Republic of the Philippines
COURT OF TAX APPEALS
Quezon City

EN BANC

UCPB LEASING AND FINANCE CORPORATION (ULFC),	**CTA EB NO. 1933** (CTA AC No. 170)
Petitioner,	Present: DEL ROSARIO, *P.J.*, CASTAÑEDA, JR.,
-versus-	UY, FABON-VICTORINO, MINDARO-GRULLA, RINGPIS-LIBAN,
CAGAYAN DE ORO CITY and GLENN C. BAÑEZ (in his capacity as OIC -City Treasurer of Cagayan de Oro City),	MANAHAN, BACORRO-VILLENA, and MODESTO-SAN PEDRO, *JJ*
Respondents.	Promulgated: MAR 0 9 2020 4:12 p.m.

x---x

RESOLUTION

MINDARO-GRULLA, J.:

This resolves the petitioner's "Motion for Reconsideration" assailing the Court *En Banc's* December 9, 2019 Decision, the dispositive portion of which states:

> *"**WHEREFORE**, the Petition for Review is **DENIED**, for lack of merit. Accordingly, the Decision dated March 20, 2018, rendered by the Third Division of this Court in CTA AC No. 170, and its Resolution dated September 3, 2018 are **AFFIRMED**. No pronouncement as to costs.*
>
> ***SO ORDERED.***

In assailing this Court's Decision, petitioner maintains that the petitioner correctly filed the case before the Regional Trial Court of Makati City. Thus, petitioner prayed that the Decision dated December 9, 2019 be reconsidered.

We resolve to deny the "Motion for Reconsideration".

After a careful examination of petitioner's motion for reconsideration, the Court finds that the argument raised in said motion had already been sufficiently passed upon by Third Division's Decision dated March 20, 2018 and Resolution dated September 3, 2018 but also by this Court *En Banc's* Decision dated December 9, 2019.

To reiterate, We find that the RTC of Makati has no jurisdiction to issue temporary restraining order or writ of preliminary injunction prohibiting and restraining the respondents or their duly constituted agents from collecting the tax from petitioner. Section 21(1)[1] of B.P. Blg. 129, as amended, provides that the RTC shall exercise original jurisdiction in the issuance of writs of *certiorari*, prohibition, *mandamus*, quo warranto, *habeas corpus* and injunction which may be enforced in any part of their respective regions. The rationale, as explained in *Embassy Farms, Inc. v. Court of Appeals*[2], is that the trial court has no jurisdiction to issue a writ of preliminary injunction to enjoin acts being performed or about to be performed outside its territorial jurisdiction.[3]

The Court in Division aptly ruled that the RTC of Makati City had no authority to issue a writ of injunction against respondents, who are in Cagayan de Oro City, an area outside of judicial jurisdiction of the Makati RTC, to wit:

> *Injunction is a judicial writ, process or proceeding whereby a party is ordered to do or refrain from doing a certain act. It may be the main action or merely a provisional remedy for and as an incident in the main action.*

---

[1] Section 21. Original jurisdiction in other cases. - Regional Trial Courts shall exercise original jurisdiction:

(1) In the issuance of writs of *certiorari,* prohibition*, mandamus, quo warranto, habeas corpus* and **injunction, which may be enforced in any part of their respective regions**; xxx"(Emphasis supplied)

[2] Embassy Farms Inc., vs. Court of Appeals, et al., G.R No. 80682, August 13, 1990.
[3] Atty. Jose Alfonso M. Gomos, Fund for Assistance to Private Education (FAPE) *vs.* Judge Santos B. Adiong, Regional Trial Court, Branch 8, Marawi City, A.M. No. RTJ-04-1863, October 22, 2004.

L

> *The main action for injunction is distinct from the provisional or ancillary remedy of preliminary injunction which cannot exist except only as part of an incident of an independent action or proceeding. As a matter of course, in an action for injunction, the auxiliary remedy of preliminary injunction, whether prohibitory or mandatory, may issue. Under the law, the main action for injunction seeks a judgment embodying a final injunction which is distinct from, and should not be confused with, the provisional remedy of preliminary injunction, the sole object of which is to preserve the status quo until the merits can be heard. A preliminary injunction is granted at any stage of an action or proceeding prior to the judgment or final order. It persists until it is dissolved or until the termination of the action without the court issuing a final injunction.*
>
> *Note however that under Section 21(1) of Batas Pambansa Blg. 129 or The Judiciary Reorganization Act of 1980, the jurisdiction of Regional Trial Courts to issue injunctive writs is limited to acts committed or about to be committed within their judicial region, to wit:*
>
> > *Section 21. Original jurisdiction in other cases. - Regional Trial Courts shall exercise original jurisdiction:*
> >
> > *(1) In the issuance of writs of certiorari, prohibition, mandamus, quo warranto, habeas corpus and **injunction, which may be enforced in any part of their respective regions**; xxx" (Emphasis supplied)*
>
> *Therefore, the RTC of Makati City had no authority to issue a writ of injunction against respondents, who are in Cagayan de Oro City, an area outside of judicial jurisdiction of the Makati RTC."*

Concomitantly, petitioner's assertion of the *Hidalgo Case*[4] which pronounced that all courts which have power and jurisdiction to render judgments have inherent powers to enforce such judgments, for "If a court is competent to pronounce judgment, it must be equally competent to issue execution to obtain its satisfaction. A court without the means of executing its judgment and decrees would be an anomaly in jurisprudence, not deserving the name of a judicial tribunal. It would be idle to adjudicate what could not be executed, and the power to pronounce necessarily

[4] Hidalgo vs. Crossfield, G.R. No. L-6492, December 9, 1910.

h

implies the power of execution", is inapplicable as it pertains to the issuance of writ of execution.

Moreover, the *Gayacao Case*[5], *Police Commission Case*[6], and *Decano Case*[7] are not on all fours with the case at hand, thus, inapplicable and cannot be considered as legal precedent. Not only that said cases do not involve an appeal pursuant to Section 195 of Republic Act No. 7160 (The Local Government Code), the Regional Trial Courts involve in the said cases has reasonable connection with the issues in their territorial jurisdiction, specifically in the enforcement thereof, since it is in those localities where the plaintiffs reside, and where the questioned decisions are being enforced. Unlike in the case at hand, the Petition dated September 30, 2015 before the RTC of Makati involves not only question of law but also requires trial on the merits, and the enforcement of the decision will be enforced outside of its territorial jurisdiction.

As to the application of this Court *En Banc*'s Decision in *Smart Case*[8], We find the same superseded by this Court *En Banc*'s Decision in the *PLDT Case*[9].

In the *Smart Case*, this Court ruled that Makati RTC has jurisdiction over respondent's appeal from the inaction of the Treasurer of the Province of Cagayan on its protest on the disputed franchise tax assessment. However, pursuant to Section 21(1) of BP 129, the Makati RTC has no jurisdiction to issue an injunctive writ to enjoin acts being performed or about to be performed outside its territorial boundaries.

In the *PLDT case*, this Court ruled that Makati RTC was the proper venue and the court of competent jurisdiction over the appeal from the denial of its protest against respondents local franchise and local business tax assessments, but is bereft of any authority or jurisdiction to

---

[5] Gayacao vs. Executive Secretary of the Philippines, G.R. No. L-21066, April 30, 1965.
[6] Police Commission vs. Bello, G.R. No. L-29959-60, January 30, 1971.
[7] Decano vs. Edu, G.R. No. L-30070, August 29, 1980.
[8] Provincial Government of Cagayan vs. Smart Communications, Inc., CTA EB No. 1137, December 8, 2015.
[9] Philippine Long Distance Telephone Co., Inc. vs. City of Tuguegarao, Buenaventura F. Lagundi, in his capacity as City Treasurer of Tuguegarao, and Florentina S. Balisi, in her capacity as Asst. City Treasurer of the City of Tuguegarao, CTA EB No. 1237 (CTA AC No. 103), June 17, 2016.

L

direct respondent to cease and desist from imposing, now and in the future, local franchise tax or business within the territorial jurisdiction of the City of Tuguegarao. Likewise, We ruled that the power of Makati RTC to resolve the entire controversy will not translate to an authority to grant one of the relief prayed for by petitioner in its petition, i.e., to order respondents to cease and desist from assessing and collecting from it business tax in addition to the franchise tax based on the same gross. We take note that in the *PLDT Case*, petitioner PLDT filed a Petition for Review before the Supreme Court docketed as GR No. 228512. A Supreme Court Entry of Judgement dated April 17, 2017, denied the petition for failure to sufficiently show any reversible error in the assailed judgment to warrant the exercise of the Supreme Court's discretionary appellate jurisdiction.

Both the *Smart Case* and *PLDT Case*, pertains to an appeal pursuant to Section 195 of Republic Act No. 7160 with allegations and prayers for injunctive relief.

Similarly, in the case at hand the Petition dated September 30, 2015 before the RTC of Makati, is an appeal from the denial of petitioner's protest from the notice of assessment issued by said respondent pursuant to Section 195 of Republic Act No. 7160 with prayer for issuance of a Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction.

True, if a court is competent to pronounce judgment, it must be equally competent to issue execution to obtain its satisfaction and it would be idle to adjudicate what could not be executed, and the power to pronounce necessarily implies the power of execution.[10]

Evidently, the ***"appeal with the court of competent jurisdiction"*** *under* Section 195 of the LGC, as clarified in the *Yamane Case* and *China Banking Corporation Case*, depends on the amount of taxes in dispute or claimed, the RTC, the Metropolitan, Municipal, and Municipal Circuit Trial Courts have original jurisdiction to take cognizance of actions assailing the decision or inaction of the local

---

[10] Ibid

L

treasurer on local tax protests as provided under Section 195 of the LGC.

Like the Regional Trial Court, the Metropolitan, Municipal, and Municipal Circuit Trial Courts, the authority to grant provisional remedies and temporary injunctions such as temporary restraining orders or preliminary injunctions, are limited within the their respective territorial jurisdiction.

Further, Republic Act No. 9282 definitively proves in its Section 7(a)(3)[11] that the CTA exercises exclusive appellate jurisdiction to review on appeal decisions, orders or resolutions of the Regional Trial Courts in local tax cases decided or resolved by them in the exercise of their original or appellate jurisdiction.[12]

Corollarily, as amended by RA No. 9282[13],paragraph c (2) (a) and(b), Section 7 of RA No. 1125[14]has vested the Court of Tax Appeals (CTA) with the exclusive appellate jurisdiction over, among others, appeals from the judgments, resolutions or orders of the RTC in tax collection cases **originally decided by them in their respective territorial jurisdiction**[15], to wit:

> *"Section 7. Jurisdiction - The Court of Tax Appeals shall exercise:*
>
> *x x x x*

---

[11] "Sec. 7. Jurisdiction. - The CTA shall exercise:

"a. Exclusive appellate jurisdiction to review by appeal, as herein provided:

xxxx

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;

[12] China Banking Corporation vs. City Treasurer of Manila, G.R. No. 204117, July 1, 2015.

[13] 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 of Republic Act No. 1125, as Amended, Otherwise Known as the Law Creating the Court of Tax Appeals, and for Other Purposes, Approved 30 March 2004.

[14] An Act Creating the Court of Tax Appeals.

[15] Team Pacific Corporation vs. Josephine Daza in her capacity as Municipal Treasurer of Taguig, G.R. No. 167732, July 11, 2012.

L

(c) Jurisdiction over tax collection cases as herein provided:

x x x x

(2) Exclusive appellate jurisdiction in tax collection cases:

a. Over appeals from the judgments, resolutions or orders of the Regional Trial Court in tax collection cases originally decided by them, ***in their respective territorial jurisdiction.***

b. Over petitions for review of the judgments, resolutions or orders of the Regional Trial Courts in the Exercise of their appellate jurisdiction over tax collection cases originally decided by the Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts, ***in their respective jurisdiction.****" (Emphasis Supplied)*

Republic Act No. 9282 definitively proves in its Section 7(a)(3) that the CTA exercises exclusive appellate jurisdiction to review on appeal decisions, orders or resolutions of the Regional Trial Courts in local tax cases decided or resolved by them in the exercise of their original or appellate jurisdiction. Likewise, Section 7(c)(2)(a & b) definitively proves that the CTA exercises exclusive appellate jurisdiction over appeals from the judgments, resolutions or orders of the Regional Trial Court in tax collection cases originally decided by them, in their respective **territorial jurisdiction**, and over petitions for review of the judgments, resolutions or orders of the Regional Trial Courts in the exercise of their appellate jurisdiction over tax collection cases originally decided by the Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts, in their **respective jurisdiction**.

Clearly, with the passage of R.A. No. 9282, the authority of the Regional Trial Court to exercise either original and/or appellate jurisdiction over local tax under Section 195 of the LGC cases depends not only on the

L

amount of the claim[16] but also in their respective territorial jurisdiction.

Suffice it to say, the "appeal with the court of competent jurisdiction" under Section 195 of the LGC, in light of the passage of Republic Act No. 9282 as clarified in the Yamane Case and China Banking Corporation Case, is construed that Regional Trial Court, the Metropolitan, Municipal, and Municipal Circuit Trial Courts, have original jurisdiction to take cognizance of actions assailing the decision or inaction of the local treasurer on local tax protests, depending on the amount; and the appeal be brought and taken cognizance by the Regional Trial Court, the Metropolitan, Municipal, and Municipal Circuit Trial Courts, whose territorial jurisdiction encompasses the place where the facts thereof have originated (decision or inaction of the local treasurer on local tax protests) and which has jurisdiction over the parties sought to be enjoined.

Thus, We find that the Court in Division was correct when it ruled that the appeal on the decision or inaction of the City Treasurer of Cagayan de Oro City over protest be brought to the RTC of Cagayan de Oro City, to wit:

> *"It is therefore inevitable that the petitioner's case be brought and taken cognizance by the RTC whose territorial jurisdiction encompasses the place where the facts thereof have originated and which has jurisdiction over the parties sought to be enjoined, which is the RTC of Cagayan de Oro City."*

In sum, We find that no substantial argument was raised to merit reconsideration of our Decision promulgated on December 9, 2019.

WHEREFORE, the "Motion for Reconsideration Re: Decision" is **DENIED** for lack of merit.

[16] China Banking Corporation vs. City Treasurer of Manila, G.R. No. 204117, July 1, 2015.

L

SO ORDERED.

CIELITO N. MINDARO-GRULLA
Associate Justice

WE CONCUR:

(I reiterate my Dissenting Opinion)
ROMAN G. DEL ROSARIO
Presiding Justice

JUANITO C. CASTAÑEDA, JR.
Associate Justice

ERLINDA P. UY
Associate Justice

ESPERANZA R. FABON-VICTORINO
Associate Justice

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

(I join Presiding Justice's Dissenting Opinion)
CATHERINE T. MANAHAN
Associate Justice

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

(I join Presiding Justice's Dissenting Opinion)
MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice