petitioner for CY 2022 as follows:

Description	Base Tax	Amount Due	Qtr	Year
Mayor's Permit Fee – CONTRACTOR		₱50,000.00		2022
Sanitary Permit Fee		250.00		2022
Sticker		20.00		2022
Garbage Fee		200.00		2022
Business Tax – CONTRACTOR	₱8,532,860,932.62	51,198,966.00	1234	2022
Medical Certificate		50.00		2022
Inspection Fee		50.00		2022
Sanitary Inspection Fee		500.00		2022
Police Clearance		50.00		2022
Sworn Statement Fee		200.00		2022
	Total Due	**₱51,250,286.00**		

The 2022 TOP also gave petitioner options for the payment schedule:

Payment	Deadline	Amount Due	Total
Annual	20 January 2022	₱51,250,286.00	₱51,250,286.00
Semi-annual	20 January 2022	₱25,650,803.00	₱51,250,286.00
	20 July 2022	25,599,483.00	
Quarterly	20 January 2022	₱12,851,061.50	₱51,250,286.00
	20 April 2022	12,799,741.50	
	19 July 2022	12,799,741.50	
	19 October 2022	12,799,741.50	

In accordance with the payment schedule in the 2022 TOP, petitioner paid its LBTs and fees due for CY 2022 in quarterly installments on 20 January 2022, 20 April 2022, 19 July 2022, and 19 October 2022.[12]

On 18 January 2023, petitioner submitted its Schedule of Gross Receipts for CY 2022 to the office of respondent

---

11 Exhibit "A", RTC Records, p. 34, *vis-a-vis* par. 17, Part I. "The Material Facts and Antecedent Proceedings", Petition for Review, Division Docket p. 10, and par. 5, Respondents' "Comment/Opposition (to Petitioner Team Energy Corporation's Petition for Review dated 1 October 2024)", Division Docket, p. 79.

12 Par. 18, Part I. The Material Facts and Antecedent Proceedings, Petition for Review, Division Docket p. 10, *vis-a-vis* par. 6, Respondents' "Comment/Opposition (to Petitioner Team Energy Corporation's Petition for Review dated 1 October 2024)", Division Docket, p. 79.

Treasurer.[13] This time, it declared Gross Receipts amounting to ₱9,447,199,778.20.[14]

Respondent Treasurer then issued a TOP dated 14 January 2023[15] (**2023 TOP**), which computed petitioner's LBTs and fees due for CY 2023:

Description	Base Tax	Amount Due	Qtr	Year
Mayor's Permit Fee – CONTRACTOR		₱50,000.00		2023
Sanitary Permit Fee		250.00		2023
Sticker		20.00		2023
Garbage Fee		200.00		2023
Business Tax – CONTRACTOR	₱9,447,199,778.20	56,684,999.00	1234	2023
Medical Certificate		50.00		2023
Inspection Fee		50.00		2023
Sanitary Inspection Fee		500.00		2023
Police Clearance		50.00		2023
Sworn Statement Fee		200.00		2023
	Total Due	**₱56,736,319.00**		

It allowed petitioner the following options for making payments:

Payment	Deadline	Amount Due	Total
Annual	20 January 2023	₱56,736,319.00	₱56,736,319.00
Semi-annual	20 January 2023	₱28,393,819.50	₱56,736,319.00
	20 July 2023	28,342,499.50	
Quarterly	20 January 2023	₱14,222,569.75	₱56,736,319.00
	20 April 2023	14,171,249.75	
	20 July 2023	14,171,249.75	
	20 October 2023	14,171,249.75	

As with the previous CY, petitioner fully settled its LBT dues by making quarterly payments (pursuant to the 2023 TOP) on 20 January 2023, 20 April 2023, 20 July 2023, and 20 October 2023.[16]

---

13 Par. 20, Part I. The Material Facts and Antecedent Proceedings, Petition for Review, Division Docket p. 11, *vis-a-vis* par. 7, Respondents' "Comment/Opposition (to Petitioner Team Energy Corporation's Petition for Review dated 1 October 2024)", Division Docket, p. 79.

14 Id.

15 Exhibit "C", RTC Records, p. 40, *vis-a-vis* par. 21, Part I. The Material Facts and Antecedent Proceedings, Petition for Review, Division Docket p. 11, and par. 8, Respondents' "Comment/Opposition (to Petitioner Team Energy Corporation's Petition for Review dated 1 October 2024)", Division Docket, pp. 79-80.

16 Par. 22, Part I. The Material Facts and Antecedent Proceedings, Petition for Review, Division Docket p. 12, *vis-a-vis* par. 9, Respondents' "Comment/Opposition (to Petitioner Team Energy Corporation's Petition for Review dated 1 October 2024)", Division Docket, p. 80.

On 17 January 2024, guided by the periods under Section 196 of the LGC, petitioner filed a written claim for refund or credit dated 17 January 2024[17] (**Administrative Claim**) with respondent Treasurer.

On 19 January 2024, petitioner filed a Complaint dated 18 January 2024[18] (**Judicial Claim**) before the RTC of Lucena City, which initially raffled the same to Branch 167 thereof. By this date, respondent Treasurer had not acted upon petitioner's Administrative Claim.

On 30 January 2024, respondent Treasurer issued a letter of even date[19] (**Denial Letter**) addressed to petitioner, denying the latter's Administrative Claim. Petitioner received a copy of the said letter on 31 January 2024.[20]

PROCEEDINGS BEFORE THE COURT *A QUO*

Meanwhile, on 29 January 2024, the RTC issued Summons to respondents, directing them to file an Answer within thirty (30) days from the date of their receipt thereof.[21]

On 02 April 2024[22], pursuant to an extension of time[23] granted by the court *a quo*, respondents filed their Answer, interposing the following affirmative and special defenses: (1) petitioner had no cause of action to file its Complaint as it failed to timely assail the validity of the provisions of the LGU's Revised Revenue Code in accordance with Section 187[24] of the LGC of 1991, as amended; and (2) the assessment had become conclusive and unappealable since petitioner filed its Administrative Claim beyond the reglementary period of sixty (60) days

---

17 Exhibit "E", RTC Records, pp. 46-53, *vis-a-vis* par. 24, Part I. "The Material Facts and Antecedent Proceedings", Petition for Review, Division Docket p. 12, and par. 10, Respondents' "Comment/Opposition (to Petitioner Team Energy Corporation's Petition for Review dated 1 October 2024)", Division Docket, p. 80.

18 Petitioner's Complaint, RTC Records, pp. 3-28.

19 Annex "17-Encenarez" attached to the Judicial Affidavit of Ms. Corazon H. Encenarez, RTC Records, p. 397, *vis-à-vis* par. 25, Part I. "The Material Facts and Antecedent Proceedings", Petition for Review, Division Docket p. 13, and par. 13, Respondents' "Comment/Opposition (to Petitioner Team Energy Corporation's Petition for Review dated 1 October 2024)", Division Docket, p. 81.

20 Par. 25, Part I. "The Material Facts and Antecedent Proceedings", Petition for Review, Division Docket p. 13,

21 RTC Records, p. 260.

22 Id., pp. 597-640.

23 See Order dated 04 March 2024, id., p. 596.

24 Supra at note 5.

(from its receipt of the 2022 and 2023 TOPs) under Section 195[25] of the LGC of 1991, as amended.

On 12 April 2024, the court *a quo* set the case for a Pre-Trial Conference on 29 April 2024.[26] Ahead of the same, on 25 April 2024, both parties filed their respective Pre-Trial Briefs.[27]

However, during the Pre-Trial Conference, Hon. Maria May S. Zafranco-Redor, Presiding Judge of Branch 167 of the RTC of Lucena City, voluntarily inhibited herself from the case "to obviate the suspicion of bias and doubt on her objectivity", citing her long association as former Municipal Trial Court (**MTC**) Judge in respondent LGU. Neither party's counsels objected to her voluntary inhibition.[28]

In light of the foregoing circumstances, the Pre-Trial Conference did not proceed and the case was re-raffled to Branch 58 of the RTC of Lucena City.[29]

Thus, on 15 July 2024, the RTC Branch 58 rendered the assailed Order[30] dismissing the complaint, as follows:

> ...
>
> PREMISES CONSIDERED, the [respondents'] affirmative defenses are hereby GRANTED. The instant case is dismissed for failure to state a cause of action.
>
> **SO ORDERED.**
>
> ...

---

25 **Sec. 195.** *Protest of 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.

26 See Notice of Pre-Trial, RTC Records, pp. 642-644.

27 See Respondents' Pre-Trial Brief, RTC Records, pp. 647-673 and Petitioner's Pre-Trial Brief, RTC Records, pp. 677-697.

28 See Order dated 29 April 2024, id., pp. 779-781.

29 See Certification of Raffle dated 20 May 2024, id, p. 783.

30 Supra at note 3; emphasis in the original text.

The court *a quo* sustained respondents' affirmative defenses, which essentially revolved around the supposed prescription of petitioners' right to question respondent Treasurer's purported 'assessment' (through the TOPs) under Section 195[31] of the LGC of 1991, as amended. The court *a quo* held that there was no evidence that petitioner filed a written protest within sixty (60) days from its receipt of the 2022 and 2023 TOPs. Thus, the assessments had already attained finality, and had become conclusive and unappealable.

PROCEEDINGS BEFORE THE COURT

Dissatisfied with the RTC's conclusions, petitioner filed its Petition for Review[32] before this Court on 03 October 2024.

In a Minute Resolution dated 15 October 2024[33], the First Division gave respondents five (5) days from notice to file a Comment or Opposition. It likewise directed the court *a quo* to elevate the entire records for the present case. Accordingly, in an Indorsement dated 31 October 2024[34], Branch 58 of the RTC of Lucena City transmitted the entire records for the present case.

On 07 November 2024, respondents filed their Comment/ Opposition[35]. Accordingly, in the Minute Resolution dated 09 December 2024[36], the First Division submitted the case for decision.

ISSUES

As laid out in the parties' respective arguments, the following issues are brought before Us for resolution —

---

31 Supra at note 25.
32 Supra at note 1. Filed *via* email on 04 October 2024, pursuant to CTA *En Banc* Resolution No. 8-2024.
33 Division Docket, p. 71.
34 Id., p 265. Sent *via* registered mail on 11 November 2024 and received by this Court on 26 November 2024.
35 Respondents' "Comment/Opposition (to Petitioner Team Energy Corporation's Petition for Review dated 1 October 2024)" dated 07 November 2024, id., pp. 74-131. Filed *via* email on 08 November 2024, pursuant to CTA *En Banc* Resolution No. 8-2024.
36 Id., pp. 267-268.

I.

WHETHER THE COURT *A QUO* ERRED IN DISMISSING PETITIONER TEAM ENERGY CORPORATION'S COMPLAINT FOR BEING FILED OUT OF TIME UNDER SECTION 195 OF THE LOCAL GOVERNMENT CODE (LGC) OF 1991, AS AMENDED;

II.

WHETHER THE TAX ORDERS OF PAYMENT (TOPs) FOR CALENDAR YEARS (CYs) 2022 AND 2023 ARE EQUIVALENT TO THE "NOTICES OF ASSESSMENT" (NOAs) CONTEMPLATED UNDER SECTION 195 OF THE LOCAL GOVERNMENT CODE (LGC) OF 1991, AS AMENDED;

III.

WHETHER PETITIONER TEAM ENERGY CORPORATION CORRECTLY AVAILED THE REMEDY PROVIDED UNDER SECTION 196 OF THE LOCAL GOVERNMENT CODE (LGC) OF 1991, AS AMENDED;

IV.

WHETHER THE RATE PRESCRIBED UNDER SECTION 2A.02(E) OF THE REVISED REVENUE CODE 2017 OF THE MUNICIPALITY OF PAGBILAO EXCEEDS THE MAXIMUM ALLOWABLE INCREASE OF TAX RATES UNDER SECTION 191 IN RELATION TO SECTION 143(E) OF THE LOCAL GOVERNMENT CODE (LGC) OF 1991, AS AMENDED; AND

V.

WHETHER PETITIONER TEAM ENERGY CORPORATION IS ENTITLED TO A REFUND OR TAX CREDIT IN THE AMOUNTS OF ₱4,266,580.88 AND ₱4,723,750.20, RESPECTIVELY REPRESENTING EXCESS LOCAL BUSINESS TAXES (LBTs) PAYMENTS FOR THE CALENDAR YEARS (CYs) 2022 AND 2023.

ARGUMENTS

In support of the instant petition, petitioner argues that TOPs are not the "notices of assessment" (**NOAs**) contemplated under Section 195 of the LGC of 1991, as amended. Petitioner points out that the said TOPs are actually billing statements issued by the LGU as part of the recurring procedures for taxpayers to renew their business permits. As such, petitioner underscores that the periods and procedures in the said provision do not apply to its case.

Petitioner instead insists that the rules under Section 196 of the LGC of 1991, as amended, would apply, giving it the two (2)-year reglementary period (from paying the subject LBTs) to file its refund claim. In this regard, petitioner puts forward that its administrative claim before the LGU and Complaint before the court *a quo* were timely filed.

With respect to contesting the imposable LBT rate under the Revised Revenue Code, petitioner contends that the procedure under Section 187 of the LGC of 1991, as amended, does not apply. For petitioner, the question into the validity of the LBT rate with Section 191[37] in relation to Section 143(e)[38] of the LGC of 1991, as amended, is a pure question of law. Petitioner highlights that the same constitutes an exception to the rule on exhaustion of administrative remedies, and the Court may grant the relief it prayed for without remanding the case to the court *a quo*.

As for the subject of the present refund claim, petitioner insists that it is entitled to the excess LBTs it paid (*i.e.*, the 5% of 1% difference arising from the 60% of 1% rate imposed by the Revised Revenue Code versus the 55% of 1% maximum that the LGC would permit).

On the other hand, respondents counter that the RTC correctly dismissed the Complaint as petitioner had no cause of action due to its failure to timely assail the validity of the provision in the Revised Revenue Code pursuant to Section 187 of the LGC of 1991, as amended.

Additionally, respondents raised that the Revised Revenue Code remains valid and in full force, having been adjusted in accordance with the LGC (and accordingly remains the proper legal basis for the computation of petitioner's LBTs).

---

37 **Sec. 191.** *Authority of Local Government Units to Adjust Rates of Tax Ordinances.* - Local government units shall have the authority to adjust the tax rates as prescribed herein not oftener than once every five (5) years, but in no case shall such adjustment exceed ten percent (10%) of the rates fixed under this Code.

38 **Sec. 143.** *Tax on Business.* - The municipality may impose taxes on the following businesses:

...

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

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

...

2,000,000.00 or more at a rate not exceeding fifty percent (50%) of one percent (1%)

Respondents likewise find the denial of the refund claim proper, for petitioner's failure to timely appeal the denial of the Administrative Claim pursuant to Section 195 of the LGC of 1991, as amended. Respondents maintain that the 2022 and 2023 TOPs are valid NOAs contemplated under the said Section and, thus, warrant compliance with the requirements and periods prescribed under both Sections 195 and 196 of the LGC of 1991, as amended.

RULING OF THE COURT

Before tackling the merits of the instant Petition for Review, the Court shall first ascertain whether the same was timely filed.

THE INSTANT PETITION FOR REVIEW
WAS TIMELY FILED.

Section 7 of Republic Act (**RA**) No. 1125[39], as amended by RA 9282[40], expressly vests this Court with exclusive appellate jurisdiction over decisions, orders, or resolutions of the RTCs in local tax cases originally decided or resolved by them in the exercise of their original jurisdiction. The law provides:

> ...
> **Sec. 7.** *Jurisdiction.* — The CTA shall exercise:
>
> a. Exclusive appellate jurisdiction to review by appeal, as herein provided:
>
> ...
>
> 3. **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[.][41]
>
> ...

The above provision is implemented by Section 3(a)(3), Rule 4 of the RRCTA, to wit:

---

[39] AN ACT CREATING THE COURT OF TAX APPEALS.

[40] AN ACT EXPANDING THE JURISDICTION OF THE COURT OF TAX APPEALS (CTA), ELEVATING ITS RANK TO THE LEVEL OF A COLLEGIATE COURT WITH SPECIAL JURISDICTION AND ENLARGING ITS MEMBERSHIP, AMENDING FOR THE PURPOSE CERTAIN SECTIONS OR REPUBLIC ACT NO. 1125, AS AMENDED, OTHERWISE KNOWN AS THE LAW CREATING THE COURT OF TAX APPEALS, AND FOR OTHER PURPOSES.

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

> ...
>
> **SEC. 3.** *Cases within the jurisdiction of the Court in Division.* — The Court in Division shall exercise:
>
> (a) Exclusive original over 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.**[42]
>
> ...

In the present case, the records show that petitioner received the assailed Order of the RTC dismissing its Complaint on **06 September 2024**.[43] Petitioner had 30 days from such receipt, or until **07 October 2024** (or the next working day after Sunday, 06 October 2024), to file a Petition for Review before this Court. The instant petition filed on **03 October 2024**[44] has thus been timely filed and the Court successfully acquired jurisdiction over the instant case.

DISMISSAL OF PETITIONER'S COMPLAINT

We now turn to the substantive issue of whether the RTC committed a reversible error in dismissing petitioner's Complaint.

After a careful and thorough evaluation of the parties' respective arguments in consideration of the applicable laws, rules and regulations, the Court finds the instant petition to be partly meritorious. As the records bear, the court *a quo* anchored its dismissal of petitioner's Complaint on the following grounds[45]:

1. Petitioner failed to timely assail the validity of Section 2A.02(E)[46] of the Revised Revenue Code (in accordance with Section 187[47] of the LGC of 1991, as amended), and to exhaust

---

42 Emphasis supplied and italics in the original text.
43 RTC Records, p. 798.
44 Supra at note 1.
45 See Order dated 15 July 2024 in Civil Case No. 2024-07, supra at note 3.
46 Supra at note 4.
47 Supra at note 5.

available administrative remedies (by filing an appeal with the Secretary of Justice [**SOJ**]) before bringing the matter to the courts.

2. Petitioner failed to file a written protest against the issued assessment within 60 days (in accordance with Section 195[48] of the LGC of 1991, as amended), rendering the said assessment final and executory, and thus unappealable.

For an orderly disposition of the case, We shall begin by exploring the second of the two (2) grounds.

SECTION 195 OF THE LOCAL GOVERNMENT CODE (LGC) OF 1991, AS AMENDED, *DOES NOT* APPLY TO THE PRESENT CASE.

Sections 195 and 196 of the LGC of 1991, as amended, provide separate and distinct remedies available to taxpayers, depending on the nature of the controversy.[49] Section 195 governs the protest of an assessment issued by a local treasurer, while Section 196 contemplates a claim for refund or tax credit of taxes erroneously or illegally collected.[50] The remedies are not interchangeable; each carries its own requisites, periods and consequences.

Sections 195 and 196 of the LGC of 1991, as amended, expressly state:

> ...
> **SEC. 195.** *Protest of 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

48 Supra at note 25
49 See *City of Manila and Office of the City Treasurer of Manila v. Cosmos Bottling Corporation*, G.R. No. 196681, 27 June 2018.
50 See id.

> 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.
>
> **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.
>
> ...

The Supreme Court comprehensively discussed these two (2) remedies in the case of *City of Manila and Office of the City Treasurer of Manila v. Cosmos Bottling Corporation*[51], as follows:

> ...
>
> [Section 195] provides the procedure for contesting an assessment issued by the local treasurer; whereas, [Section 196] provides the procedure for the recovery of an erroneously paid or illegally collected tax, fee or charge. Both Sections 195 and 196 mention an administrative remedy that the taxpayer should first exhaust before bringing the appropriate action in court. In Section 195, it is the written protest with the local treasurer that constitutes the administrative remedy; while in Section 196, it is the written claim for refund or credit with the same office. As to form, the law does not particularly provide any for a protest or refund claim to be considered valid. It suffices that the written protest or refund is addressed to the local treasurer expressing in substance its desired relief. The title or denomination used in describing the letter would not ordinarily put control over the content of the letter.
>
> **Obviously, 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.** Should the taxpayer find the assessment to be erroneous or excessive, he may contest it by filing a written protest before the local treasurer within the reglementary period of sixty (60)

---

[51] Supra at note 49; Citations omitted; italics, underscoring and emphasis in the original text and supplied.

days from receipt of the notice; otherwise, the assessment shall become conclusive. The local treasurer has sixty (60) days to decide said protest. In case of denial of the protest or inaction by the local treasurer, the taxpayer may *appeal* with the court of competent jurisdiction; otherwise, the assessment becomes conclusive and unappealable.

On the other hand, **Section 196 may be invoked by a taxpayer who claims to have erroneously paid a tax, fee or charge, or that such tax, fee or charge had been illegally collected from him**. The provision requires the taxpayer to first file a written claim for refund before bringing a suit in court which must be initiated within two years from the date of payment. By necessary implication, the administrative remedy of claim for refund with the local treasurer must be initiated also within such two-year prescriptive period but before the judicial action.

Unlike Section 195, however, Section 196 does not expressly provide a specific period within which the local treasurer must decide the written claim for refund or credit. It is, therefore, possible for a taxpayer to submit an administrative claim for refund very early in the two-year period and initiate the judicial claim already near the end of such two-year period due to an extended **inaction** by the local treasurer. In this instance, the taxpayer cannot be required to await the decision of the local treasurer any longer, otherwise, his judicial action shall be barred by prescription.

Additionally, Section 196 does not expressly mention an assessment made by the local treasurer. This simply means that its applicability **does not depend upon the existence of an assessment notice**. By consequence, a taxpayer may proceed to the remedy of refund of taxes even without a prior protest against an assessment that was not issued in the first place. This is not to say that an application for refund can never be precipitated by a previously issued assessment, for it is entirely possible that <u>the taxpayer, who had received a notice of assessment, paid the assessed tax, fee or charge believing it to be **erroneous or illegal**</u>. Thus, under such circumstance, ***the taxpayer may subsequently direct his claim pursuant to Section 196 of the LGC.***

Clearly, when a taxpayer is assessed a deficiency local tax, fee or charge, he may protest it under Section 195 even without making payment of such assessed tax, fee or charge. This is because the law on local government taxation, save in the case of real property tax, does not expressly require "*payment under protest*" as a procedure prior to instituting the appropriate proceeding in court. This implies that the success of a judicial action questioning the validity or correctness of the assessment is not necessarily hinged on the previous payment of the tax under protest.

Needless to say, there is nothing to prevent the taxpayer from paying the tax under protest or simultaneous to a protest. There are compelling reasons why a taxpayer would prefer to pay while maintaining a protest against the assessment. For instance, a taxpayer who is engaged in business would be hard-pressed to secure a business permit unless he pays an assessment for business tax and/or regulatory fees. Also, a taxpayer may pay the assessment in order to avoid further penalties, or save his properties from levy and distraint proceedings.

The foregoing clearly shows that a taxpayer facing an assessment may protest it and alternatively: (*1*) appeal the assessment in court, or (2) pay the tax and thereafter seek a refund. Such procedure may find jurisprudential mooring in *San Juan v. Castro* wherein the Court described for the first and only time the alternative remedies for a taxpayer protesting an assessment — either appeal the assessment before the court of competent jurisdiction, or pay the tax and then seek a refund. The Court, however, did not elucidate on the relation of the second mentioned alternative option, i.e., pay the tax and then seek a refund, to the remedy stated in Section 196.

...

Where an assessment is to be protested or disputed, the taxpayer may proceed (*a*) without payment, or (*b*) with payment of the assessed tax, fee or charge. Whether there is payment of the assessed tax or not, it is clear that the protest in writing must be made within sixty (60) days from receipt of the notice of assessment; otherwise, the assessment shall become final and conclusive. Additionally, the subsequent court action must be initiated within thirty (30) days from denial or inaction by the local treasurer; **otherwise, the assessment becomes conclusive and unappealable.**

> (*a*) Where no payment is made, the taxpayer's procedural remedy is governed strictly by **Section 195**. That is, in case of whole or partial denial of the protest, or inaction by the local treasurer, the taxpayer's only recourse is to *appeal* the assessment with the court of competent jurisdiction. The appeal before the court does not seek a refund but only questions the validity or correctness of the assessment.
>
> (*b*) Where payment was made, the taxpayer may thereafter maintain an action in court questioning the validity and correctness of the assessment (**Section 195**, LGC) and at the same time seeking a refund of the taxes. In truth, it would be illogical for the taxpayer to only seek a reversal of the assessment without praying for the refund of taxes. Once the assessment is set aside by the court, it follows as a matter of

course that all taxes paid under the erroneous or invalid assessment are refunded to the taxpayer.

The same implication should ensue even if the taxpayer were to style his suit in court as an action for refund or recovery of erroneously paid or illegally collected tax as pursued under **Section 196** of the LGC. In such a suit for refund, the taxpayer cannot successfully prosecute his theory of erroneous payment or illegal collection of taxes without necessarily **assailing the validity or correctness of the assessment** he had administratively protested.

It must be understood, however, that in such latter case, the suit for refund is conditioned on the prior filing of a written claim for refund or credit with the local treasurer. In this instance, what may be considered as the administrative claim for refund is the letter-protest submitted to the treasurer. Where the taxpayer had paid the assessment, it can be expected that in the same letter-protest, he would also pray that the taxes paid should be refunded to him. As previously mentioned, there is really no particular form or style necessary for the protest of an assessment or claim of refund of taxes. What is material is the substance of the letter submitted to the local treasurer.

Equally important is the institution of the judicial action for refund **within thirty (30) days from the denial of or inaction on the letter-protest or claim,** not any time later, even if within two (2) years from the date of payment (as expressly stated in Section 196). Notice that the filing of such judicial claim for refund after questioning the assessment is within the two-year prescriptive period specified in Section 196. Note too that the filing date of such judicial action necessarily falls on the beginning portion of the two-year period from the date of payment. Even though the suit is seemingly grounded on Section 196, **the taxpayer could not avail of the full extent of the two-year period within which to initiate the action in court.**

The reason is obvious. This is because an assessment was made, and if not appealed in court within thirty (30) days from decision or inaction on the protest, it becomes conclusive and unappealable. Even if the action in court is one of claim for refund, the taxpayer cannot escape assailing the assessment, invalidity or incorrectness, the very foundation of his theory that the taxes were paid erroneously or otherwise collected from him illegally. Perforce, the subsequent judicial action, after the local treasurer's decision or inaction, must be initiated within thirty (30) days later. It cannot be anytime thereafter because the lapse of 30 days from decision or inaction results in the assessment becoming conclusive and unappealable. In short, the scenario wherein the administrative claim for refund falls on the early stage of the two-year period but the judicial claim on the last day or late stage of such two-year period does not apply in this specific instance where an assessment is issued.

To stress, where an assessment is issued, the taxpayer cannot choose to pay the assessment and thereafter seek a refund *at any time* within the full period of two years from the date of payment as Section 196 may suggest. If refund is pursued, the taxpayer must administratively question the validity or correctness of the assessment in the 'letter-claim for refund' *within 60 days from receipt of the notice of assessment*, and thereafter bring suit in court *within 30 days from either decision or inaction* by the local treasurer.

Simply put, there are two conditions that must be satisfied in order to successfully prosecute an action for refund in case the taxpayer had received an assessment. *One*, pay the tax and administratively assail within 60 days the assessment before the local treasurer, whether in a letter-protest or in a claim for refund. *Two*, bring an action in court within thirty (30) days from decision or inaction by the local treasurer, whether such action is denominated as an appeal from assessment and/or claim for refund of erroneously or illegally collected tax.

...

These guidelines were succinctly reiterated in the case of *International Container Terminal Services, Inc. v. The City of Manila, et al.*[52] (**ICTSI**) in this wise:

...

If the taxpayer receives an assessment and does not pay the tax, its remedy is strictly confined to Section 195 or the Local Government Code. Thus, it must file a written protest with the local treasurer within 60 days from the receipt of the assessment. If the protest is denied, or if the local treasurer fails to act on it, then the taxpayer must appeal the assessment before a court of competent jurisdiction within 30 days from receipt of the denial, or the lapse of the 60-day period within which the local treasurer must act on the protest. In this case, as no tax was paid, there is no claim for refund in the appeal.

[52] G.R. No. 185622, 17 October 2018; Citations omitted and emphasis supplied.

> If the taxpayer opts to pay the assessed tax, fee, or charge, it must still file the written protest within the 60-day period, and then bring the case to court within 30 days from either the decision or inaction of the local treasurer. In its court action, the taxpayer may, at the same time, question the validity and correctness of the assessment and seek a refund of the taxes it paid. "Once the assessment is set aside by the court, it follows as a matter of course that all taxes paid under the erroneous or invalid assessment are refunded to the taxpayer."
>
> **On the other hand, if no assessment notice is issued by the local treasurer**, and the taxpayer claims that it erroneously paid a tax, fee, or charge, or that the tax, fee, or charge has been illegally collected from him, then Section 196 applies.
>
> ...

Guided by the foregoing jurisprudential pronouncements, it becomes evident that the key factor in determining whether Section 195[53] or 196 of LGC of 1991, as amended, is applicable hinges on the LGU's basis for the collection of the tax. To put it differently, Section 195 finds application in cases where a **tax assessment is issued to the taxpayer, thereby presupposing the existence of a valid tax assessment**. On the other hand, Section 196[54] assumes relevance in instances **where no such assessment exists.**[55]

Pertinently, Section 195 of LGC of 1991, as amended, explicitly states that the NOA must indicate the nature of the tax, fee, or charge, the amount of deficiency, the surcharges, interests, and penalties. The Supreme Court clarified this requirement in the case of *Luz R. Yamane, in her capacity as the City Treasurer of Makati City v. BA Lepanto Condominium Corporation*[56], to wit:

> ...
>
> Ostensibly, the **notice of assessment, which stands as the first instance the taxpayer is officially made aware of the pending tax liability, should be sufficiently informative to apprise the taxpayer the legal basis of the tax. Section 195 of the Local Government Code does not go as far as to expressly require that the notice of assessment specifically [cites] the provision of the ordinance involved but it does require that it**

53 Supra at note 25.

54 Supra at page 14.

55 *Hon. Lourdes R. Jose, in her capacity as City Treasurer of City of Caloocan v. Tigerway Facilities and Resources, Inc.*, G.R. No. 247331, 26 February 2024.

56 G.R. No. 154993, 25 October 2005; Citations omitted, emphasis supplied and italics in the original text.

> **state the nature of the tax, fee or charge, the amount of deficiency, surcharges, interests and penalties.** In this case, the notice of assessment sent to the Corporation did state that the assessment was for business taxes, as well as the amount of the assessment. There may have been *prima facie* compliance with the requirement under Section 195. However, in this case, the Revenue Code provides multiple provisions on business taxes, and at varying rates. Hence, we could appreciate the Corporation's confusion, as expressed in its protest, as to the exact legal basis for the tax. Reference to the local tax ordinance is vital, for the power of local government units to impose local taxes is exercised through the appropriate ordinance enacted by the *sanggunian*, and not by the Local Government Code alone. What determines tax liability is the tax ordinance, the Local Government Code being the enabling law for the local legislative body.
>
> ...

Based on the foregoing pronouncement, a valid NOA must contain the following: (1) nature of the tax, fee, or charge; and (2) amount of **deficiency**, the surcharges, interests, and penalties.

The term "deficiency tax," *albeit* for national taxes, refers to the additional tax due **after investigation**[57], presupposing an amount found to be due after the original tax was assessed and paid, if any. This concept finds parallel in Section 194 of the LGC of 1991, as amended, which explicitly provides that "[l]ocal taxes, fees, or charges **shall be assessed within five (5) years from the date they became due**."

Following a thorough inspection of the copies available in the case's records, the of the 2022 and 2023 TOPs[58] issued to petitioner purport to be for the renewal of business permits, as can be gleaned from the indication that it is for "Renewal" on the face thereof and the nature of the LBTs and fees charged.

The TOPs are bereft of any hint of any deficiency taxes nor any factual and legal bases supporting the assessment. Although the TOPs provide for possible surcharges and interest as penalties (at 25% and 2% *per* month, respectively) in the event of delayed payment or non-payment, there is similarly no factual and legal bases for their imposition.

---

57 Revenue Memorandum Order (RMO) No. 25-77, 21 June 1977.

58 Exhibits "A" and "C", supra at notes 11 and 15.

Additionally, an examination of the TOPs' line items (*vis-à-vis* the parties' admissions) would elucidate that the TOPs' prime subject, *i.e.* the LBT imposable on contactors, did not arise from any tax investigation. Neither is it in any shape nor form a "deficiency tax". Instead, the LBT due *per* the TOPs are based on declarations of gross receipts submitted by the taxpayer itself. For petitioner's case, respondent Treasurer computed the LBTs due from the former's Schedule of Gross Receipts.

Indeed, as held by the Supreme Court in *ICTSI*, alleged "assessments" issued in connection with the issuance or renewal of business permits, such as the aforementioned TOPs, cannot be deemed the NOA contemplated under Section 195[59] of the LGC of 1991, as amended.

Clearly, the 2022 and 2023 TOPs do not constitute an assessment within the contemplation of Section 195 of LGC of 1991, as amended. Consequently, the two (2)-year prescriptive period under Section 196[60] of LGC of 1991, as amended, which governs claims for refund or tax credit of erroneously or illegally collected local taxes, must be applied to petitioner's claim.

PETITIONER'S ADMINISTRATIVE AND JUDICIAL CLAIMS COMPLY WITH THE REQUIREMENTS OF SECTION 196 OF THE LOCAL GOVERNMENT CODE (LGC) OF 1991, AS AMENDED.

A close reading of Section 196 of LGC of 1991, as amended, reveals that for a taxpayer to be entitled to a refund or credit of local taxes, two (2) procedural requisites must coincide: (1) the taxpayer needs to submit a written claim for refund or credit to the local treasurer; and (2) the case or proceeding for refund must be initiated within two (2) years from the date of the payment of the tax, fee, or charge, or from the date the taxpayer becomes entitled to a refund or credit.

---

59 Supra at note 25.

60 Supra at page 14.

It is worth highlighting that this provision does not mention a specific period for the submission of written claims for tax refunds or credits, apart from the requirement that such claims and the filing of the suit be within two (2) years from the date of tax payment.[61] This is different from Section 195[62], which requires the submission of a written protest within 60 days from the receipt of the assessment.

In the present case, as to the 1st **requisite**, it is undisputed that petitioner filed its written Administrative Claim on 17 January 2024[63] with respondent Treasurer. As the way the law currently in force is written, respondents' clamor that it had not been given sufficient time to act on the Administrative Claim is of no moment. Petitioner meets the requirement by having successfully filed the Administrative Claim within the prescribed two (2)-year period under Section 196.

Similarly, petitioner satisfied the 2nd **requisite** for both CYs 2022 and 2023. As the parties indicated, petitioner timely paid the LBTs due each CY in quarterly payments, in accordance with the proposed payment schedule set forth in the TOPs.[64] Petitioner then timely initiated its Judicial Claim on 19 January 2024 *via* its Complaint with the court *a quo*.[65]

The timeframes for petitioner's compliance with the 1st and 2nd requisites can be outlined as follows:

Year / Qtr	**Payment Date**	**Date of written administrative claim**	**Date of judicial claim *via* Complaint with the RTC**	**Last day of the 2-year period to file refund claims under Sec. 196**
Q1 2022	20 January 2022	17 January 2024	19 January 2024	20 January 2024
Q2 2022	20 April 2022	17 January 2024	19 January 2024	20 April 2024
Q3 2022	19 July 2022	17 January 2024	19 January 2024	19 July 2024
Q4 2022	19 October 2022	17 January 2024	19 January 2024	19 October 2024
Q1 2023	20 January 2023	17 January 2024	19 January 2024	20 January 2025
Q2 2023	20 April 2023	17 January 2024	19 January 2024	20 April 2025
Q3 2023	20 July 2023	17 January 2024	19 January 2024	20 July 2025
Q4 2024	20 October 2023	17 January 2024	19 January 2024	20 October 2025

61 *Hon. Lourdes R. Jose, in her capacity as City Treasurer of City of Caloocan v. Tigerway Facilities and Resources, Inc.*, supra at note 55.
62 Supra at note 25.
63 Supra at note 17.
64 Supra at notes 12 and 16.
65 Supra at note 18.

REMAND TO THE COURT *A QUO* FOR THE DETERMINATION OF THE REFUNDABLE AMOUNT, IF ANY, IS PROPER.

As a general rule, remand is necessary *only* when there has been no trial on the merits.[66] Trial on the merits is a trial where the parties had the opportunity to present their evidence, which was duly examined and considered by the court in resolving the issues presented before it.[67]

In the present case, the records clearly show that the RTC issued the assailed Order while the case was still at the pre-trial stage.[68] At this point, the parties were yet to be accorded the chance to fully present their evidence on the substantive issues.

Intertwined with the determination of the amount refundable in favor of petitioner's is the other ground for the dismissal of petitioner's Complaint before the court *a quo* (*i.e.,* petitioner's supposed failure to timely assail the validity of LBT rate imposed in the Revised Revenue Code in connection with Section 187[69] of the LGC and file the necessary appeal with the SOJ). The amount of petitioner's refund claim depends upon the alleged excess LBT imposed by respondent LGU (arising from an alleged noncompliance with Section 191[70] of the LGC). Verily, the requirement to exhaust administrative remedies admits of multiple exceptions.[71]

At the outset, We must highlight that dismissing the Complaint for failure to state a cause of action is not permissible under the current Rules of Court as amended by the *2019 Amendments to the 1997 Rules of Civil Procedure.*[72] As such, the court *a quo*'s action taken here, by itself, is improper.

---

66 *Sioland Development Corporation, v. Fair Distribution Center Corporation,* G.R. No. 199539, 09 August 2023, citing *Spouses Gregorio C. Morales, et al. v. Court of Appeals, et al.,* G.R. No. 126196, 28 January 1998.

67 Id.

68 Supra at notes 28-30.

69 Supra at note 5.

70 Supra at note 37.

71 See *Samar II Electronic Cooperative, INC. (SAMELCO II), et al. v. Ananias D. Seludo, Jr.,* G.R. No. 173840, 25 April 2012.

72 A.M. No. 19-10-20-SC.

In any case, in *Mindanao Shopping Destination Corporation, et al. v. Hon. Rodrigo R. Duterte, et al.*[73], the Supreme Court held that Section 191[74] of the LGC of 1991, as amended, presupposes that the following requirements are present for the said provision to apply, to wit: (*i*) there is a tax ordinance that already imposes a tax in accordance with the provisions of the LGC; and (*ii*) there is a second tax ordinance that made adjustment on the tax rate fixed by the first tax ordinance.

The instant Petition attacks the validity of the present rates in force (*i.e.*, 60% of 1%), *per* the Revised Revenue Code 2017 of the Municipality of Pagbilao. Respondents, in their Comment/Opposition[75], brought attention to a preceding ordinance, the 2001 Revenue Code of the Municipality of Pagbilao, which imposed 55% of 1%, supposedly conforming with the permissible rate of escalation under Section 191 of the LGC of 1991, as amended. As a separate matter, another preceding ordinance, which presumably imposed the maximum 50% of 1% rate under Section 143(E)[76] of the LGC of 1991, as amended, also invites examination. Evidently, the issue at hand calls for the presentation and evaluation of multiple local tax ordinances.

Thus, remand to the RTC is warranted to allow the conduct of a full-blown trial on the merits, particularly to determine the extent, if any, of petitioner's entitlement to a refund.

WHEREFORE, premises considered, the present Petition for Review filed by petitioner Team Energy Corporation on 03 October 2024 is hereby **PARTIALLY GRANTED**. Accordingly, the assailed Order dated 15 July 2024 of the Regional Trial Court (RTC) of Lucena City, Quezon, Branch 58, in Civil Case No. 2024-07, is **REVERSED** and **SET ASIDE**.

Let the case be **REMANDED** to the RTC of Lucena City, Quezon, Branch 58, for further proceedings on the merits of the refund claim.

---

73 G.R. No. 211093, 06 June 2017.

74 Supra at note 37.

75 Par. 33, respondents' "Comment/Opposition (To Petitioner Team Energy Corporation's Petition for Review dated 1 October 2024)", Division Docket, p. 90.

76 Supra at note 38.

SO ORDERED.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

I CONCUR:

LANEE S. CUI-DAVID
Associate Justice

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.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice
First Division Acting Chairperson

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, and the First Division Acting 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's Division.

MA. BELEN M. RINGPIS-LIBAN
Acting Presiding Justice