

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

BANGKO SENTRAL NG
PILIPINAS,

Petitioner,

- versus -

COMMISSIONER OF INTERNAL
REVENUE,

Respondent.

CTA EB NO. 2732
(CTA Case No. 10097)

Present:

DEL ROSARIO, P.J.,
RINGPIS-LIBAN,
MANAHAN,
BACORRO-VILLENA,
MODESTO-SAN PEDRO,
REYES-FAJARDO,
CUI-DAVID,
FERRER-FLORES, and
ANGELES, JJ.

Promulgated:

JUL 19 2024

3:40pm

X-----X

DECISION

RINGPIS-LIBAN, *L.*:

The Case

Before the Court is a Petition for Review seeking to reverse and set aside the Decision dated September 22, 2022¹ and Resolution dated January 30, 2023² of the Court of Tax Appeals First Division (“First Division”), dismissing the Petition for Review for lack of jurisdiction.

¹ Penned by Associate Justice Marian Ivy F. Reyes-Fajardo and concurred by Associate Justice Catherine T. Manahan, with Dissenting Opinion of Presiding Justice Roman G. Del Rosario; Docket, pp. 1551-1564.

² *Id.*, pp. 1606-1608.

The Parties

Petitioner is a government instrumentality existing by virtue of Republic Act (“R.A.”) No. 7653 (The New Central Bank Act),³ with principal office at A. Mabini corner P. Ocampo Streets, Malate, Manila. It is registered as a taxpayer with Taxpayer Identification No. 000-354-790.

Respondent is the Commissioner of Internal Revenue (“CIR”) and may be served at Room 703, Litigation Division, Bureau of Internal Revenue (“BIR”), National Office, BIR Road, Diliman, Quezon City.

The Facts

The facts as found by the First Division are as follows:

“In the Resolution No. 779, petitioner’s Monetary Board (MB) banned Community Rural Bank of Dalaguete (Cebu), Inc. (CRBD) from doing business in the Philippines. CRBD’s assets and affairs were also placed under receivership.

In the Resolution No. 345, petitioner’s MB ordered the liquidation of CRBD in accordance with the master liquidation plan for banks, with PDIC as CRBD’s receiver/liquidator.

In the proceedings for Petition for Assistance in the Liquidation of CRBD before Branch 11, Regional Trial Court of Cebu City (RTC-Cebu), PDIC filed a Motion for Approval of Final Project Distribution of the Assets of CRBD, and for Termination of Liquidation Proceedings (Motion) dated May 25, 2005.

By Order dated February 2, 2006, the RTC-Cebu granted PDIC’s Motion. In accordance with PDIC’s Motion, three (3) Deeds of Assignment all dated October 24, 2011 were executed by and between PDIC and petitioner, whereby the former assigned to the latter three (3) real properties in Argao, Cebu, the details of which are as follows:

| | Location | Tax Declaration (TD) No. | OCT/TCT No. |
|--------------------------|-----------------------|--------------------------|---------------|
| Deed of Assignment dated | Balisong, Argao, Cebu | 04580 | OCT No. 18346 |

³ The New Central Bank Act, as amended by Republic Act No. 11211.

| | | | |
|---|-----------------------|-------|----------------|
| October 24, 2011 | | | |
| Deed of Assignment dated October 24, 2011 | Balisong, Argao, Cebu | 04581 | TCT No. P-1409 |
| Deed of Assignment dated October 24, 2011 | Tulic, Argao, Cebu | 28255 | - |

The Bureau of Internal Revenue (BIR) issued three (3) One Time Transaction (ONETT) Sheets, computing the DST, surcharge and interest for the above transactions in the total amount of [Php]68,758.95, which was allegedly paid under protest by petitioner, summarized below:

| ONETT Computation Sheet for: | Disbursement Voucher No. | Credit Advice Ticket No. | Amount of DST and penalties |
|------------------------------|--------------------------|--------------------------|-----------------------------|
| OCT No. 18346 | AMD-17-PSD-272 | 13081 | [Php]21,357.20 |
| TCT NO P-1409 | AMD-17-PSD-268 | 13080 | 25,042.25 |
| TD No. 28255 | AMD-17-PSD-271 | 13076 | 22,359.50 |
| | | | [Php]68,758.95 |

On November 29, 2017, petitioner filed three (3) separate administrative claims for refund of the DST, surcharge, and interest it allegedly paid on the three (3) real properties covered by OCT No. 18346, TCT No. P-1409, and TD No. 28255 in the total amount of [Php]68,758.95.”⁴

The Proceedings in the First Division

On June 27, 2019, Petitioner filed a “Petition for Review” with the court *a quo*.⁵

On September 22, 2022, the First Division promulgated the Assailed Decision, the dispositive portion of which reads:

“**WHEREFORE**, the Petition for Review dated June 26, 2019, filed by the Bangko Sentral ng Pilipinas, is **DISMISSED**, for lack of jurisdiction.

⁴ Docket, Decision dated September 22, 2022, The Facts, pp. 1550-1553.

⁵ *Id.*, pp. 10-25.

SO ORDERED.⁶

Aggrieved, Petitioner filed a “Motion for Reconsideration (of the Decision dated 22 September 2022)”⁷ on October 11, 2022, with Respondent’s “Comment (on Petitioner’s Motion for Reconsideration filed on 11 October 2022)”⁸, which the First Division denied in the Assailed Resolution, to wit:

“**WHEREFORE**, petitioner’s “Motion for Reconsideration (of the Decision dated 22 September 2022), filed on October 11, 2022 is **DENIED** for lack of merit. The Decision dated September 22, 2022, is **AFFIRMED**.”

SO ORDERED.⁹

The Proceedings in the Court of Tax Appeals En Banc

On February 17, 2023, Petitioner filed the present “Petition for Review”¹⁰.

On April 13, 2023, a Resolution¹¹ was issued directing Respondent to comment on the “Petition for Review” within ten (10) days from notice.

On April 28, 2023, Respondent filed his “Comment (on Petition for Review filed on 17 February 2023)”¹².

The Court then issued a Resolution¹³ on June 21, 2023 giving due course to the “Petition for Review” and submitting the instant case for decision.

Assignment of Errors

Petitioner raises the following grounds for its petition:

- A. Whether the Court of Tax Appeals (“CTA”) has jurisdiction over the Bangko Sentral ng Pilipinas (“BSP”)’s claim for refund of documentary stamp tax (“DST”); and,

⁶ *Id.*, Decision dated September 22, 2022, p. 1564.

⁷ *Id.*, pp. 1569-1592.

⁸ *Id.*, pp. 1595-1601.

⁹ *Id.*, Resolution dated January 30, 2023, p. 1608.

¹⁰ Rollo, pp. 1-32. Record shows that Petitioner received the January 30, 2023 Resolution on February 02, 2023; Docket, p. 160.

¹¹ *Id.*, pp. 323-325.

¹² *Id.*, pp. 326-332.

¹³ *Id.*, p. 334-335.

- B. Whether the BSP is entitled to a refund of the DST it paid for the transfer of the subject properties.¹⁴

The Arguments of Parties

Arguments of Petitioner

- A. *The CTA has jurisdiction over the BSP's claim for refund of DST.*

Contrary to the assailed Decision, petitioner argues that Presidential Decree (“P.D.”) No. 242¹⁵ is not applicable to BSP. It maintains that R.A. No. 1125, as amended by R.A. No. 9282, being a special and later law which specifically vests the CTA with exclusive jurisdiction over claims for tax refund, should prevail over P.D. No. 242 and the 1987 Administrative Code. It further asserts that, as the independent central monetary authority vested with fiscal and administrative autonomy, the BSP is not covered by PD No. 242, which applies between executive offices and agencies under the control and supervision of the President. Consequently, the Supreme Court’s ruling in *Power Sector and Assets Liabilities Management Corporation vs. Commissioner of Internal Revenue*,¹⁶ (“*PSALM v. CIR*”) does not apply to petitioner. Finally, it posits that the dismissal by the Court in Division of the *Petition for Review* dated June 26, 2019 effectively requiring the filing of an action anew with the Secretary of Justice (“SOJ”) runs counter to the principle of speedy disposition of cases.

- B. *BSP is entitled to a refund of the amount of DST.*

Petitioner contends that it can refund the amount of DST it paid under protest considering that, by express provision of Section 199 of the National Internal Revenue Code (“NIRC”) of 1997, as amended, the BSP is exempt from the payment of DST on all contracts, deeds, documents and transactions related to the conduct of its business. It asserts that BSP’s acquisition of the subject properties was pursuant to the exercise of its mandate under R.A. No. 7653, as amended; and therefore, exempt from the payment of DST under Section 199 of the NIRC of 1997, as amended.

Arguments of Respondent

Respondent agrees with petitioner that the CTA has jurisdiction over the instant case. He argues that the CTA has the exclusive appellate jurisdiction over the decisions and inactions of the CIR in cases involving disputed

¹⁴ See Rollo, Petition for Review, Issues, p. 7.

¹⁵ Prescribing the Procedure for Administrative Settlement or Adjudication of Disputes, Claims and Controversies between or among Government Offices, Agencies and Instrumentalities, including Government-Owned or Controlled Corporations, and for Other Purposes (July 9, 1973).

¹⁶ G.R. No. 198146, August 8, 2017.

assessments. However, he maintains that petitioner has not proven its entitlement to the refund prayed for. He insists that the burden of proof is on the taxpayer to establish its right to refund, and failure to sustain the burden is fatal to the claim for refund.

The Ruling of the Court

Timeliness of Petition

The Court in Division issued the Assailed Resolution, denying Petitioner's "Motion for Reconsideration [of the Decision dated 22 September 2022]" on January 30, 2023. Petitioner received said Resolution on February 02, 2023.¹⁷ Pursuant to Rule 4, Section 2(a)(1)¹⁸ in relation to Rule 8, Section 3(b)¹⁹ of the Revised Rules of the Court of Tax Appeals²⁰ (RRCTA), Petitioner had fifteen (15) days from the date of receipt of the resolution or until February 17, 2023 within which to file its petition for review.

On February 17, 2023, Petitioner timely filed the present "Petition for Review"²¹. Hence, the Court *En Banc* validly acquired jurisdiction over the case.

We now proceed to the issue whether or not the Court in Division erred in dismissing the case for lack of jurisdiction.

The Court in Division has jurisdiction to take cognizance of the petition

¹⁷ Docket, p. 160.

¹⁸ **Sec. 2.** *Cases within the jurisdiction of the Court en banc.* — The Court *en banc* shall exercise exclusive appellate jurisdiction to review by appeal the following:

(a) Decisions or resolutions on motions for reconsideration or new trial of the Court in Divisions in the exercise of its exclusive appellate jurisdiction over:

xxx

xxx

xxx

(1) Cases arising from administrative agencies – Bureau of Internal Revenue, Bureau of Customs, Department of Finance, Department of Trade and Industry, Department of Agriculture; x x x

¹⁹ **Sec. 3.** *Who may appeal; period to file petition.* — x x x

(b) A party adversely affected by a decision or resolution of a Division of the Court on a motion for reconsideration or new trial may appeal to the Court by filing before it a petition for review within fifteen days from receipt of a copy of the questioned decision or resolution. Upon proper motion and the payment of the full amount of the docket and other lawful fees and deposit for costs before the expiration of the reglementary period herein fixed, the Court may grant an additional period not exceeding fifteen days from the expiration of the original period within which to file the petition for review. (Rules of Court, Rule 42, sec. 1a)

²⁰ A.M. No. 05-11-07-CTA, November 22, 2005.

²¹ Rollo, pp. 6-22.

Jurisdiction is defined as the power and authority of the courts to hear, try and decide cases.²² It is conferred only by law and not by the consent or waiver upon a court which, otherwise, would have no jurisdiction over the subject matter of an action.²³

As a corollary, it bears emphasis that this Court, being a court of special jurisdiction, can take cognizance only of matters that are clearly within its jurisdiction.²⁴ In this connection, Section 7(a)(1) of R.A. No. 1125,²⁵ as amended by R.A. No. 9282,²⁶ provides as follows:

“SEC. 7. *Jurisdiction.* — The CTA shall exercise:

(a) Exclusive appellate jurisdiction to review by appeal, as herein provided:

(1) **Decisions of the Commissioner of Internal Revenue in cases involving** disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or **other laws administered by the Bureau of Internal Revenue;**

(2) Inaction by the Commissioner of Internal Revenue in cases involving disputed assessments, **refunds of internal revenue taxes,** fees or other charges, penalties in relations thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue, where the National Internal Revenue Code provides a specific period of action, in which case the inaction shall be deemed a denial; x

x x²⁷

²² *Douglas F. Anama v. Citibank, N.A. (formerly First National City Bank)*, G.R. No. 192048, December 13, 2017.

²³ *Commissioner of Internal Revenue v. Silicon Philippines, Inc. (formerly Intel Philippines Manufacturing, Inc.)*, G.R. No. 169778, March 12, 2014.

²⁴ *Commissioner of Internal Revenue vs. V.Y. Domingo Jewellers, Inc.*, G.R. No. 221780, March 25, 2019.

²⁵ An Act Creating The Court Of Tax Appeals, June 16, 1954.

²⁶ 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, March 30, 2004.

²⁷ *Emphasis supplied.*

Based on the foregoing provision, the appellate jurisdiction of this Court is not limited to cases which involve decisions of respondent on matters relating to assessments or refunds. The second part of the provision covers other cases that arise out of the NIRC or related laws administered by the BIR. The wording of the provision is clear and simple.²⁸ In other words, the decisions of Respondent which are appealable to this Court is not limited only to cases involving disputed assessments (which entails the filing of a protest to the Final Assessment Notice) or refund claims, but also includes “other matters” arising under the said laws.

In the case of *Commissioner of Internal Revenue v. Court of Tax Appeals (First Division), et al.*,²⁹ the Supreme Court held that: Section 7 of R.A. No. 1125, as amended, is explicit that, except for local taxes, appeals from the decisions of quasi-judicial agencies on tax-related problems must be brought exclusively to the CTA. In other words, within the judicial system, the law intends the CTA to have exclusive jurisdiction to resolve all tax problems.

P.D. No. 242 prescribes the procedures in settling administratively the disputes between or among government offices, agencies and instrumentalities, including government-owned or controlled corporations (“GOCC”). It is a general law that deals with administrative settlement or adjudication of disputes, claims and controversies between or among government offices, agencies and instrumentalities, including GOCCs. Its coverage is comprehensive, encompassing all disputes, claims and controversies. It has been incorporated in Executive Order No. 292, the Revised Administrative Code of the Philippines.

It was stated in P.D. No. 242 that only disputes and controversies solely between or among departments, bureaus, offices, agencies and instrumentalities of the National Government, including GOCC, shall be administratively settled or adjudicated by the SOJ, the Solicitor General, or the Government Corporate Counsel, depending on the issues and government agencies involved.

Petitioner was established as an independent central monetary authority that enjoys fiscal and administrative autonomy.

Section 20, Article XII of the 1987 Constitution states:

“Section 20. The Congress shall establish an **independent central monetary authority**, the members of whose governing

²⁸ *Philippine Journalists, Inc. v. Commissioner of Internal Revenue*, G.R. No. 162852, December 16, 2004; *Commissioner of Internal Revenue v. Hambrecht & Quist Philippines, Inc.*, G.R. No. 169225, November 17, 2010.

²⁹ *CIR v. Court of Tax Appeals (First Division) and Pilipinas Shell Petroleum Corp.*, G.R. No. 210501, March 15, 2021; *Bureau of Customs, et al. v. Pilipinas Shell Petroleum Corp.*, G.R. No. 211294, March 15, 2021, and *Pilipinas Shell Petroleum Corp. v. CTA (First Division), et al.*, G.R. No. 212490, March 15, 2021.

board must be natural-born Filipino citizens, of known probity, integrity, and patriotism, the majority of whom shall come from the private sector. They shall also be subject to such other qualifications and disabilities as may be prescribed by law. The authority shall provide policy direction in the areas of money, banking, and credit. It shall have supervision over the operations of banks and exercise such regulatory powers as may be provided by law over the operations of finance companies and other institutions performing similar functions.

Until the Congress otherwise provides, the Central Bank of the Philippines operating under existing laws, shall function as the central monetary authority.”³⁰

Sections 1 and 2 of R.A. No. 7653³¹, otherwise known as The New Central Bank Act, also provide:

“Section 1. Declaration of Policy. — The State shall maintain a **central monetary authority that shall function and operate as an independent and accountable body corporate** in the discharge of its mandated responsibilities concerning money, banking and credit. In line with this policy, and considering its unique functions and responsibilities, the central monetary authority established under this Act, **while being a government-owned corporation, shall enjoy fiscal and administrative autonomy.**

Section 2. Creation of the Bangko Sentral. — There is hereby established an **independent central monetary authority**, which shall be a body corporate known as the Bangko Sentral ng Pilipinas, hereafter referred to as the Bangko Sentral.

xxx

xxx

xxx”³²

In *PSALM v. CIR*, the Supreme Court emphasized that P.D. 242 only applies in the resolution of disputes regarding government offices or agencies under the Executive Branch, or those under the President’s control and supervision. The Supreme Court said:

“x x x, Under Presidential Decree No. 242 (PD 242), all disputes and claims solely between government agencies and offices, including government-owned or controlled corporations, shall be administratively

³⁰ *Emphasis supplied.*

³¹ June 14, 1993.

³² *Emphasis supplied.*

settled or adjudicated by the Secretary of Justice, the Solicitor General, or the Government Corporate Counsel, depending on the issues and government agencies involved.

xxx xxx xxx

The law is clear and covers ‘all disputes, claims and controversies solely between or among the departments, bureaus, offices, agencies and instrumentalities of the National Government, including constitutional offices or agencies arising from the interpretation and application of statutes, contracts or agreements.’ When the law says ‘all disputes, claims and controversies solely’ among government agencies, the law means all, without exception. Only those cases already pending in court at the time of the effectivity of PD 242 are not covered by the law.

The purpose of PD 242 is to provide for a speedy and efficient administrative settlement or adjudication of disputes between government offices or agencies under the Executive branch, as well as to filter cases to lessen the clogged dockets of the courts. x x x

PD 242 is only applicable to disputes, claims, and controversies solely between or among the departments, bureaus, offices, agencies and instrumentalities of the National Government, including government-owned or controlled corporations, and where no private party is involved. In other words, PD 242 will only apply when all the parties involved are purely government offices and government-owned or controlled corporations. x x x Since this case is a dispute solely between PSALM and NPC, both government-owned and controlled corporations, and the BIR, a National Government Office, PD 242 clearly applies and the Secretary of Justice has jurisdiction over this case.

xxx xxx xxx

It is only proper that intra-governmental disputes be settled administratively since the opposing government offices, agencies and instrumentalities are all under the President’s executive control and supervision.³³

In the instant case, although Respondent is under the President’s executive control and supervision, Petitioner is neither under the Executive Branch of the government nor under the President’s supervision and control. Therefore, the dispute between them which involves a claim for refund of documentary stamp tax, does not fall within the realm of P.D. No. 242.

³³ *Emphasis and underscoring supplied.*

Considering that under Section 7(a)(2) of R.A. No. 1125, as amended, the CTA is vested with exclusive appellate jurisdiction to review by appeal the inaction of respondent in cases involving refunds of internal revenue taxes, , the First Division has jurisdiction to take cognizance of the "Petition for Review" filed before it.

WHEREFORE, premises considered, the instant "Petition for Review" is **GRANTED**. The Decision dated September 22, 2022 and Resolution dated January 30, 2023 issued by the Court of Tax Appeals First Division are **REVERSED** and **SET ASIDE**.

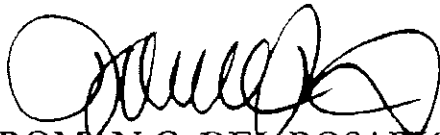
Accordingly, let this case be remanded to the Court in Division for the determination of the refundable amount with due and deliberate dispatch.

SO ORDERED.



MA. BELEN M. RINGPIS-LIBAN
Associate Justice

WE CONCUR:



ROMAN G. DEL ROSARIO
Presiding Justice



(I concur with J. Corazon G. Ferrer-Flores' Dissenting Opinion)

CATHERINE T. MANAHAN
Associate Justice



JEAN MARIE A. BACORRO-VILLENA
Associate Justice



MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

Marian Ivy F. Reyes-Fajardo
(I concur with J. Corazon G. Ferrer-Flores' Dissenting Opinion)
MARIAN IVY F. REYES-FAJARDO
Associate Justice


(On Official Leave)
LANEE S. CUI-DAVID
Associate Justice

Corazon G. Ferrer-Flores
(Please see Dissenting Opinion)
CORAZON G. FERRER-FLORES
Associate Justice

HR
HENRY S. ANGELES
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.


ROMAN G. DEL ROSARIO
Presiding Justice

**REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY**

EN BANC

**BANGKO SENTRAL NG
PILIPINAS.,**
Petitioner,

**CTA EB NO. 2732
(CTA Case No. 10097)**

Present:

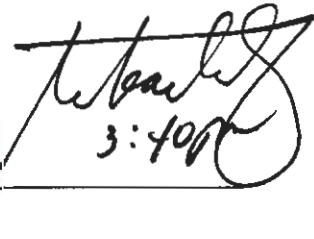
- versus -

**DEL ROSARIO, P.J.,
RINGPIS-LIBAN,
MANAHAN,
BACORRO-VILLENA,
MODESTO-SAN PEDRO,
REYES-FAJARDO,
CUI-DAVID,
FERRER-FLORES, *and*
ANGELES, JJ.**

**COMMISSIONER OF
INTERNAL REVENUE,**
Respondent.

Promulgated:

JUL 19 2024



A handwritten signature in black ink is written over a blue date stamp that reads 'JUL 19 2024'. The signature appears to be 'Ma. Belen Ringpis-Liban' and includes the time '3:40 PM' written below the date.

X-----X

DISSENTING OPINION

FERRER-FLORES, J.:

With due respect to our esteemed colleague, Honorable Associate Justice Ma. Belen Ringpis-Liban, I am constrained to withhold my assent on the *ponencia*.

In the Decision penned by Associate Justice Ringpis-Liban, it was held that the Court of Tax Appeals (CTA) in Division has jurisdiction to take cognizance over the Petition for Review. It was pointed out that under Republic Act (R.A.) No. 1125,¹ the law intends the CTA to have exclusive jurisdiction to resolve all tax problems; whereas Presidential Decree (P.D.) No. 242,² it states that only disputes and controversies solely between and

¹ An Act Creating the Court of Tax Appeals. Issued on June 16, 1954.

² Prescribing the Procedure for Administrative Settlement or Adjudication of Disputes, Claims and Controversies Between or Among Government Offices, Agencies and Instrumentalities, Including Government-Owned or Controlled Corporations, and for Other Purposes. Issued on July 9, 1973.

among departments, bureaus, offices, agencies and instrumentalities of the National Government, including government-owned or controlled corporations, shall be administratively settled or adjudicated by the Secretary of Justice, the Solicitor General, or the Government Corporate Counsel, depending on the issues and government agencies involved. It was also ruled that, although respondent is under the President's executive control and supervision, petitioner is neither under the Executive branch of the government nor under the President's supervision and control. Therefore, the dispute between them which involves a claim for refund of the documentary stamp tax, does not fall within the realm of P.D. No. 242; instead, but is within the exclusive appellate jurisdiction of the CTA under Section 7(a)(2) of R.A. No. 1125.

I respectfully disagree.

In the case of *The Department of Energy vs. Court of Tax Appeals*,³ the Supreme Court, citing *Power Sector Assets and Liabilities Management Corporation vs. Commissioner of Internal Revenue*⁴ (PSALM case), has categorically ruled to the contrary, to wit:

Special Laws prevail over General Laws

P.D. No. 242, as incorporated in the Revised Administrative Code in Chapter 14, Book IV, should prevail as against laws defining the general jurisdiction of the CTA, i.e., R.A. No. 1125, as amended, and the NIRC. This is consistent with the fundamental rule that special laws prevail over general laws. P.D. No. 242 deals specifically with the resolution of disputes, claims, and controversies where the parties involved are the various departments, bureaus, offices, agencies, and instrumentalities of the government. **P.D. No. 242 should be read as an exception to the general rule set in R.A. No. 1125 and the NIRC that the CTA has jurisdiction over tax disputes involving laws administered by the BIR.**

The Court has defined a general law as "a law which applies to *all of the people* of the state or to *all of a particular class of persons* in the state, with equal force and obligation." In *Valera v. Tuason, et al.*, it was also described as "one which embraces a class of subjects or places and does not omit any subject or place naturally belonging to such class." On the other hand, a special law is one which "applies to particular individuals in the state or to a particular section or portion of the state only" and which "relates to particular persons or things of a class." As the Court has consistently held, where there are two laws which appear to apply to the same subject and where one law is general and the other special, the law specially designed for the particular subject must prevail over the other. Stated more simply, the special law prevails over the general law. *Generalia specialibus non derogant.*

XXX XXX XXX 7

³ G.R. No. 260912, August 12, 2022.

⁴ G.R. No. 198146, August 8, 2017.

Here, the NIRC and R.A. No. 1125, and specifically their provisions on the jurisdiction of the CTA over tax disputes involving tax laws enforced by the BIR, should be read as general provisions governing the settlement of disputes involving tax claims. These provisions apply to the resolution of this general class of tax cases involving all persons, without exception. Stated more simply, they apply with equal force to *all persons* involved in disputes pertaining to *all tax claims* arising from *all tax laws* being implemented by the BIR.

In clear contrast, P.D. No. 242, as now embodied in the Revised Administrative Code, applies only to particular persons involved in a uniquely specific category of cases — disputes, claims, and controversies where all the parties are government entities. The Court's ruling in *City of Manila v. Teotico*, *Bagatsing v. Ramirez*, and other similar cases, dictate that an interpretation of P.D. No. 242 as a special law that functions as an exception to the general rule on the jurisdiction of courts, such as the CTA, to resolve disputes. Where the dispute involves government entities on opposing sides, P.D. No. 242, as embodied in the Revised Administrative Code, determines, in the first instance, the mode of dispute resolution.

In ruling that P.D. No. 242 is the special law (as opposed to R.A. No. 1125 and the NIRC), the Court also takes into consideration the rationale for the enactment of P.D. No. 242. The First and Second Whereas Clauses of P.D. No. 242 provide:

"WHEREAS, it is necessary in the public interest to provide for the administrative settlement or adjudication of disputes, claims and controversies between or among government offices, agencies and instrumentalities, including government-owned or controlled corporations, **to avoid litigation in court where government lawyers appear for such litigants to espouse and protect their respective interests although, in the ultimate analysis, there is but one real party in interest the Government itself in such litigations;**

WHEREAS, court cases involving the said government entities and instrumentalities have needlessly contributed to the clogged dockets of the courts, aside from dissipating or wasting the time and energies not only of the courts but also of the government lawyers and the considerable expenses incurred in the filing and prosecution of judicial actions"; (emphasis supplied)

In the performance of our Constitutional duty to interpret the laws, it is essential that the Court do so with due regard to legislative intent. Given the purpose animating the enactment of P.D. No. 242, the Court must read it as a special law intended to govern the resolution of disputes involving government agencies. It is only by reading P.D. No. 242 as an exception to the general rule governing the jurisdiction of the CTA over tax disputes that the Court will be able to respect and uphold the legislative intent to submit all inter-governmental disputes to the jurisdiction of the Executive in the pursuit of avoiding litigation in cases where the opposing parties ultimately represent the government as the sole real party-in-interest. A contrary reading of P.D. No. 242 would defeat the purpose for its enactment as an

4

entire class of cases (*i.e.*, tax cases under the jurisdiction of the CTA) would operate outside its ambit, thereby significantly limiting the Government's ability to resolve internal disputes and further clogging the CTA's dockets.

In *Philippine National Oil Company v. Court of Appeals (PNOC v. CA)*, the Court found that R.A. No. 1125 should be read as an exception to P.D. No. 242. However, it cannot be overemphasized that *PNOC v. CA* did not involve the actual application of the P.D. No. 242 as we ultimately ruled in that case that P.D. No. 242 does not govern the dispute considering that it involved a private party and was therefore not a case involving solely the government. Given this, our elucidations on R.A. No. 1125 and P.D. No. 242 in that case was obiter. As for *Commissioner of Internal Revenue v. Secretary of Justice and the Philippine Amusement and Gaming Corporation*, which relied on our obiter in *PNOC*, the case was decided prior to *PSALM*, and **it was only in *PSALM* that the Court made the definitive and binding pronouncement that P.D. No. 242 is a special law and must be read as a carve out from the general jurisdiction of the CTA over tax cases. *PSALM* operates as *stare decisis* in this case and must, therefore, govern our ruling.** (*Emphasis supplied*)

Based on the foregoing, with the promulgation of the *PSALM* case on August 8, 2017, P.D. No. 242 shall be read as the exception to the general jurisdiction of the CTA over tax cases. Considering that the original Petition for Review was filed by the BSP on July 5, 2019, after the promulgation of the *PSALM* case, **P.D. No. 242 should be considered as the prevailing law in determining whether the CTA has jurisdiction over the dispute.**

Nonetheless, in the *ponencia*, it was held that, even supposing P.D. No. 242 should prevail over R.A. No. 1125, as amended, the present dispute would still not be covered by P.D. No. 242 since the BSP is neither under the Executive Branch of the government nor under the President's supervision and control to fall within the realm of P.D. No. 242.

On this point, I respectfully beg to differ.

Section 1 of P.D. No. 242 provides:

SECTION 1. Provisions of law to the contrary notwithstanding, **all disputes, claims and controversies solely between or among the departments, bureaus, offices, agencies and instrumentalities of the National Government, including government-owned or controlled corporations but excluding constitutional offices or agencies, arising from the interpretation and application of statutes, contracts or agreements, shall henceforth be administratively settled or adjudicated as provided hereinafter:** Provided, That this shall not apply to cases already pending in court at the time of the effectivity of this decree.
(*Emphasis supplied*)

In order for P.D. No. 242 to apply, it is necessary to ascertain the legal status of the parties to the dispute to determine whether the same is within the coverage of said law.

There is no dispute that the Bureau of Internal Revenue (BIR) is among those enumerated in P.D. No. 242. The issue lies with the legal status of BSP as a government entity.

After evaluation of the facts, applicable laws, and jurisprudence, it is my position that the BSP is a **government instrumentality**.

Section 2(10) of the Introductory Provisions of Executive Order (E.O.) No. 292, otherwise known as the Administrative Code of 1987, defines a *government instrumentality* as follows:

SECTION 2. General Terms Defined. — Unless the specific words of the text, or the context as a whole, or a particular statute, shall require a different meaning:

xxx

(10) "**Instrumentality**" refers to **any agency of the National Government, not integrated within the department framework vested within special functions or jurisdiction by law, endowed with some if not all corporate powers, administering special funds, and enjoying operational autonomy, usually through a charter.** This term includes regulatory agencies, chartered institutions and government-owned or controlled corporations. (*Emphasis supplied*)

In relation thereto, Sections 1 and 5 of R.A. No. 7653 (The New Central Bank Act) provide as follows:

SECTION 1. *Declaration of Policy.* - The State shall maintain a central monetary authority that shall **function and operate as an independent and accountable body corporate** in the discharge of its mandated responsibilities concerning money, banking and credit. In line with this policy, and considering its unique functions and responsibilities, **the central monetary authority established under this Act, while being a government-owned corporation, shall enjoy fiscal and administrative autonomy.**

xxx

SECTION 5. *Corporate Powers.* — The Bangko Sentral is hereby authorized to adopt, alter, and use a corporate seal which shall be judicially noticed; to enter into contracts; to lease or own real and personal property, and to sell or otherwise dispose of the same; to sue and be sued; and otherwise to do and perform any and all things that may be necessary or proper to carry out the purposes of this Act.

The Bangko Sentral may acquire and hold such assets and incur such liabilities in connection with its operations authorized by the provisions of this Act, or as are essential to the proper conduct of such operations.

The Bangko Sentral may compromise, condone or release, in whole or in part, any claim of or settled liability to the Bangko Sentral, regardless of the amount involved, under such terms and conditions as may be prescribed by the Monetary Board to protect the interests of the Bangko Sentral. (*Emphasis supplied*)

Based on the foregoing, the BSP, granted with corporate powers, functions and operates as an independent and accountable body corporate. Moreover, while it is a government-owned corporation, the BSP enjoys fiscal and administrative autonomy. The BSP, thus, falls within the definition of an instrumentality under the Administrative Code of 1987.

In *Bangko Sentral ng Pilipinas vs. Commission on Audit (BSP case)*,⁵ the Supreme Court shed some light as to the legal status of the BSP and categorically ruled that the BSP is not a GOCC, applying the parameters set in the case of *Manila International Airport Authority (MIAA) vs. Court of Appeals*,⁶ promulgated on July 20, 2006, (**2006 MIAA case**), viz:

In the 2006 case of *Manila International Airport Authority v. Court of Appeals*, the Court had the occasion to interpret and apply the foregoing definition in the Administrative Code when it was confronted with the question of whether Manila International Airport Authority (MIAA) is a GOCC and is thus not exempt from real estate tax. In resolving the issue, the Court explained that a GOCC must be organized as a stock or non-stock corporation, as expressly stated in the definition. It further explained that under the Corporation Code, to be classified as a stock corporation, an entity must have capital stock divided into shares and must be authorized to distribute dividends and allotments of surplus and profits to its stockholders. On the other hand, to be classified as a non-stock corporation, it must have members and must not distribute any part of its income to said members. Since MIAA is not organized as a stock or non-stock corporation, the Court held that it is not a GOCC:

xxx

Applying the parameters in *Manila International Airport Authority v. Court of Appeals*, the Court has since disqualified many entities from being classified as GOCCs, including the Philippine Fisheries Development Authority, the Philippine Ports Authority, the Government Service Insurance System, the Philippine Reclamation Authority, the Manila Economic & Cultural Office, the Mactan-Cebu International Airport Authority, the Bases Conversion and Development Authority, the Executive Committee of the Metro Manila Film Festival, and the Light Rail Transit Authority.

⁵ G.R. No. 210314, October 12, 2021.

⁶ G.R. No. 155650, July 20, 2006.

After applying the same parameters, we find that the BSP does not qualify as a GOCC as defined under the Administrative Code and RA 7656.

First, the BSP is not organized as a stock corporation. The capitalization of the BSP is provided under Section 2 of RA 7653, as amended by RA 11211:

xxx

Thus, while the BSP has capital under Section 2 of the BSP Charter, it does not have capital stock or share capital. Further, its capital is not divided into shares of stocks. There are no stockholders or voting shares. Hence, the BSP cannot be classified as a stock corporation.

Second, the BSP is not a non-stock corporation. It does not have members. Even assuming that the government may be considered as the sole member of the BSP, this will not make the BSP a non-stock corporation because the BSP Charter mandates it to remit 50% of its net profits to the National Treasury, in conflict with the provision that non-stock corporations do not distribute any part of their income to their members.

xxx

In fine, following the definition of a GOCC under the law and in line with settled jurisprudence, the BSP does not qualify as a GOCC as defined under RA 7656. Incidentally, this was also the impression of the Court in *Manila International Airport Authority v. Court of Appeals*.

In the *BSP* case, the Supreme Court further expounded that the records of the Constitutional Commission and the legislative deliberations on R.A. No. 7653 reveal the intent to exclude the BSP from the general category of GOCCs, specifically, that the BSP “*is owned by the government, but not quite government-owned or -controlled corporation as defined now by various law[s]*”. Nonetheless, the above recent jurisprudence did not categorically rule on the legal status of the BSP but only held that it is not a GOCC.

Referring now to the 2006 *MIAA* case,⁷ it is noted that the Supreme Court, after concluding that MIAA is not a GOCC, proceeded to elucidate on the legal status of MIAA within the National Government, to wit:

Since MIAA is neither a stock nor a non-stock corporation, MIAA does not qualify as a government-owned or controlled corporation. What then is the legal status of MIAA within the National Government?

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. Section 2(10) of the Introductory Provisions of the Administrative Code defines a government “**instrumentality**” as follows:

⁷ See note 6.

SEC. 2. *General Terms Defined.* — x x x

(10) *Instrumentality* refers to any agency of the National Government, not integrated within the department framework, vested with special functions or jurisdiction by law, **endowed with some if not all corporate powers**, administering special funds, and enjoying operational autonomy, usually through a charter. x x x (Emphasis supplied)

When the law vests in a government instrumentality corporate powers, the instrumentality does not become a corporation. Unless the government instrumentality is organized as a stock or non-stock corporation, it remains a government instrumentality exercising not only governmental but also corporate powers. Thus, MIAA exercises the governmental powers of eminent domain, police authority and the levying of fees and charges. At the same time, MIAA exercises “all the powers of a corporation under the Corporation Law, insofar as these powers are not inconsistent with the provisions of this Executive Order.”

Likewise, **when the law makes a government instrumentality operationally autonomous, the instrumentality remains part of the National Government machinery although not integrated with the department framework.** The MIAA Charter expressly states that transforming MIAA into a ‘separate and autonomous body’ will make its operation more ‘financially viable.’

In the said case, the Supreme Court ruled that the MIAA is a government instrumentality vested with corporate powers to perform efficiently its governmental functions. However, even if it is operationally autonomous, it still remains part of the National Government machinery.

Similarly, the BSP is a government instrumentality which is granted with corporate powers⁸ and is enjoying fiscal and administrative autonomy.⁹ Nonetheless, even if it enjoys fiscal and administrative autonomy, the BSP, as an instrumentality, still remains part of the National Government machinery, as also aptly pointed out by the Honorable Supreme Court Justice Amy Lazaro-Javier in her Separate Concurring Opinion in the *BSP* case.

Thus, the BSP is a government instrumentality. In fact, in its petition, the BSP refers to itself as “*a governmental instrumentality existing by virtue of R.A. No. 7653*”.¹⁰


Considering all the foregoing, since the instant case involves the BSP, a government instrumentality forming part of the National Government, and the BIR, another government agency, it is respectfully submitted that the CTA has no jurisdiction over the instant case.

⁸ Section 5 of R.A. No. 7653.

⁹ Section 1 of R.A. No. 7653.

¹⁰ Par. 9, *Rollo*, p. 3.

All told, I VOTE to DISMISS the Petition for Review filed by the BSP for lack of merit.


CORAZON G. FERRER-FLORES
Associate Justice