REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SECOND DIVISION

QUEZON CITY GOVERNMENT and HON. EDGAR T. VILLANUEVA, in his capacity as the CITY TREASURER, *Petitioner,*	**CTA AC NO. 317**
	Members:
	RINGPIS-LIBAN, *Chairperson,* **MODESTO-SAN PEDRO,** *and* **FERRER-FLORES,** *JJ.*
- versus -	
AEON FANTASY GROUP PHILIPPINES INC., *Respondent.*	Promulgated: JUN 27 2025 4:05 p.m.

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DECISION

RINGPIS-LIBAN, J.:

Before this Court is a *Petition for Review* filed by petitioners Quezon City Government and Hon. Edgar T. Villanueva, in his capacity as the Quezon City Treasurer, assailing the Orders dated July 3, 2023[1] and January 9, 2024,[2] both issued by the Regional Trial Court of Quezon City– Branch 222 (RTC), in Civil Case Nos. R-QZN-20-06060-CV and R-QZN-20-09130-CV, entitled "*Aeon Fantasy Group Philippines Inc., Petitioner – versus – Quezon City Government and Hon. Edgar T. Villanueva, in his capacity as Quezon City Treasurer, Respondents.*" Petitioners further pray that this Court declare and uphold the validity of the First and Second Notice of Assessment.

THE PARTIES

Petitioner Quezon City Government is a highly urbanized city created under and by virtue of Commonwealth Act No. 502 and Republic Act (RA) No. 537, with the power to levy taxes, to sue and be sued, and to exercise such

[1] Docket, pp. 32 to 39.
[2] Docket, p. 40.

other powers as are granted to corporations under the law. Its office is located at Quezon City Hall, Diliman, Quezon City.[3]

Petitioner Hon. Edgar T. Villanueva is the duly appointed Quezon City Treasurer vested under the appropriate laws with the authority to carry out the functions, duties, and responsibilities of said Office, including the power to assess and collect local taxes due to Quezon City, and the power to decide disputed assessments pursuant to the provisions of the Local Government Code (LGC) and RA No. 537. His office is located at the Office of the City Treasurer, Quezon City Hall, Diliman, Quezon City.[4]

Respondent Aeon Fantasy Group Philippines, Inc. (doing business under the name and style of "*Aeon Fantasy Kidzooona,*" "*Molly Fantasy,*" "*Fanpekka*" and "*Tiny Kidzooona*") is a domestic corporation duly organized and existing under Philippine laws, with principal office at 104 Salustiana D. Ty Tower Condominium 6/F Paseo de Roxas corner Perea Street, Legaspi Village, Makati City.[5]

Respondent's primary purpose in its Articles of Incorporation is to "*engage in the business of developing and operating indoor playgrounds and/or theme parks, including facilities for different rides and games (such as video games, crane games, etc.) and facilities for the safety, comfort, and convenience of customers; to lease, improve, construct, or otherwise acquire buildings, booths, sheds, commercial structures, and other improvements which may be necessary or conducive to the foregoing operation; to transact with other entities for the simulation, replication, or utilization of their business models, including the trademarks and patented processes in connection thereto, within such facilities and/or parks; and to enter into contracts of any kind which may be necessary or conducive to the accomplishment of any of the purpose of the corporation.*"[6]

Respondent's Kidzooona branches are located in various malls and commercial establishments across the Philippines.[7] Among respondent's stores is its Kidzooona located in SM North Edsa.[8]

THE FACTS

On September 9, 2019, inspectors of the Amusement Tax Evaluation, Assessment and Monitoring (TEAM) Unit of the Quezon City Treasurer's

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[3] Par. 4, *Petition for Review* vis-à-vis par. 1, *Answer*, RTC Docket (Civil Case No. R-QZN-20-09130-CV) – Vols. 1 and 2, pp. 3 and 556, respectively.
[4] Par. 5, *Petition for Review* vis-à-vis par. 1, *Answer*, RTC Docket (Civil Case No. R-QZN-20-09130-CV) – Vols. 1 and 2, pp. 3 and 556, respectively.
[5] Par. 3, *Petition for Review* vis-à-vis par. 1, *Answer*, RTC Docket (Civil Case No. R-QZN-20-09130-CV) – Vols. 1 and 2, pp. 3 and 556, respectively.
[6] Par. 6, *Petition for Review* vis-à-vis par. 1, *Answer*, RTC Docket (Civil Case No. R-QZN-20-09130-CV) – Vols. 1 and 2, pp. 4 and 556, respectively.
[7] Par. 9, *Petition for Review* vis-à-vis par. 3, *Answer*, RTC Docket (Civil Case No. R-QZN-20-09130-CV) – Vols. 1 and 2, pp. 4 and 556, respectively.
[8] Par. 10, *Petition for Review* vis-à-vis par. 3, *Answer*, RTC Docket (Civil Case No. R-QZN-20-09130-CV) – Vols. 1 and 2, pp. 4 and 556, respectively.

Office served a *Notice* against respondent informing the latter of its alleged violation of Quezon City Ordinance No. SP-91-93 dated July 1, 1993 or the Quezon City Revenue Code, on account of non-payment of monthly amusement taxes on its gross receipts derived from Kidzooona SM North Edsa branch.[9]

On September 25, 2019, respondent filed its *Position Paper* on the proposed imposition of 10% amusement tax on all Kidzooona branches in Quezon City before petitioner City Treasurer.[10] Petitioner City Treasurer then issued a *Reply*, which respondent received on February 13, 2020, denying its request for exemption from the imposition of amusement taxes and demanding the payment thereof.[11]

On May 18, 2020, respondent filed its administrative protest against petitioner City Treasurer's assessment for alleged deficiency amusement taxes on respondent's SM North Edsa branch for the period January to August 2019, in the aggregate amount of ₱697,930.29, inclusive of interest and surcharges.[12]

On July 3, 2020, respondent received a *Letter* from petitioner City Treasurer, stating that the amounts subject of the latter's attached final assessments should first be paid by the former before the protest could be acted upon in accordance with Section 252 of the Local Government Code (LGC).[13] Petitioner City Treasurer further attached copies of the new final assessments for alleged deficiency amusement taxes on other Kidzooona branches in Quezon City, including its SM North Edsa branch, covering the periods from 2018 to 2020 in the total amount of ₱36,144,791.54.[14] Respondent filed its *Reply* on July 7, 2020.[15]

On August 28, 2020, respondent filed its administrative protest on the petitioners' assessments as shown in the *Letter* dated July 3, 2020.[16]

On August 20, 2020, respondent filed its *Petition for Review*[17] before the RTC praying for a judgment ordering the cancellation and withdrawal of petitioners' assessment for alleged deficiency amusement taxes for the period

[9] Par. 10, *Petition for Review*, vis-à-vis par. 9, *Comment*, RTC Docket (Civil Case No. R-QZN-20-06060-CV) – Vols. I and II, pp. 4 and 673, respectively.
[10] Par. 12, *Petition for Review*, vis-à-vis par. 10, *Comment*, RTC Docket (Civil Case No. R-QZN-20-06060-CV) – Vols. I and II, pp. 5 and 673, respectively.
[11] Pars. 13 and 14, *Petition for Review*, vis-à-vis par. 11, *Comment*, RTC Docket (Civil Case No. R-QZN-20-06060-CV) – Vols. I and II, pp. 5 and 673, respectively.
[12] Par. 11, *Petition for Review* vis-à-vis par. 3, *Answer*, RTC Docket (Civil Case No. R-QZN-20-09130-CV) – Vols. 1 and 2, pp. 4 to 5 and 556, respectively.
[13] Par. 12, *Petition for Review* vis-à-vis par. 3, *Answer*, RTC Docket (Civil Case No. R-QZN-20-09130-CV) – Vols. 1 and 2, pp. 5 and 556, respectively.
[14] Par. 13, *Petition for Review* vis-à-vis par. 3, *Answer*, RTC Docket (Civil Case No. R-QZN-20-09130-CV) – Vols. 1 and 2, pp. 5 to 6 and 556.
[15] Par. 14, *Petition for Review* vis-à-vis par. 3, *Answer*, RTC Docket (Civil Case No. R-QZN-20-09130-CV) – Vols. 1 and 2, pp. 6 and 556.
[16] Par. 19, *Petition for Review* vis-à-vis par. 3, *Answer*, RTC Docket (Civil Case No. R-QZN-20-09130-CV) – Vols. 1 and 2, pp. 7 and 556.
[17] RTC Docket (Civil Case No. R-QZN-20-06060-CV) – Vol. I, pp. 2 to 35.

January to August 2019, in the aggregate amount of ₱697,930.29, inclusive of surcharges and interest. The case was docketed as Civil Case No. R-QZN-20-06060-CV.

Petitioners filed their *Comment* on January 12, 2021.[18]

On November 25, 2020, respondent filed its *Petition for Review*[19] before the RTC praying for a render judgment ordering the cancellation and withdrawal of petitioners' assessment for alleged deficiency amusement taxes under Section 39, Article 15 of the Quezon City Revenue Code, in the aggregate amount of ₱35,446,861.25, inclusive of interest and surcharges. The case was docketed as Civil Case No. R-QZN-20-09130-CV.

Petitioners filed their *Answer* on January 27, 2021.[20]

After consolidation of the cases and after due proceedings, the RTC promulgated the assailed Order dated July 3, 2023,[21] which cancelled and set aside the alleged deficiency amusement tax assessments on respondent's Kidzooona SM North Edsa branch covering the period of January to August 2019; and seven (7) other Kidzooona branches within the Quezon City, including its Kidzooona SM North Edsa branch, covering the period of 2018 to 2020.

Petitioners filed their *Motion for Reconsideration* on August 4, 2023,[22] to which respondent filed its *Comment/Opposition (Re: Respondents' Motion for Reconsideration dated 04 August 2023* on November 29, 2023.[23]

The RTC issued the assailed Order dated January 9, 2024,[24] denying petitioners' *Motion for Reconsideration.*

Petitioners filed the present *Petition for Review* before this Court on March 6, 2024.[25]

After due proceedings, the present case was deemed submitted for decision on July 10, 2024.[26]

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[18] RTC Docket (Civil Case No. R-QZN-20-06060-CV) – Vol. II, pp. 669 to 682.
[19] RTC Docket (Civil Case No. R-QZN-20-09130-CV) – Vol. 1, pp. 2 to 33.
[20] RTC Docket (Civil Case No. R-QZN-20-09130-CV) – Vol. 2, pp. 555 to 569.
[21] RTC Docket (Civil Case No. R-QZN-20-06060-CV) – Vol. III, pp. 1262 to 1269.
[22] RTC Docket (Civil Case No. R-QZN-20-06060-CV) – Vol. IV, pp. 1272 to 1282.
[23] RTC Docket (Civil Case No. R-QZN-20-06060-CV) – Vol. IV, pp. 1285 to 1292.
[24] RTC Docket (Civil Case No. R-QZN-20-06060-CV) – Vol. IV, p. 1296.
[25] Docket, pp. 5 to 30.
[26] Minute Resolution dated July 10, 2024.

THE ISSUES

Petitioners submit the following grounds for this Court's resolution, to wit:

"I.

THE TRIAL COURT COMMITTED A SERIOUS BUT REVERSIBLE ERROR WHEN IT RULED THAT RESPONDENT AEON'S KIDZOONA IS NOT AN 'AMUSEMENT PLACE' AND NOT LIABLE TO PAY AMUSEMENT TAX, CONTRARY TO THE PROVISIONS OF THE QUEZON CITY REVENUE CODE.

II.

THE TRIAL COURT COMMITTED A SERIOUS BUT REVERSIBLE ERROR WHEN IT HELD THAT IT HAS JURISDICTION OVER THE PETITION FOR REVIEW DOCKETED AS CIVIL CASE NO. R-QZN-20-06060-CV, NOTWITHSTANDING THAT IT WAS FILED BEYOND THE PERIOD PRESCRIBED BY LAW."[27]

Petitioners' arguments:

Petitioners argue that the RTC committed a serious but reversible error: (1) when it ruled that respondent's Kidzooona is not an amusement place and not liable to pay amusement tax, contrary to the provisions of the Quezon City Revenue Code; and (2) when it held that it has jurisdiction over the *Petition for Review* docketed as Civil Case No. R-QZN-20-06060-CV notwithstanding that it was filed beyond the period prescribed by law.

Respondent's counter-arguments:

Respondent contends that the RTC correctly held that its Kidzooona stores are not "amusement places" subject to the imposition of amusement taxes under applicable laws and jurisprudence; and that the RTC has jurisdiction over the *Petition for Review* docketed as Civil Case No. R-QZN-20-06060-CV.

THE COURT'S RULING

The present *Petition for Review* must be denied.

The *Notice* dated September 9, 2019, *Reply* dated January 27, 2019 (received by respondent on

[27] Grounds for the Allowance of the Petition, *Petition for Review*, Docket, p. 14.

February 13, 2020) and the *Letter* dated July 3, 2020 are void; these cannot serve as basis for the collection of the subject deficiency taxes.

Petitioners claim that the RTC failed to consider the 60-day period for the local treasurer to act on the first administrative protest in relation to the prescriptive period to appeal to a court of competent jurisdiction in accordance with Section 195 of the LGC. They argued that the city treasurer had sixty (60) days from April 13, 2020 (when respondent electronically mailed the first administrative protest to the Head of petitioners' Amusement TEAM Unit, not on May 18, 2020), to decide on respondent's first administrative protest or until June 12, 2020. As the city treasurer failed to act, respondent had thirty (30) days from the said date or until July 13, 2020 within which to appeal to a court of competent jurisdiction. Petitioners thus conclude that the *Petition for Review* docketed as Civil Case No. R-QZN-20-06060-CV filed on August 20, 2020 is barred by prescription, accordingly depriving the RTC of jurisdiction to take cognizance of the case.

This Court is not convinced.

Section 195 of the LGC provides:

> "Section 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 **<u>notice of assessment</u>** 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 <u>notice of assessment</u>, 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. (*Emphases and underscoring added*)

Before a local tax case may be elevated to a court of competent jurisdiction, the taxpayer must first file a protest against the deficiency tax assessment within sixty (60) days from receipt thereof. The local treasurer is given a period of sixty (60) days, from the time the protest is filed within which to decide the same. Thereafter, the taxpayer shall have thirty (30) days from the receipt of the denial of the protest or from the lapse of the 60-day period within which to file an appeal before a court of competent jurisdiction.

However, Section 195 only finds application in cases where a valid notice of assessment is duly issued to the taxpayer.[28] In *National Power Corporation vs. Province of Pampanga*,[29] the Supreme Court elucidated on the significance of the taxing authority's duty to adequately inform the taxpayer of the factual and legal basis for the assessment. It held:

> "Taxpayers' obligation for deficiency taxes cannot depend on a guessing game. **To stress, the taxpayer must not only be informed of what taxes it is liable to pay <u>and under what authority the obligation to pay is based</u>.** Equally important is that it must be advised how much is the pending tax liability and the period covered. **Without these particulars, taxpayers would be deprived of adequate opportunity to prepare for an intelligent appeal as they would have no way of determining what is considered by the taxing authority in making the assessment.**
>
> Tax assessments issued in violation of the due process rights of a taxpayer are null and void and of no force and effect. In balancing the scales between the power of the State to tax and its inherent right to prosecute perceived transgressors of the law of one side and the constitutional rights of a citizen to due process of law and the equal protection of the laws on the other, the scales must tilt in favor of the individual, for a citizen's right is amply protected by the Bill of Rights under the Constitution." *(Emphasis and underscoring added)*

In *Jose vs. Tigerway Facilities and Resources, Inc.*,[30] the Supreme Court also ruled as follows:

> "Pertinently, Section 195 explicitly states that the notice of assessment must indicate the nature of the tax, fee, or charge, the amount of deficiency, the surcharges, interests, and penalties. In *Yamane v. BA Lepanto Condominium Corporation*, this Court clarified this requirement:
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> > 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 cite the provision of the ordinance involved but it does require that it state the nature of the tax, fee or charge, the amount of

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[28] *Hon. Lourdes R. Jose, in her capacity as City Treasurer of City of Caloocan vs. Tigerway Facilities and Resources, Inc.*, G.R No. 247331, February 26, 2024.
[29] G.R. No. 230648, October 6, 2021.
[30] G.R. No. 247331, February 26, 2024.

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.

Furthermore, in *National Power Corporation v. Province of Pampanga*, **this Court elucidated on the significance of the taxing authority's duty <u>to adequately inform the taxpayer of the factual and legal basis for the assessment</u>**, thus:

> Verily, taxpayers must be informed of the nature of the deficiency tax, fee, or charge, as well as the amount of deficiency, surcharge, interest, and penalty. **Failure of the taxing authority to sufficiently inform the taxpayer of the facts and law used as bases for the assessment will render the assessment void**. In *Commissioner of Internal Revenue v. Fitness by Design, Inc.*, albeit involving national internal revenue taxes, the Court explained the importance of the notice requirement with due regard to the taxpayers' constitutional rights, to wit:
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>> The rationale behind the requirement that taxpayers should be informed of the facts and the law on which the assessments are based conforms with the constitutional mandate that no person shall be deprived of his or her property without due process of law. Between the power of the State to tax and an individual's right to due process, the scale favors the right of the taxpayer to due process.
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>> The purpose of the written notice requirement is to aid the taxpayer in making a reasonable protest, if necessary. Merely notifying the taxpayer of his or her tax liabilities without details or particulars is not enough.
>>
>> *Commissioner of Internal Revenue v. United Salvage and Towage (Phils.), Inc.*, held that a final

> assessment notice that only contained a table of taxes with no other details was insufficient: x x x
>
> Any deficiency to the mandated content of the assessment or its process will not be tolerated. x x x
>
> xxx xxx xxx
>
> A final assessment notice provides for the amount of tax due with a demand for payment. This is to determine the amount of tax due to a taxpayer. However, due process requires that taxpayers be informed in writing of the facts and law on which the assessment is based in order to aid the taxpayer in making a reasonable protest. To immediately ensue with tax collection without initially substantiating a valid assessment contravenes the principle in administrative investigations 'that taxpayers should be able to present their case and adduce supporting evidence.' (Citations omitted; Emphasis in the original)

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In sum, it cannot be concluded that the notices issued by petitioner qualify as the envisaged notice of assessment under Section 195. **Once more, it bears emphasis that the notice of assessment is not only a requirement of due process, but also serves as the initial notice to the taxpayer about the pending tax liability. <u>It is settled that tax assessments issued in violation of the due process rights of a taxpayer are void and of no force and effect</u>.**" (*Emphases and underscoring added)*

As expounded in the above cited cases, Section 195 of the LGC requires the notice of assessment to state the nature of the tax, fee or charge as well as the amount of deficiency, surcharges, interests, and penalties. Failure of the taxing authority to comply with these requirements will render the assessment void.

In the present case, the subject *Notice* dated September 19, 2019,[31] the *Reply* dated January 27, 2019,[32] and the *Letter* dated July 3, 2020,[33] fell short of the requirements of a valid notice of assessment under Section 195 of the LGC. The *Notice* dated September 19, 2019 with attached computation containing the alleged amount of amusement tax, surcharges, and interest, was neither signed by the city treasurer nor provided any basis for the computation. Although the *Reply* dated January 27, 2019 issued by the city treasurer contains a demand for

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[31] Annex "B" of *Petition for Review*, RTC Docket (Civil Case No. R-QZN-20-06060-CV) – Vol. I, p. 55.
[32] Annex "D" of *Petition for Review*, RTC Docket (Civil Case No. R-QZN-20-06060-CV) – Vol. I, pp. 66 to 68.
[33] Annex "G" of *Petition for Review*, RTC Docket (Civil Case No. R-QZN-20-06060-CV) – Vol. I, pp. 92 to 139.

payment of amusement tax including penalties and surcharges, it failed to provide the amount of tax, surcharges, and interests demanded to be paid. The attached alleged assessments/computation to the *Letter* dated July 3, 2020 were not signed by the city treasurer and also failed to indicate the basis of the amounts indicated therein. Furthermore, some computation also failed to state the amount of surcharges and interest. Consequently, the said *Notice*, *Reply*, and *Letter* are void and cannot serve as basis for the collection of the subject amusement taxes.

This Court finds that the RTC has jurisdiction over Civil Case R-QZN-20-06060-CV. To reiterate, under Section 195, the local treasurer is given a period of 60 days from the time the protest was filed within which to decide the same. Thereafter, 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 within which to file an appeal with the court of competent jurisdiction.

To recall, respondent filed its administrative protest against the subject amusement tax assessment on its SM North Edsa branch for the period January to August 2019, in the aggregate amount of ₱697,930.29, inclusive of interest and surcharges on May 18, 2020.[34] Counting sixty (60) days therefrom, the city treasurer had until July 17, 2020 within which to act on the protest. As the city treasurer failed to act within the period, respondent had therefore thirty (30) days from July 17, 2020 or until August 17, 2020[35] to file an appeal before a court of competent jurisdiction.

In view of the imposition of Modified Enhanced Community Quarantine (MECQ) in Metro Manila from August 4 to August 18, 2020, the reglementary periods for the filing of petitions and other court submissions before the courts were suspended from the said periods and resumed on August 19, 2020.[36] August 19, 2020 was also declared a special non-working day for Quezon City. Therefore, the filing of the *Petition for Review* on the next day, August 20, 2020[37] was still timely made.

Respondent's Kidzooona is not considered an *amusement place* under Section 131(c) of the LGC.

Petitioners insist that respondent's Kidzooona is an amusement place and is liable to pay amusement tax under Section 3 and Section 39, Article 15, of the Quezon City Revenue Code,[38] to wit:

[34] Par. 11, *Petition for Review* vis-à-vis par. 3, *Answer*, RTC Docket (Civil Case No. R-QZN-20-09130-CV) – Vols. 1 and 2, pp. 4 to 5 and 556.
[35] August 16, 2020 (30th day) fell on Sunday.
[36] Supreme Court Administrative Circular No. 43A-2020 dated August 3, 2020.
[37] RTC Docket (Civil Case No. R-QZN-20-06060-CV) – Vol. I, pp. 2 to 35.
[38] Pars. 42 and 43, *Petition for Review*, Docket, pp. 15 to 17.

"Section 3. *Definition of Terms.*

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Amusement Places – are establishments devoted to pleasurable diversion and entertainment. They include places of recreation, relaxation, avocation, pastime and fun."

xxx xxx xxx

Section 39. *Imposition of Tax Amusement Places and Amusement Activities.*

a) Amusement Places – There shall be collected from the proprietors, lessees, or operators of amusement places, a tax with the corresponding rate or percentage of the gross receipts from the admission fees:

Amusement Place	Rate[39]
i.) Movie Theaters or Cinema	30% form the showing of foreign films; 0% form the showing of the local films
ii.) Concert Halls, Comedy Bars, KTV Clubs, Cocktail Lounges and other Night Spots	30%
iii.) Carnivals, **Theme Parks**, Video and Game Arcades, Mechanical Rides and **Other Fun Houses**	30%
iv.) Cockpits, Sports Stadia and Multi-Purpose Coliseums	30%
v.) All other Amusement Places not specifically falling under the above enumeration	**30%**

Petitioners' contention is bereft of merit.

In *Pelizloy Realty Corporation v. The Province of Benguet*,[40] the Supreme Court clarified the meaning of **amusement places** as defined in Section 131(c) of the LGC which may be subject to the imposition of amusement tax under Section 140 in relation to Section 151 of the LGC. The relevant portion of the decision reads as follows:

[39] Republic Act No. 9640 effective on May 21, 2009 reduced the amusement tax rate from 30% to 10% of the gross receipts from the admission fees.
[40] G.R. No. 183137, April 10, 2013.

"In the present case, the Court need not embark on a laborious effort at statutory construction. Section 131 (c) of the LGC already provides a clear definition of 'amusement places':

> Section 131. *Definition of Terms.* - When used in this Title, the term:
>
> xxx xxx xxx
>
> (c) 'Amusement Places' include theaters, cinemas, concert halls, circuses and other places of amusement where one seeks admission to entertain oneself by seeing or viewing the show or performances [Underscoring supplied].

Indeed, theaters, cinemas, concert halls, circuses, and boxing stadia are **bound by a common typifying characteristic in that they are all venues primarily for the staging of spectacles or the holding of public shows, exhibitions, performances, and other events meant to be viewed by an audience**. Accordingly, 'other places of amusement' must be interpreted in light of the typifying characteristic of being **venues 'where one seeks admission to entertain oneself by seeing or viewing the show or performances' or being venues primarily used to stage spectacles or hold public shows, exhibitions, performances, and other events meant to be viewed by an audience.**.

As defined in The New Oxford American Dictionary, 'show' means 'a spectacle or display of something, typically an impressive one'; while 'performance' means 'an act of staging or presenting a play, a concert, or other form of entertainment.' As such, the ordinary definitions of the words 'show' and 'performance' denote not only visual engagement (*i.e.*, the seeing or viewing of things) but also active doing (*e.g.*, displaying, staging or presenting) such that actions are manifested to, and (correspondingly) perceived by an audience." *(Emphasis supplied and citations omitted)*

As stated in its Articles of Incorporation, respondent's primary purpose is to "*engage in the business of developing and operating indoor playgrounds and/or theme parks, including facilities for different rides and games (such as video games, crane games, etc.) and facilities for the safety, comfort, and convenience of customers xxx.*"[41]

Respondent's Kidzooona stores do not belong to the same category or class as theaters, cinemas, concert halls, circuses, boxing stadia and other places of amusement where one seeks admission to entertain oneself by seeing or viewing the show or performances, as contemplated by Sections 131(c) of the LGC.

Section 3 of the Quezon City Revenue Code unduly broadens or expands the definition of amusement places as "establishments devoted to

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[41] Par. 6, *Petition for Review* vis-à-vis par. 1, *Answer*, RTC Docket (Civil Case No. R-QZN-20-09130-CV) – Vols. 1 and 2, pp. 4 and 556.

pleasurable diversion and entertainment and include places of recreation, relaxation, avocation, pastime and fun", contrary to the definition as provided under Section 131(c) of LGC.

Municipal ordinances are inferior in status and subordinate to the laws of the State. In case of conflict between an ordinance and a statute, the ordinance must be set aside.[42]

ACCORDINGLY, the *Petition for Review* is **DENIED** for lack of merit. The assailed Order dated July 3, 2023 and Order dated January 9, 2024, both issued by the Regional Trial Court of Quezon City – Branch 222, in Civil Case Nos. R-QZN-20-06060-CV and R-QZN-20-09130-CV, are **AFFIRMED**.

SO ORDERED.

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

WE CONCUR:

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

CORAZON G. FERRER-FLORES
Associate Justice

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[42] *Municipality of Tupi v. Faustino*, G.R. No. 231896, August 20, 2019.

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.

MA. BELEN M. RINGPIS-LIBAN
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.

ROMAN G. DEL ROSARIO
Presiding Justice