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THE CATHOLIC VICAR APOSTOLIC
OF MT. PROVINCE represented
by MSGR. WILLIAM BRASSEUR,
Petitioner,

-versus- C.T.A. CASE No. 589

THE COLLECTOR OF INTERNAL
REVENUE,
Respondent.

x- - - - - - - - - - - - - - -x

August 3, 1963

REV. PEDRO RULLODA,
Petitioner,

-versus- C.T.A. CASE No. 590

THE COLLECTOR OF INTERNAL
REVENUE,
Respondent.

x- - - - - - - - - - - - - - -x

D E C I S I O N

The petitioners Catholic Vicar Apostolic of Mt. Province and Rev. Pedro Rulloda have appealed from the assessments of the respondent imposing upon the former the sum of ₱949.05, as donee's tax, and upon the latter the sum of ₱44.91, as donor's tax, for the transfer of two parcels of land.

The two cases now on appeal being closely interrelated as they involve the same facts and issues, were jointly heard and submitted for decision by agreement of the parties.

The facts, as stipulated by the parties, and the supporting documentary evidence are not controverted.

It appears thereon that in view of the pendency of an appeal before the Supreme Court (Roman Catholic Apostolic Administrator of Davao, Inc. vs. Land Registration Commissioner, et al., G.R. No. L-8451, December 20, 1957) involving the issue of whether or not the Roman Catholic Apostolic Administrator of Davao, Inc., a corporation sole, is qualified to acquire private agricultural lands in the Philippines pursuant to the provisions of Article XIII of the Constitution (Exh. A-1, pp. 94 & 99, CTA rec.), Rev. Pedro Rùlloda, a member of the Catholic Vicar Apostolic of Mt. Province and a Filipino citizen, purchased in his own name from the spouses Sumay and Alumno, two (2) parcels of land located in barrio Lucban (now Aurora Hill), Baguio City, on January 16, 1956 and June 4, 1957, for and in consideration of the total sum of ₱10,492.80 which was paid partly upon the execution of the deeds of sale and the balance upon the approval of the survey of the lots (Exhs. B-1 and C-1, pp. 138 and 144, CTA rec.). The properties were purchased for the construction of a parish church or chapel. The money used in the purchase came from the Catholic Vicar Apostolic of Mt. Province represented by Msgr. William Brasseur

(Exh. A-1, p. 11, CTA rec.). The delivery to Rev. Pedro Rulloda of the sum of ₱10,492.80 by the Catholic Vicariate of Mt. Province was duly entered in the book of the Vicariate (See Exhs. "D," "E," "F," & "G," pp. 149-152, CTA record; pp. 104 and 105, Deposition Exh. A-1).

However, after the Davao case was finally decided by the Supreme Court in favor of the Roman Catholic Apostolic Administrator of Davao, Inc., and in order to put things in proper order, Rev. Pedro Rulloda, upon direction of Msgr. William Brasseur (Exh. A-1, pp. 95 & 99, CTA rec.), executed the two (2) deeds of sale in question (Exhs. B-2 & C-3, pp. 141 & 147, CTA rec.), conveying to petitioner Catholic Vicar Apostolic of Mt. Province the two (2) parcels of land "for and in consideration of the sum of one (1) peso and other valuable considerations to me in hand paid and given by the Catholic Vicar Apostolic of Mountain Province x x ."

On the assumption that the transfer of the properties in question by Rev. Rulloda to the Catholic Vicar Apostolic of Mt. Province is a donation, respondent assessed the Catholic Vicar Apostolic of Mt. Province the sum of ₱949.05, as donee's tax, and Rev. Rulloda, the sum of ₱44.91, as donor's tax, presuant to the provision of Section 111 of the Tax Code.

The only issue to be resolved in the instant appeals is whether or not the transfer of the properties in question by Rev. Rulloda to the Catholic Vicar Apostolic of Mt. Province is a donation.

Upon the fact that the parcels of land in question were acquired by Rev. Pedro Rulloda for ₱10,892.80 and later conveyed by him to petitioner Catholic Vicar Apostolic of Mt. Province, Inc. for ₱1.00, respondent concluded that said conveyance is a donation within the concept of the provision of Section 111 of the Tax Code.

We believe and so hold that the respondent was in error in making such a conclusion.

It is not disputed by respondent that the money with which the properties in question were purchased from the spouses Sumay and Alumno came from petitioner Catholic Vicar Apostolic of Mt. Province, Inc. Undoubtedly, the relation existing between Rev. Rulloda and the Catholic Vicar Apostolic of Mt. Province, Inc. after the acquisition by the former of the properties was one of implied trust arising by implication of law. For, according to Article 1448 of the New Civil Code, and we quote:

"ART. 1448. There is an implied trust when property is sold, and the legal estate is granted to one party but the price is paid by another for the purpose of having the beneficial interest of the property. The former is the trustee, while the latter is the beneficiary x x ."

(See also Camacho v. Mun. of Baliuag 28 Phil. 466)

Being a mere trustee of the property, Rev. Rulloda could legally be ordered, as in fact he was, by the Catholic Vicar Apostolic to convey to it the said entrusted properties. The conveyance, therefore, is not a donation subject to gift tax.

WHEREFORE, the assessments appealed from are hereby set aside, without any special pronouncement as to costs.

SO ORDERED.

Manila, August 3, 1963.

AUGUSTO M. LUCIANO
Associate Judge

I CONCUR:

ROMAN M. UMALI
Associate Judge