REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

NATIONAL GRID CORPORATION OF THE PHILIPPINES,
Petitioner,

-versus-

CENTRAL BOARD OF ASSESSMENT APPEALS, LOCAL BOARD OF ASSESSMENT APPEALS AND CITY ASSESSOR OF BUTUAN CITY,
Respondents.

CTA EB No. 801
(CBAA Case No. M-32)

Present:

Castañeda, Jr.,
Bautista,
Uy,
Casanova,
Fabon-Victorino,
Mindaro-Grulla, and
Cotangco-Manalastas, JJ.:

Promulgated:
JAN 2 9 2013 3:00 p.m.

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DECISION

CASTAÑEDA, JR., J.:

This is a Petition for Review of the Decision dated September 2, 2010 and the Order dated June 7, 2011 issued by the Central Board of Assessment Appeals in the case entitled, "NATIONAL GRID CORPORATION OF THE PHILIPPINES -versus- THE LOCAL BOARD OF ASSESSMENT APPEALS OF THE CITY OF BUTUAN AND THE CITY TREASURER OF THE CITY OF BUTUAN" docketed as CBAA Case No. M-32.

National Grid Corporation of the Philippines ("petitioner") is a franchise holder under Republic Act No. 9511. Petitioner's franchise allows it to operate, manage and maintain, and in connection therewith, to engage in the business of conveying or transmitting electricity through high voltage back-bone system of interconnected transmission lines, substations and related facilities.

Respondent City Assessor of Butuan imposed the following assessment levels on the subject machineries and buildings:

TAX DECLARATION NO.	ASSESSMENT LEVEL	REAL PROPERTY
08-10-0007-00152	80%	Machinery
08-10-0007-00150	35%	Building
08-07-0001-01546 08-07-0001-01548	10%	Machinery
08-07-0001-01313 08-07-0001-01314 08-07-0001-01315 08-07-0001-01316 08-07-0001-01317 08-07-0001-01318 08-07-0001-01319 08-07-0001-01321 08-07-0001-01322 08-10-0007-00151	10%	Building
08-07-0001-01547	10%	Machinery

On April 28, 2009, petitioner filed a Petition Ad Cautelam before the Local Board of Assessment Appeals("LBAA") by claiming that the assessment levels on the machineries and buildings should be at the lower rate of ten (10%) percent.

On December 28, 2009, the LBAA found the petition unmeritorious. The LBAA ruled that petitioner is not exempt from the payment of real property tax.

According to the LBAA, with the exception of Section 218 (d) of R.A. 7160[1]imposing 10% on government-owned or controlled corporations engaged in the generation and transmission of electric power, Section 218 covers the regular assessment levels on petitioner's buildings and machineries, including those pertaining to NPC or National Transmission Company ("TRANSCO") "care of NGCP".[2]

The LBAA dissociated petitioner from NAPOCOR or TRANSCO. Petitioner is a private entity disqualified from enjoying exemptions or special assessment levels accorded to government-owned or controlled corporations. Since the beneficial use is attributed to petitioner, a taxable person, it is not exempt from real property taxes.[3] Thus, the applicable assessment shall be the usual rates for non-special class of real property.

Dissatisfied, petitioner appealed before the Central Board of Assessment Appeals ("CBAA").

Finding against petitioner, the CBAA issued a Decision dated September 2, 2010. The CBAA explained that Section 9 of R.A. 9511 does not exempt petitioner from payment of real property tax. It also emphasized that petitioner is taxable as a beneficial user under Section 234(a) of R.A. 7160. Although engaged in the generation and transmission of electric power, petitioner is not a government-owned and controlled corporation. Therefore, petitioner is not qualified for exemption from real property tax on the subject real properties under Section 234 (C) of R.A. 7160.

The CBAA likewise ordered respondent City Assessor of Butuan to rectify the entries on the tax declarations as follows:

> WHEREFORE, premises considered, the instant Appeal is hereby DISMISSED for lack of merit. Respondent City Assessor of Butuan is hereby ORDERED to revise/correct the subject tax declarations to reflect thereon on the following:

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[1] 1991 Local Government Code.
[2] Rollo, p. 98.
[3] Rollo, pp. 97-98.

1. National Transmission Commission (TRANSCO) as the owner of the subject real properties pursuant to Section 8 of Republic Act No. 9136, otherwise known as the "Electric Power Industry Reform Act of 2001'";

2. National Grid Corporation of the Philippines (NGCP) as the "beneficial user" of said real properties; and

3. The assessment levels as provided for under Section 218 (b)(3) for buildings and improvements thereon and 218 (C) for industrial machinery, both of the LGC.[4]

Petitioner moved for the reconsideration of the CBAA's ruling; however, in the Order dated June 7, 2011, this Body denied the same for lack of merit.[5]

Unfazed, petitioner sought recourse with the Court of Tax Appeals ("CTA") *en banc* by raising the following issues:

> 4.1. THE HONORABLE CBAA ERRED IN ITS DECISION AND ORDER DENYING PETITIONER'S MOTION FOR RECONSIDERATION WHEN IT FAILED TO RULE THAT PURSUANT TO RA. NO. 9511, PETITIONER IS EXPRESSLY EXEMPTED FROM REAL PROPERTY TAX "ON PROPERTIES USED IN CONNECTION WITH ITS FRANCHISE".
>
> 4.2.THE HONORABLE CBAA ERRED IN NOT DECLARING THAT THE PROPERTIES SUBJECT OF THE NOTICES OF ASSESSMENT, ARE USED BY PETITIONER "IN CONNECTION WITH ITS FRANCHISE" SO THAT SAID PROPERTIES ARE TAX EXEMPT.
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> 4.3. THE HONORABLE CBAA ERRED IN APPLYING THE BENEFICIAL USER THEORY IN THE CASE AT BAR.

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4 Rollo, pp. 129-130
5 Rollo, p. 147.

> 4.4. THE HONORABLE CBAA ERRED WHEN IT FAILED TO CONSIDER THAT THE SUBJECT REALTY TAXES ARE OBLIGATIONS OF TRANSCO AND NPC, BOTH GOVERNMENT OWNED AND CONTROLLED CORPORATIONS (GOCC), AND THAT THE PROVISION OF SECTIONS 234 (c), 216 and 218 (d) of the LOCAL GOVERNMENT CODE ARE APPLICABLE TO BOTH TRANSCO AND NPC.[6]

THE COURT'S RULING

PETITIONER'S FRANCHISE CLEARLY ESTABLISHES THAT IT IS NOT EXEMPT FROM PAYMENT OF REAL PROPERTY TAXES FOR YEAR 2009.

Petitioner alleges that pursuant to R.A. 9511, it is expressly exempted from payment of real property taxes on properties used in connection with its franchise. The three (3%) percent franchise tax is in lieu of taxes, duties and charges which includes taxes on real properties in connection with its franchise.

Section 9 of RA 9511 is expressed in two parts, "the tax shall be in lieu of", and the second part "from which taxes, duties and charges, the Grantee is hereby expressly exempted. The second part is a confirmation of the first part as explicitly stated in the statute that indeed petitioner is precisely exempted from taxes on properties used in connection with its franchise. Real properties not used in connection with the franchise are subject to real property tax. The tax exemption proviso in Section 9 of R.A. 9511 which refers to properties used in connection with the franchise must be read in conjunction to properties not used in connection with its franchise.

Petitioner invokes that the real property tax exemption proviso under Section 9 of R.A. 9511 should extend on its buildings and machineries used in connection with its franchise.

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[6] Rollo, pp. 5-6.

Respondent City Assessor of Butuan City counters that petitioner is liable to pay real property taxes on any of its real properties, regardless of whether the same are actually used in the generation and transmission of electric power.

Petitioner's stance is unmeritorious.

The grant of petitioner's franchise by Congress through R.A. 9511[7], states among others the tax implications in relation to its franchise, including the tax treatment on its real and personal properties as follows:

> SECTION 9. Tax Provisions. – In consideration of the franchise and rights hereby granted, the Grantee, its successors or assigns, shall pay a franchise tax equivalent to three (3) percent of all gross receipts derived by the Grantee from its operation under this franchise. Said tax shall be in lieu of income tax and any and all taxes, duties, fees and charges of any kind, nature or description levied, established or collected by any authority whatsoever, local or national, on its franchise, rights, privileges, receipts, revenues and profits, and on properties used in connection with its franchise, from which taxes, duties and charges, the Grantee is hereby expressly exempted: **Provided, That the Grantee, its successors or assigns, shall be liable to pay the same taxes on their real estate, buildings and personal property, exclusive of this franchise, as other corporations are now or hereby may be required by law to pay**: Provided, further, That payment by Grantee of the concession fees due to PSALM under the concession agreement shall not be subject to income tax and value added tax (VAT). (Emphasis supplied).

It is imperative for this Court to ascertain the proper interpretation of the phrase "exclusive of this franchise" relative to petitioner's assertion of real property tax exemption on its buildings and machineries.

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[7] AN ACT GRANTING THE NATIONAL GRID CORPORATION OF THE PHILIPPINES A FRANCHISE TO ENGAGE IN THE BUSINESS OF CONVEYING OR TRANSMITTING ELECTRICITY THROUGH HIGH VOLTAGE BACK-BONE SYSTEM OF INTERCONNECTED TRANSMISSION LINES, SUBSTATIONS AND RELATED FACILITIES, AND FOR OTHER PURPOSES.

In the Supreme Court case of *Digital Telecommunications Philippines, Inc. v. City Government of Batangas et al.*[8], Digital paid under protest the fees for the permit to operate; while the Batangas City Government refused to accept payment unless it paid real property taxes. When the City Government threatened to close down Digital's operations, it filed a complaint for prohibition and mandamus with prayer for temporary restraining order or writ of preliminary injunction before the Regional Trial Court ("RTC"). During the pendency of the case, Digital paid real property taxes under protest by claiming that it is exempt from real property tax under Section 5 of R.A. 7678. RTC Branch 8 declared that under its legislative franchise R.A. 7678, Digital is not exempted from payment of real property taxes. In affirming the RTC's ruling on Digital's liability to real property taxes, the Supreme Court made the following pronouncements:

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> Sec. 5. *Tax Provisions.* – The grantee shall be liable to pay the same taxes on its real estate, buildings, and personal property **exclusive of this franchise** as other persons or corporations are now or hereafter may be required by law to pay. In addition thereto, the grantee shall pay to the Bureau of Internal Revenue each year within thirty (30) days after the audit and approval of the accounts, a franchise tax as may be prescribed by law of all gross receipts of the telephone or other telecommunications businesses transacted under this franchise by the grantee; Provided, that the grantee shall continue to be liable for income taxes payable under Title II of the National Internal Revenue Code pursuant to Section 2 of Executive Order No. 72 unless the latter enactment is amended or repealed, in which case the amendment or repeal shall be applicable thereto.
>
> The grantee shall file the return with and pay the tax due thereon to the Commissioner of Internal Revenue or his duly authorized representative in accordance with the National Internal Revenue Code and the return shall be subject to audit by the Bureau of Internal Revenue.

[8] G.R. No. 156040, December 11, 2008, 573 SCRA 605.

The first sentence of Section 5 RA 7678 is the same provision found in almost all legislative franchises in the telecommunications industry dating back to 1905. It is also the same provision that appears in the legislative franchises of other telecommunications companies like Philippine Long Distance Telephone Company, Smart Information Technologies, Inc., and Globe Telecom. Since 1905, no telecommunications company has claimed exemption from realty tax based on the phrase "exclusive of this franchise", until petitioner filed the present case on 3 July 1999.

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The crux of the controversy lies in the interpretation of the phrase "exclusive of this franchise" in the first sentence of Section 5. Petitioner interprets the phrase to mean that its real properties that are used in its telecommunications business shall not be subject to realty tax. Respondent interprets the same phrase to mean that the term "personal property" shall not include petitioner's franchise, which is an intangible personal property.

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A plain reading show that the phrase "exclusive of this franchise" is meant to exclude the legislative franchise from the properties subject to taxes under the first sentence. In effect, **petitioner's franchise, which is a personal property**, is not subject to the taxes imposed on properties under the first sentence of Section 5.

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There is no language in the first sentence of Section 5 expressly or even impliedly exempting petitioner from the realty tax. The phrases "exemption from real estate tax, "free from real estate tax" or "not subject to real estate tax" do not appear in the first sentence. No matter how one

> **reads the first sentence, there is no grant of exemption, express or implied, from realty tax. In fact, the first sentence expressly imposes taxes on both real and personal properties, excluding only the intangible personal property that is the franchise.** (Emphasis supplied.)

The Digital case clearly shows that under its legislative franchise, Digital is liable for real property taxes regardless whether the real property is connected with the franchise or not.

Corollary, in this case, petitioner's legislative franchise, R.A. 9511 requires petitioner to pay real property taxes, and only its franchise is real property tax exempt as it is an intangible personal property.

PETITIONER'S FRANCHISE SPECIFIES THAT IT HAS BEEN GRANTED BENEFICIAL USE OF THE MACHINERIES AND BUILDINGS FOR YEAR 2009.

Petitioner claims that it possessed the subject real properties only on January 15, 2009. Hence, the tax liabilities if any on the real properties prior to January 15, 2009 should have been assessed and paid by TRANSCO or NPC. The respondent City Assessor of Butuan admitted before the LBAA in paragraph 8 of the Answer that TRANSCO, a government-owned and controlled corporation is exempt to pay real property tax on machineries and equipment actually, directly, and exclusively used in the transmission of electric power stressing the discrepancy would be revised in due time.

In paragraphs 9 and 10 of the Answer, respondent City Assessor of Butuan admitted that TRANSCO is liable only to 10% assessment level, and in one way regrets the omission committed by them in haste to meet deadline of the 2008 general revision.

Even assuming that petitioner is now the beneficial user of the real properties, and is exempt from payment of taxes on real properties used in connection with its franchise, the said real property taxes should have been charged to TRANSCO or NPC as owner. However, as a government-owned and controlled corporation, TRANSCO or NPC is entitled to the benefits and privileges under Sections 234(c), 216 and 218 (d) of R.A. 7160. Accordingly, TRANSCO or NPC should have been exempted from payment of real property taxes for machineries and equipment actually, directly and exclusively used in the generation and transmission of electric power. Concerning lands, buildings or improvements owned by TRANSCO or NPC, the same should have been classified as special classes of real property and should have been assessed at 10% level.

Petitioner further argues that despite its exemption under R.A. No. 9511, it had assumed the payment of the obligation of TRANSCO or NPC for real property taxes on the latter's properties not otherwise exempt from the payment thereof, as embodied in its Concession Agreement with TRANSCO, and PSALM. Petitioner further submits that it should only be required to pay the taxes on the properties for which TRANSCO or NPC is obligated to pay based on the assessment level for special classes of properties under Sections 216 and 218 (d) of R.A. 7160.

Respondent City Assessor alleges that the Honorable CBAA correctly affirmed the position that petitioner by its own admission is the real beneficial user of the real properties of TRANSCO and, as such, it is liable to pay real property tax thereon.

We disagree with petitioner's contention.

Pursuant to the beneficial use doctrine, the tax exemption the property of the Republic or its instrumentality carries ceases only if, as stated in Sec. 234 (a) of the LGC of 1991, "beneficial use thereof has been granted, for a consideration or otherwise, to a taxable person."[9] In real estate taxation, the unpaid tax attaches to the property and is chargeable against the taxable person who had actual or beneficial use and possession of it regardless of whether or not he is the owner.[10]

[9] *Government Service Insurance System v. City Treasurer and City Assessor of the City of Manila*, G.R. No. 186242, December 23, 2009, 609 SCRA 330. See *Philippine Fisheries Development Authority v. The Honorable Court of Appeals, et al.*, G.R. No. 150301, October 2, 2007, 534 SCRA 490.

[10] *Republic of the Philippines (represented by the Department of Energy [DOE] and the Philippine National Oil Company-Energy Development Corporation [PNOC-EDCI]), v. City of Kidapawan et al.*, G.R. No. 166651, December 9, 2005, 477 SCRA 324 cited in the case of *Testate Estate of Concordia T. Lim*, G.R. No. 90639, February 21, 1990, 182 SCRA 482, 486 . See *GSIS v. City Treasurer of Manila*, December 23, 2009, G.R. No. 186242, December 23, 2009, 609 SCRA 330.

Notably, the assessment levels on petitioner's machineries and buildings cover the period of year 2009.

Here, R.A. No. 9511 which took effect on December 20, 2008[11] vests upon petitioner the operation and management of the transmission lines, substations and related facilities, systems operations as provided in Section 1 of R.A. 9511, reading:

> SECTION 1. Nature and Scope of Franchise. – Subject to the provisions of the Constitution and applicable laws, rules and regulations, and subject to the terms and conditions of the concession agreement and other documents executed with the National Transmission Corporation (TRANSCO) and the Power Sector Assets and Liabilities Management Corporation (PSALM) pursuant to Section 21 of Republic Act No. 9136, which are not inconsistent herewith, there is hereby granted to the National Grid Corporation of the Philippines, hereunder referred to as the Grantee, its successors or assigns, **a franchise to operate, manage and maintain, and in connection therewith, to engage in the business of conveying or transmitting electricity through high voltage back-bone system of interconnected transmission lines, substations and related facilities, systems operations, and other activities that are necessary to support the safe and reliable operation of a transmission system and to construct, install, finance, manage, improve, expand, operate, maintain, rehabilitate, repair and refurbish the present nationwide transmission system of the Republic of the Philippines.** The Grantee shall continue to operate and maintain the subtransmission systems which have not been disposed by TRANSCO. Likewise, the Grantee is authorized to engage in ancillary business and any related business which maximizes utilization of its assets such as, but not limited to, telecommunications system, pursuant to Section 20 of Republic Act No. 9136. The scope of the franchise shall be nationwide in accordance with the Transmission Development Plan, subject to amendments or modifications of the said Plan, as may be approved by the

[11] Section 17 of R.A. 9511 states that this Act shall take effect fifteen (15) days from the date of its publication, upon the initiative of the Grantee, in at least two (2) newspapers of general circulation in the Philippines. According to the Malacañang Records Office, R.A. 9511 was published in the Manila Bulletin, Manila Standard Today and Philippine Daily Inquirer all on December 5, 2008.

Department of Energy of the Republic of the Philippines. (Emphasis supplied.)

Indubitably, effective December 20, 2008, petitioner's franchise attests that as early as of that year it is the beneficial user of the machineries and buildings subject to real property taxes. This negates petitioner's stance that it is the beneficial user of the real properties only on January 15, 2009. The tax exempt status enjoyed by TRANSCO does not extend to petitioner, a taxable entity, and now the beneficial user of the machineries and buildings. Hence, as correctly ruled by the CBAA, the assessment levels prescribed under Section 218 (b)(3) for buildings and improvements thereon and Section 218 (C) for industrial machinery, both of R.A. 7160 apply to the instant case.

PETITIONER IS DISQUALIFIED TO CLAIM THE SPECIAL ASSESSMENT LEVEL AT THE RATE OF TEN (10%) PERCENT.

Petitioner asserts that the subject real properties are owned by a government-owned and controlled corporation ("GOCC"), in the name of either NPC or TRANSCO, and are used in rendering essential public services in the transmission of electric power. Hence, the 10% assessment level should be imposed and these real properties should be classified as belonging to special class under Sections 216 and 218 (d) of R.A. 7160.

Respondent City Assessor insists that Sections 216 and 218 (d) of R.A. 7160 clearly provide that the 10% special assessment level is applicable only to real property "owned and used by the GOCC". In other words, the taxpaying entity must be a GOCC directly using the property for its distribution and/or generation and transmission of electric power. Petitioner is not a GOCC, and the disputed real properties do not enjoy the special classification under a lower tax rate of 10%. What is being accorded special treatment is not the real property per se but the government corporate entity as a special taxpayer. Petitioner cannot elevate itself in the same category and level as its predecessor TRANSCO or NPC.

We are persuaded with respondent's stance.

R.A. 7160 enumerates the real properties classified as special with a lower rate of 10% as follows:

> Section 216. *Special Classes of Real Property.* All lands, buildings and other improvements thereon actually, directly and exclusively used for hospitals, cultural or scientific purposes, and those owned and used by local water districts, and government-owned or controlled corporations rendering essential public services in the supply and distribution of water and/or generation and transmission of electric power shall be classified as special.
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> xxx xxx xxx
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> Section 218. *Assessment Levels.* The assessment levels to be applied to the fair market value of real property to determine its assessed value shall be fixed by ordinances of the Sangguniang Panlalawigan, Sangguniang Panlungsod or Sangguniang Bayan of a municipality within the Metropolitan Manila Area, at the rates not exceeding the following:
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> xxx xxx xxx
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> (d) On Special Classes: The assessment levels for all lands, buildings, machineries and other improvements:

ACTUAL USE	ASSESSMENT LEVELS
Cultural	15%
Scientific	15%
Hospital	15%
Local Water Districts	10%
Government-owned and controlled corporations engaged in the supply and Distribution of water and/or generation	10%

fe

and transmission of electrical power	

The law provides that real properties owned and used by a government-owned or controlled corporations engaged in the generation and transmission of electric power shall enjoy the lower rate of 10%.

Here, petitioner admitted in the Petition for Review filed before the Court of Tax Appeals ("CTA") *en banc* on July 13, 2011 that it is a private corporation duly organized and existing under the laws of the Republic of the Philippines. [12] Such acknowledgment demonstrates that petitioner is not a government-owned and controlled corporation.

Moreover, petitioner is solely engaged in the transmission of electric power, and not in the generation of electricity as evidenced by the wordings of its franchise, to wit:

> **xxx a franchise to operate, manage and maintain, and in connection therewith, to engage in the business of conveying or transmitting electricity through high voltage back-bone system of interconnected transmission lines, substations and related facilities, systems operations, and other activities that are necessary to support the safe and reliable operation of a transmission system and to construct, install, finance, manage, improve, expand, operate, maintain, rehabilitate, repair and refurbish the present nationwide transmission system of the Republic of the Philippines. xxx[13]**

By virtue of the privatization of TRANSCO under Section 21 of R.A. 9136, the EPIRA Law[14] in relation to Section 1 of R.A. 9511, the transmission function is now ceded to the petitioner.

[12] Rollo, p. 1.
[13] Section 1 of R.A. 9511.
[14] AN ACT ORDAINING REFORMS IN THE ELECTRIC POWER INDUSTRY, AMENDING FOR THE PURPOSE CERTAIN LAWS & FOR OTHER PURPOSES. Approved on June 8, 2001.

> Sec. 21. *TRANSCO Privatization.* – Within 6 months from effectivity of this Act, the PSALM Corp. shall submit a plan for the endorsement by the Joint Power Commission and the approval of the President of the Philippines. The President of the Philippines thereafter shall direct PSALM Corp. to award, in open competitive bidding, **the transmission facilities, including grid interconnections and ancillary services to a qualified party either through an outright sale or a concession contract. The buyer/concessionaire shall be responsible for the improvement, expansion, operation, and/or maintenance of its transmission assets and the operation of any related business.** (Emphasis supplied.)
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> xxx xxx xxx
>
> SECTION 1. Nature and Scope of Franchise. – Subject to the provisions of the Constitution and applicable laws, rules and regulations, and subject to the terms and conditions of the concession agreement and other documents executed with the **National Transmission Corporation (TRANSCO) and the Power Sector Assets and Liabilities Management Corporation (PSALM) pursuant to Section 21 of Republic Act No. 9136, which are not inconsistent herewith, there is hereby granted to the National Grid Corporation of the Philippines, hereunder referred to as the Grantee, its successors or assigns, a franchise to operate, manage and maintain, and in connection therewith, to engage in the business of conveying or transmitting electricity through high voltage back-bone system of interconnected transmission lines, substations and related facilities, systems operations, and other activities that are necessary to support the safe and reliable operation of a transmission system and to construct, install, finance, manage, improve, expand, operate, maintain, rehabilitate, repair and refurbish the present nationwide transmission system of the Republic of the Philippines.** (Emphasis supplied.)

On account of the fact that petitioner is not a GOCC, and it is solely engaged in the transmission of electricity, it is disqualified to avail of the special tax rate of 10% pursuant to Section 218 (d) of R.A. 7160.

Taxation is the rule and exemption is the exception. Any claim for tax exemption is strictly construed against the claimant. Petitioner has not shown its eligibility for exemption; hence, it is subject to the tax.[15]

R.A. 7160 AND R.A. 9511 COMPLEMENT.

Respondent City Assessor stresses that under the beneficial user theory, the beneficial use is now conferred to the petitioner, a taxable entity. By its own admission, petitioner is the beneficial user of the properties owned by TRANSCO which succeeded NPC. The properties used will no longer be based on the 10% assessment level.

Petitioner maintains that the Honorable CBAA erred in applying the beneficial user theory because R.A. 9511 grants tax exemption on real properties used in connection with its franchise. R.A. 9511, a special law takes precedence over R.A. 7160, the 1991 Local Government Code, a general law.

We disagree with petitioner's argument.

Petitioner's assertion that R.A. 9511, a special law prevails upon R.A. 7160, a general law, is untenable. As previously discussed, R.A. 9511 does not exempt petitioner from real property tax regardless of whether or not the real property is used in relation to its franchise. Petitioner clearly misinterpreted the application of R.A. 9511. On the other hand, it is established that petitioner is the beneficial user; hence, it is taxable in accordance with R.A. 7160. Both R.A. 9511 and R.A. 7160 complement as these laws impose petitioner's liability on real property tax.

WHEREFORE, premises considered, the Petition for Review is hereby **DENIED**. Respondent's CBAA Decision dated September 2, 2010 and the Order dated June 7, 2011 are **AFFIRMED.**

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[15] *Light Rail Transit Authority v. Central Board Assessment Appeals et al.,* G.R. No. 127316, October 12, 2000, 342 SCRA 692.

SO ORDERED.

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

WE CONCUR:

LOVELL R. BAUTISTA
Associate Justice

ERLINDA P. UY
Associate Justice

CAESAR A. CASANOVA
Associate Justice

ESPERANZA R. FABON- VICTORINO
Associate Justice

Cielito N. Mindaro-Grulla
CIELITO N. MINDARO-GRULLA
Associate Justice

AMELIA R. COTANGCO- MANALASTAS
Associate Justice

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

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

Juanito C. Castañeda, Jr.
JUANITO C. CASTAÑEDA, JR.
Acting Presiding Justice