23-000017-0012

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL FIRST DIVISION

CTA AC NO. 281

MUNICIPALITY OF NABUNTURAN and its MUNICIPAL TREASURER AND MUNICIPAL ASSESSOR,
Petitioners,

- versus -

NOTICE OF DECISION

NATIONAL FOOD AUTHORITY, Represented by its Legal Affairs Department Director, Edna T. Loveria,
Respondent.

To:

ATTY. MARY JUSTICE P. AURELIO-YAP
PROVINCIAL LEGAL OFFICE
Provincial Legal Office
2-F, Executive Bldg.,
Provincial Capitol, Cabidianan
Nabunturan, Davao de Oro

MUNICIPAL TREASURER
Executive Bldg., Provincial Capitol
Cabidianan Nabunturan, Davao de Oro

MUNICIPAL ASSESSOR
Executive Bldg., Provincial Capitol
Cabidianan Nabunturan, Davao de Oro

ATTY. MA. THERESA S. VILLAFUERTE,CPA
ATTY. RAOUL JANN R. BALANQUIT
ATTY. ANGELIQUE D. BALISANG
National Food Authority
Legal Affairs Department
NFA L-Shaped Bldg.,
Visayas Avenue, Vasra, Quezon City

HON. CRESENCIANA DC CRUZ
Presiding Judge
Thru: Branch Clerk of Court
Regional Trial Court
11th Judicial Region
Branch 3, Nabunturan, Davao de Oro

GREETINGS:

You are hereby notified by these presents that on **March 1, 2024,** a Decision was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **March 4, 2024.**

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

REPUBLIC OF THE PHILIPPINES
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QUEZON CITY

SPECIAL FIRST DIVISION

MUNICIPALITY OF NABUNTURAN and its MUNICIPAL TREASURER AND MUNICIPAL ASSESSOR,
Petitioners,

-*versus*-

NATIONAL FOOD AUTHORITY, Represented by its Legal Affairs Department Director, Edna T. Loveria,
Respondent.

CTA AC No. 281
(SP Civil Case No. 118-2015)

Members:

DEL ROSARIO, *P.J., Chairperson,*
MANAHAN, *and*
REYES-FAJARDO, *JJ.*

Promulgated:

MAR 01 2024 2:00PM

x- x

DECISION

MANAHAN, *J.:*

This resolves the *Petition for Review*[1] filed via registered mail on December 1, 2022 by petitioners Municipality of Nabunturan, Davao De Oro and its Municipal Treasurer and Municipal Assessor, seeking to nullify the *Decision* dated November 5, 2021[2] (Assailed Decision) and the *Resolution* dated October 26, 2022[3] (Assailed Resolution) rendered by the Regional Trial Court (RTC)-Branch 3, Nabunturan, Davao De Oro under SP Civil Case No. 118 entitled "*National Food Authority, Represented by its Legal Affairs Department Director, Edna T. Loveria vs. Municipality of Nabunturan and its Municipal Treasurer and Municipal Assessor,*" to declare respondent National Food Authority (NFA) as a Government-Owned or Controlled Corporation (GOCC), and to order the same to pay the Real Property Taxes (RPT) on its land and building covered by Tax Declaration (TD) No. 02985 located in Poblacion, Nabunturan, Davao de Oro.

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[1] Docket, CTA AC No. 281, pp. 5-16.
[2] *Id.*, pp. 17-35; RTC Docket, SP Civil Case No. 118-2015, Book I, pp. 253-271.
[3] *Id.*, pp. 44-47; RTC Docket, Book II, pp. 465-468.

THE PARTIES

Petitioner Municipality of Nabunturan is a Local Government Unit (LGU) in the Province of Davao De Oro duly organized and existing under the laws of the Philippines, represented by its Municipal Treasurer, and Municipal Assessor with office address at Poblacion, Nabunturan, Davao De Oro.[4]

Respondent National Food Authority (NFA) is a government instrumentality vested with corporate powers created under Presidential Decree (PD) No. 4, as amended.[5]

THE FACTS

On June 15, 2015, respondent NFA (NFA-Nabunturan Office) received a Notice of Delinquency dated May 12, 2015 from petitioners for the non-payment of the RPT on its land and building covered by TD No. 02985 located in Poblacion, Nabunturan, Davao de Oro (formerly Compostela Valley).[6]

On August 28, 2015, respondent NFA filed a *Petition for Prohibition*[7] in the RTC-Branch 3, Nabunturan, Davao De Oro which the latter ruled in favor of respondent in the Assailed Decision, the dispositive portion of which reads as follows:[8]

> "**WHEREFORE**, in view of the foregoing ratiocination, the instant Petition is **GRANTED**.
>
> The NFA is hereby declared as an instrumentality of the national government and is ***exempt*** from payment of realty taxes.
>
> Consequently, the land and building owned by NFA under Tax Declaration No. 02985 located in Poblacion, Nabunturan, Davao de Oro are hereby declared ***EXEMPT*** from real estate taxes. The Notice of Delinquency dated May 12, 2015 issued by Respondent (now, petitioners) Municipality of Nabunturan and its Municipal Treasurer and Municipal Assessor on the subject property is declared VOID.

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[4] Docket, Petition for Review, p. 6.
[5] *Id.*
[6] *Id.*, Petition for Review, Annex "A", *Decision* dated November 5, 2021, p. 17.
[7] RTC Docket, SP Civil Case No. 118-2015, Book I, pp. 3-69.
[8] Docket, CTA AC No. 281, Petition for Review, Annex "A", *Decision* dated November 5, 2021, pp. 34-35.

> Moreover, the Municipality of Nabunturan is ***enjoined*** from assessing, imposing, and collecting taxes on the subject property.
>
> No pronouncement as to costs.
>
> **(All emphases and underlining supplied)**
>
> **SO ORDERED**."

Hence, petitioners moved for the reconsideration[9] of said decision but the lower court denied[10] said motion under the Assailed Resolution, the dispositive portion of which, reads as follow:

> "***Thus***, the instant Motion for Reconsideration filed by respondents (now, petitioners) is hereby ***DENIED*** for lack of merit. The Decision of this Court dated ***November 5, 2021***, in favor of petitioner (now, respondent) NFA., ***STANDS***.
>
> **(All emphases and underlining supplied)**
>
> **SO ORDERED**."

Thus, petitioners filed the instant petition on December 1, 2022 via registered mail. However, on February 3, 2023, petitioners were ordered to submit their Verifications and Certifications against Forum Shopping, and Sangguniang Bayan (SB) Resolution authorizing them to file a case in Court in the absence of the same in said petition,[11] and to file their comment on the instant petition.[12]

On February 27, 2023, respondent filed its *Comment (To Petitioners' Petition for Review dated 1 December 2022).*[13]

On March 10, 2023, petitioners submitted the required Verifications and Certifications against Forum Shopping, and Sangguniang Bayan (SB) Resolution.[14]

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[9] RTC Docket, SP Civil Case No. 118-2015, Book II, Motion for Reconsideration, pp. 272-281.
[10] Docket, CTA AC No. 281, Resolution dated October 26, 2022, p. 47.
[11] *Id.*, Resolution dated February 3, 2023 and April 26, 2023, pp. 54-55 and pp.121-122.
[12] *Id.*, Resolutions dated February 3, 2023, pp. 54-55.
[13] *Id.* at pp. 57-85.
[14] Docket, CTA AC No. 281, Compliance (Resolution dated 03 February 2023), pp. 99-118. am

Thus, with the submission of respondent's comment and petitioners' compliance with the order of the Court, the case was submitted for decision on May 9, 2023.[15]

ISSUE

Whether or not respondent NFA is liable for RPT under Republic Act (RA) No. 7160, otherwise known as the "Local Government Code of 1991."

Petitioners' Arguments[16]

Petitioners argue that the lower court erred in ruling that respondent NFA is an instrumentality of the government and that its real properties are exempt from payment of RPT.

Respondent's Counter-arguments[17]

Respondent NFA argues that the lower court was correct in ruling that it is a government instrumentality and not a GOCC, hence, is exempt from payment of RPT.

RULING OF THE COURT

The Court has jurisdiction over the instant Petition for Review which was timely filed.

The Court of Tax Appeals (CTA) is a court of special jurisdiction and can only take cognizance of such matters as are clearly within its jurisdiction.[18] The jurisdiction of the CTA regarding local tax and RPT cases is provided under Sections 7(a)(3) & (5) of RA No. 1125, as amended by RA Nos. 9282 and 9503, which provides:

> "SEC. 7. *Jurisdiction.* – The CTA shall exercise:
>
> (a) Exclusive appellate jurisdiction to review by appeal, as herein provided:

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[15] *Id.*, Resolution dated May 9, 2023, pp. 124-125.
[16] *Supra.*, Note 1, at pp. 9-15.
[17] *Supra.*, Note 13, at pp. 58-83.
[18] *Commissioner of Internal Revenue vs. Silicon Philippines, Inc. (formerly Intel Philippines Manufacturing, Inc.)*, G.R. No. 169778, March 12, 2014.

xxx xxx xxx

(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;"

xxx xxx xxx

(5) Decisions of the Central Board of Assessment Appeals in the exercise of its appellate jurisdiction **over cases involving the assessment and taxation of real property** originally decided by the provincial or city board of assessment appeals; ..."

Similarly, Section 3(a)(3) of Rule 4 of RRCTA states:

"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:

xxx xxx xxx

(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;"

On the other hand, Section 11 of RA No. 1125, as amended, provides:

"SEC. 11. *Who May Appeal; Mode of Appeal; Effect of Appeal.* – **Any person adversely affected by a** decision, **ruling** or inaction of the Commissioner of Internal Revenue...**may file an appeal with the CTA within thirty (30) days after the receipt of such** decision or **ruling** or after the expiration of the period fixed by law for action as referred to in Section 7(a)(2) herein.

xxx xxx xxx."

(Emphasis supplied)

In *National Power Corporation v. Municipal Government of Navotas, et al.*[19], the Supreme Court ruled that local tax cases consist of cases arising from local business tax (LBT) and RPT, to wit:

"Here, the context in which the word "local taxes" is employed does not clearly indicate that the limited or restricted view was intended by the legislature. In addition,

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[19] G.R. No. 192300, November 24, 2014.

> the specification of real property tax assessment under Paragraph (a)(5) of Section 7 of R.A. 9282, in relation to the decisions of the CBAA, is only proper given that the CBAA has no jurisdiction, either original or appellate, over cases involving local taxes other than real property taxes.
>
> Based on the foregoing, the general meaning of "local taxes" should be adopted in relation to Paragraph (a)(3) of Section 7 of R.A. 9282, which necessarily includes real property taxes."

In *CE Casecnan Water and Energy Company, Inc. v. The Province of Nueva Ecija, et al.* (*CE Casecnan* case),[20] the Supreme Court ruled that an injunction case filed before the RTC is a local tax case, to wit:

> "In maintaining that it is the CA that has jurisdiction over petitioner's *certiorari* petition, the latter argues that the injunction case it filed with the RTC is not a local tax case but an ordinary civil action. It insists that it is not protesting the assessment of RPT against it but only prays that respondents be enjoined from collecting the same.
>
> The Court finds, however, that in praying to restrain the collection of RPT, **petitioner also implicitly questions the propriety of the assessment of such RPT**. This is because in ruling as to whether to restrain the collection, the RTC must first necessarily rule on the propriety of the assessment. **In other words, in filing an action for injunction to restrain collection, petitioner was in effect also challenging the validity of the RPT assessment**. As aptly discussed by the CA:
>
>> xxx [T]he original action filed with the RTC is one for Injunction, with an application for Temporary Restraining Order and a Writ of Preliminary Injunction to enjoin the province of Nueva Ecija from further collecting the alleged real property tax liability assessed against it. Simply because the action is an application for injunctive relief does not necessarily mean that it may no longer be considered as a local tax case. The subject matter and the issues, not the name or designation of the remedy, should control. While an ancillary action for injunction may not be a main case, the court [still has] to determine, even in a preliminary matter, the applicable tax laws, rules and jurisprudence, x x x
>>
>> xxx xxx xxx
>
> No doubt, **the injunction case before the RTC is a local tax case**. And as earlier discussed, a *certiorari* petition

[20] G.R. No. 196278, June 17, 2015.

> questioning an interlocutory order issued in a local tax case falls under the jurisdiction of the CTA. Thus, the CA correctly dismissed the Petition for *Certiorari* before it for lack of jurisdiction." (*Emphasis supplied*)

In the instant case, the special civil action for Prohibition filed by respondent NFA before RTC-Branch 3, Nabunturan, Davao De Oro was premised against the staunch position of petitioners that respondent NFA's real properties are subject to RPT assessment and not tax exempt. Hence, applying the *CE Casecnan* case, this Court has jurisdiction on the instant case.

Based on the records of the case of RTC-Branch 3, Nabunturan, Davao De Oro, the copy of the Assailed Resolution was sent to petitioners via electronic mail[21] on November 2, 2022 which was admittedly received by petitioners on November 4, 2022.[22] Hence, petitioners had thirty (30) days from November 4, 2022 or until December 4, 2022 to file their petition for review. Thus, the filing of the instant petition on December 1, 2022 was on time.

Respondent NFA is a Government Instrumentality and not a GOCC, hence, not liable for RPT.

The bone of contention in the instant case is whether respondent NFA is subject to RPT. Respondent NFA posits that it is not subject to RPT because being a government instrumentality, hence, exempt from payment of said tax.

In *National Food Authority, represented by Atty. Ma. Theresa S. Villafuerte, CPA, in her capacity as Department Manager of NFA Legal Affairs Department vs. City Government of Tagum and City Assessor of Tagum, Province of Davao del Norte,*[23] the Supreme Court was categorical in saying that NFA being a government instrumentality with corporate powers, is exempt from the payment of docket and other legal fees and costs, *viz.*:

> "Please take notice that the Court, Second Division, issued a Resolution dated **July 4, 2022** which reads as follows:

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[21] RTC Docket, SP Civil Case No. 118-2015, Book II, Resolution dated October 26, 2022, p. 468.
[22] Docket, CTA AC No. 281, Timeliness of the Petition and Statement of Material Dates, Petition for Review, p. 7.
[23] Resolution, G.R. No. 261472, July 4, 2022.

> '**G.R. No. 261472 [Formerly UDK-17224] (*National Food Authority, represented by Atty. Ma. Theresa S. Villafuerte, CPA, in her capacity as Department Manager of NFA Legal Affairs Department vs. City Government of Tagum and City Assessor of Tagum, Province of Davao del Norte*)**. - The Court resolves to **GRANT** counsel for petitioner's motion for exemption from payment of docket and other legal fees and costs dated December 16, 2021, praying that petitioner be exempt from payment of docket and other legal fees **<u>since it is a government instrumentality with corporate powers</u>**, and to **RE-DOCKET** this case as a regular case.
>
> xxx xxx xxx'" *(Emphasis supplied)*

Requisites of a government instrumentality

In *Manila International Airport Authority vs. Court of Appeals, et al.*[24] *("MIAA")*, the Supreme Court has long settled the issue of what makes a government entity a government instrumentality, *viz*:

> "MIAA is a **government instrumentality vested with corporate powers to perform efficiently its governmental functions. MIAA is like any other government instrumentality, the only difference is that MIAA is vested with corporate powers**. xxx
>
> xxx xxx xxx
>
> **Many government instrumentalities are vested with corporate powers but they do not become stock or non-stock corporations, which is a necessary condition before an agency or instrumentality is deemed a government-owned or controlled corporation.** Examples are the Mactan International Airport Authority, the Philippine Ports Authority, the University of the Philippines and *Bangko Sentral ng Pilipinas*. xxx These government instrumentalities are sometimes loosely called **government corporate entities**. However, they are not government-owned or controlled corporations in the strict sense as understood under the Administrative Code, which is the governing law defining the legal relationship and status of government entities.
>
> A government instrumentality like MIAA falls under Section 133(o) of the Local Government Code, which states:
>
> SEC. 133. *Common Limitations on the Taxing Powers*

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[24] G.R. No. 155650, July 20, 2006; See also *Philippine Fisheries Development Authority vs. Court of Appeals, et al., G.R. No. 169836, July 31, 2007*; *Mactan-Cebu International Airport Authority (MCIAA) vs. City of Lapu-Lapu, et al.*, G.R. No. 181756, June 15, 2015; *Metropolitan Waterworks Sewerage System vs. The Local Government of Quezon City, et al.*, G.R. No. 194388, November 7, 2018.

> *of Local Government Units.* - **Unless otherwise provided herein, the exercise of the taxing powers of provinces, cities, municipalities, and barangays shall not extend to the levy of the following:**
>
> x x x x
>
> (o) **Taxes, fees or charges of any kind on the National Government, its agencies and instrumentalities** and local government units.
>
> Section 133(o) recognizes the basic principle that local governments cannot tax the national government, which historically merely delegated to local governments the power to tax. xxx
>
> xxx xxx xxx
>
> Third, the government-owned or controlled corporations created through special charters are those that meet the two conditions prescribed in Section 16, Article XII of the Constitution. The first condition is that the government-owned or controlled corporation must be established for the common good. **The second condition is that the government-owned or controlled corporation must meet the test of economic viability**. Section 16, Article XII of the 1987 Constitution provides:
>
> > SEC. 16. The Congress shall not, except by general law, provide for the formation, organization, or regulation of private corporations. **Government-owned or controlled corporations may be created or established by special charters in the interest of the common good and subject to the test of economic viability**.
>
> The Constitution expressly authorizes the legislature to create "government-owned or controlled corporations" through special charters **only if** these entities are required to meet the twin conditions of common good and economic viability. **In other words, Congress has no power to create government-owned or controlled corporations with special charters unless they are made to comply with the two conditions of common good and economic viability**. xxx" *(Boldfacing supplied; citations omitted)*

Under RA No. 10149,[25] the definition of a government instrumentality and GOCC remained the same except that the term 'government corporate entities' mentioned in *MIAA* was adopted, recognizing the existence of government instrumentalities exercising corporate powers, to wit:

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[25] GOCC Governance Act of 2011.

> "Section 3. Definition of Terms. – xxx
>
> xxx xxx xxx
>
> (n) **Government Instrumentalities with Corporate Powers (GICP)/Government Corporate Entities (GCE)** refer to instrumentalities or agencies of the government, which are **neither corporations nor agencies integrated within the departmental framework, but vested by law with special functions or jurisdiction, endowed with some if not all corporate powers, administering special funds, and enjoying operational autonomy usually through a charter** xxx. *(Boldfacing and underscoring supplied)*

Thus, pursuant to *MIAA* and Section 3(n) of RA No. 10149, to be classified as a government instrumentality, the government entity must: not be a stock or non-stock corporation; not integrated within the department framework; be vested with special functions or jurisdiction by law; be endowed with some if not all corporate powers; administer special funds; enjoy operational autonomy, usually through a charter; and perform "essential public services for the common good, services that every modern State must provide its citizens".

Meanwhile, a stock corporation is a corporation which has a capital stock divided into shares and is authorized to distribute to the holders of such shares, dividends, or allotments of the surplus profits on the basis of the shares held.[26] A non-stock corporation is "one where no part of its income is distributable as dividends to its members, trustees, or officers"[27] and "formed or organized for charitable, religious, educational, professional, cultural, fraternal, literary, scientific, social, civic service, or similar purposes, like trade, industry, agricultural and like chambers, or any combination thereof."[28]

On the other hand, to be considered a GOCC, the government entity must be a stock or non-stock corporation and must pass the twin tests of common good and economic viability.

Respondent NFA is an instrumentality of the government

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[26] Section 3, Batas Pambansa (BP) Blg. 68 (now Section 3, Revised Corporation Code of the Philippines [RCCP]).
[27] Section 87, BP Blg. 68 (now Section 86, RCCP).
[28] Section 88, BP Blg. 68 (now Section 87, RCCP).

Scrutiny of PD No. 4, as amended by PD No. 1485 and PD No. 1770 and RA No. 11203, *vis-à-vis* the pronouncements in *MIAA*, leads to a conclusion that respondent (just like MIAA) is an instrumentality of the government performing as it does "essential public services for the common good, services that every modern State must provide its citizens".

First, respondent is neither a stock nor non-stock corporation. While Section 9 of PD No. 4, as amended by PD No. 1770,[29] provides that petitioner shall have an authorized capital stock of ₱5,000,000,000.00 divided into 50,000,000 shares of par value of ₱100.00 each, there is nothing in its charter and its subsequent amendments that authorizes petitioner to declare and distribute dividends or surplus profits to its shareholders.

Respondent cannot be considered a non-stock corporation either because it does not have members and it was not organized for any of the purposes mentioned in Section 88 of the Corporation Code.[30]

Second, respondent was originally attached to the Office of the President (OP).[31] It was realigned to the Department of Agriculture (DA) pursuant to Executive Order (EO) No. 116 dated January 30, 1987. On May 5, 2014, pursuant to EO No. 165, respondent was transferred to the OP. On June 30, 2016, respondent was reassigned to the Office of the Cabinet Secretary in accordance with EO No. 1. In 2018, respondent was transferred back to the DA by virtue of EO No. 62 dated September 17, 2018.

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[29] Section 9. *Capitalization.* The Authority shall have an authorized capital stock of five billion pesos, divided into fifty million shares of par value of one hundred pesos each. These shares shall be wholly subscribed and paid by the national government, local government units, or other government owned or controlled corporations.

The accumulated capital stock and surpluses of the National Grains Authority shall be evaluated and shall be the initial paid in capital of the Authority. The national government shall make additional equity investments into the Authority out of funds appropriated in the General Appropriations Act and other appropriations laws as may be approved by the President in accordance with the fund requirements of the Authority and funds availability in the Treasury.

[30] Now Section 87, RCCP; Refer to Section 5, PD No. 1485; Section 2, PD No. 1770; and, Section 8, RA No. 11203.

[31] Section 3, PD No. 1770.

Third, respondent is vested with special functions[32] as it administers special funds,[33] while enjoying operational autonomy[34] under its charter.

Finally, while there is no doubt that the reason for the creation of respondent is for the common good, still, economic viability is not at all considered in its creation thereby precluding it from becoming a GOCC.

Sec. 5(b) of PD No. 4, as amended by PD No. 1485, created and organized respondent to undertake and assume primary responsibility for all government activities relating to the processing, storage, transport and marketing of grains.

Section 8 of RA No. 11203 provides that respondent shall maintain sufficient rice buffer stock to be sourced solely from local farmers <u>to be used for emergency situations and to sustain the disaster relief programs of the government during natural or man-made calamities</u>.[35]

Viewed in the light of respondent's powers and responsibilities, it performs essential public service. Respondent is vested generally with governmental or public functions including, among others, the power to issue seizure orders, deputize government agencies, promulgate rules and regulations, and register, license and supervise such persons, activities and matters defined as falling within its jurisdiction.[36]

Interestingly, the law does not require respondent to be economically viable which would have classified it into a GOCC. Section 9 of PD No. 1770 provides that the national government shall make additional equity investments into it out of the funds appropriated in the General Appropriations Act and other appropriations laws as may be approved by the President in accordance with the fund requirements of respondent and funds availability in the Treasury. Sec. 5(b)(i) of PD No. 4, as amended by PD No. 1485, further provides that respondent may, upon authorization by the Office of the President, incur subsidies to be borne by the National Government in the implementation of the floor and ceiling prices for rice and corn

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[32] Section 5(b), PD No. 4, as amended, Section 7, PD No. 1770; Section 8, RA No. 11203.
[33] Section 11, PD No. 4; Section 10, PD No. 1770.
[34] Section 6, PD No. 1770.
[35] Section 3(a), RA No. 8178, as amended by RA No. 11203.
[36] Section 6, PD No. 1485.

and other grains and their substitutes and/or their by-products/end-products.

Respondent is exempt from RPT under Section 6 of PD No. 4, as amended

Section 6, PD No. 4, as amended by PD No. 1485, exempts respondent from payment of all taxes. Section 6 thereof reads:

> "Sec. 6. Administration — Powers, Organization, Management and Exemptions. — The Powers, organization, management and exemptions of the Authority shall be as follows:
>
> xxx xxx xxx
>
> (d) Exemptions. — In furtherance to the effective implementation of the policy enunciated in this decree, the Authority is hereby declared exempt:
>
> i. From payment of **all taxes**, duties, fees, imposts, charges, costs and restrictions to the Republic of the Philippines, its provinces, cities, municipalities, including the taxes, duties, fees, imposts and other charges provided for under the Tariff and Customs Code of the Philippines, R.A. No. 1937, as amended by Presidential Decree No. 34, dated October 27, 1972, and Presidential Decree No. 69, dated November 24, 1972, and all filing, docket, and service fees, bonds and other charges or costs in any court or administrative proceedings in which the Authority may be a party.
>
> ii. From all income taxes, franchise taxes and realty taxes to be paid to the National Government, its provinces, cities, municipalities and other government agencies and instrumentalities; and
>
> iii. From all duties, arrastre fees in so far as the government's share is concerned, including all charges and fees imposed under Presidential Decree No. 857 compensating taxes and advance sales taxes, wharfage fees and tonnage dues on import/export of goods required for its operations and projects.
>
> All documents or contracts executed by or in favor of the Authority shall also be exempt from the payment of documentary and science stamp taxes and registration fees: Provided, however, that this exemption shall not apply to taxes and assessments payable by persons or entities transacting business with the Authority.
>
> The Authority shall likewise be exempt from the coverage of Presidential Decree No. 711." *(Boldfacing supplied)*

Considering the pronouncement of the Supreme Court in G.R. No. 261472 and the clear and categorical provisions of Sections 133 (o) and 234 of the LGC, the act of petitioners in demanding payment of RPT from petitioner is *ultra vires*. Petitioners were bereft of any power or authority to assess and collect RPT from respondent, more so, there being nothing on record to show that beneficial use of the subject property has been granted to a taxable person. Consequently, petitioners' Notice of Delinquency issued against respondent is void *ab initio* and collection of the amount therein thereof may not be justified.

WHEREFORE, premises considered, the *Petition for Review* is hereby **DENIED**. Accordingly, the *Decision* dated November 5, 2021 and the *Resolution* dated October 26, 2022 rendered by the RTC-Branch 3, Nabunturan, Davao De Oro under SP Civil Case No. 118 entitled "*National Food Authority, Represented by its Legal Affairs Department Director, Edna T. Loveria vs. Municipality of Nabunturan and its Municipal Treasurer and Municipal Assessor*" are **AFFIRMED**. The Notice of Delinquency dated May 12, 2015 issued against respondent National Food Authority by petitioners Municipality of Nabunturan, Davao De Oro and its Municipal Treasurer and Municipal Assessor is hereby **NULLIFIED** and **DECLARED** void *ab initio*.

SO ORDERED.

CATHERINE T. MANAHAN
Associate Justice

WE CONCUR:

ROMAN G. DEL ROSARIO
Presiding Justice

MARIAN IVY F. REYES-FAJARDO
Associate Justice

CERTIFICATION

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

ROMAN G. DEL ROSARIO
Presiding Justice

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