

REPUBLIC OF THE PHILIPPINES  
COURT OF TAX APPEALS  
QUEZON CITY

EN BANC

**TAGUIG CITY GOVERNMENT, CTA EB NO. 2807**  
**HON. LINO EDGARDO S. (SCA Case No. 272)**

**CAYETANO, in his capacity as**  
**the (former) Mayor of the City of**  
**Taguig, and ATTY. J. VOLTAIRE**  
**L. ENRIQUEZ, in his capacity as**  
**Treasurer of City of Taguig,**

*Petitioners,*

Present:

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

*-versus-*

**KENSINGTON PLACE**  
**CONDOMINIUM CORPORATION,**  
*Respondent.*

Promulgated:

DEC 03 2024

X- - - - -

**D E C I S I O N**

*[Signature]*  
10:56 a.m.

**MANAHAN, J.:**

Before the Court *En Banc* is a *Petition for Partial Review* filed on November 6, 2023<sup>1</sup> by petitioners Taguig City Government, former Mayor Lino Edgardo S. Cayetano and Atty. J. Voltaire L. Enriquez (Taguig City), which seeks to reverse and set aside the Decision dated July 3, 2023<sup>2</sup> and the Order dated September 12, 2023<sup>3</sup> of the Regional Trial Court (RTC), Branch 153 of Taguig City.

For easy reference, the dispositive portion of the July 3, 2023 Decision reads:

**“WHEREFORE,** premises considered, the instant appeal filed by defendants-appellants is

<sup>1</sup> Court *En Banc* (EB) Docket, pp. 8-25.

<sup>2</sup> EB Docket, pp. 30-39.

<sup>3</sup> EB Docket, pp. 41-44. *[Signature]*

hereby **DENIED** for lack of merit. Accordingly, the Decision dated 28 November 2022 rendered by the Metropolitan Trial Court Branch 115, Taguig City, in Civil Case No. 22-4533 is **AFFIRMED in toto**.

SO ORDERED.”<sup>4</sup>

On the other hand, the dispositive portion of the September 12, 2023 Order reads:

“In light of the foregoing, and for the reasons already discussed in the Decision dated 03 July 2023 and since the arguments of the defendants-appellants has likewise been fully addressed by this Court in the assailed Decision, defendants-appellants’ Motion for Partial Reconsideration, is hereby **DENIED**.

SO ORDERED.”<sup>5</sup>

### **FACTS**

Culled from the records are the facts as found by the RTC:


“Plaintiff-Appellee Kensington Place Condominium Corporation [Kensington] is a domestic non-stock, non-profit corporation duly organized and existing under Philippine laws with principal office at 1<sup>st</sup> Avenue corner 29th Street, Crescent Parkwest, Global City, Taguig.

Upon the other hand, defendant-appellant City Government of Taguig, is a local government unit created by law, while defendant-appellant Hon. Lino Edgardo Cayetano, was the mayor of the City of Taguig during the dates material to this case, and defendant-appellant Atty. J. Voltaire L. Enriquez is the Acting City Treasurer of Taguig City.

As alleged in the Amended Complaint, for the years 2020, 2021 and 2022, plaintiff-appellee applied for the renewal of its permit to operate in the City of Taguig. As a condition precedent for the renewal thereof, defendants-

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<sup>4</sup> *Supra* Note 2, p. 39.

<sup>5</sup> *Supra* Note 3, p. 44. 

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appellants required plaintiff-appellee to pay Contractor's Fee/Tax, Environmental Impact Fee and other fees imposed by the City of Taguig.

For the year 2020, plaintiff-appellee paid the amount of Three Hundred Eighty-Three Thousand Seven Hundred Eighty-Eight Pesos and Thirty Four Centavos (Php 383,788.34) per Official Receipt No. A-4818942 dated January 17, 2020. For the year 2021, it paid the amount of Three Hundred Seventeen Thousand Six Hundred Eighty and Eighty Three Centavos (Php 317,680.83) per Receipt No. A-5096530 dated January 19, 2021. For the year 2022, it paid the amount of Four Hundred Fifty Five Thousand Sixty Six and Eighty Six Centavos (Php 455,066.00) per Official Receipt No. A-5395926 dated January 20, 2022.

On October 5, 2021 and March 4, 2022, plaintiff-appellee sent a letter, dated September 1, 2021 and February 14, 2022, respectively, to defendants-appellants, through the City Treasurer, requesting for refund of the amount [s]of Six Hundred Twelve Thousand Five Hundred Thirteen Pesos and Twenty Six Centavos (Php 612,513.26) corresponding to business tax and environmental impact fee imposed by defendants-appellants for the years 2020 and 2021, and the amount of Four Hundred Nine [Five Hundred Seventy Five] and Fifty-Five Centavos (Php409,575.55) for the year 2022.

In a Letter dated November 29, 2021, defendant-appellant denied plaintiff-appellee's request for refund by treating the same as a tax protest that was allegedly filed beyond the reglementary period.

Plaintiff-appellee alleges that the imposition of business tax which classified it as a 'contractor', has no legal basis under the Local Government Code, Taguig Revenue Code or Taguig City Ordinance.

Plaintiff-appellee argued that it was error for the City to consider their request for refund to have been filed beyond the allowable period considering that the remedy they sought falls within the ambit of Section 196 of the Local Government Code, and not of Section 195 thereof. *am*

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On the other hand, in their Answer, defendants-appellants interposed special and affirmative defenses. Defendants-appellants argued (a) that plaintiff-appellee has no cause of action against them; (b) that the claim for refund has already prescribed; and (c) that there is no law that grants plaintiff exemption from local business tax.

After both parties submitted their respective pleadings and position paper, the court a quo issued the assailed Decision dated 28 November 2022, pertinently disposing in this wise:

**'WHEREFORE,** premises considered, the instant Complaint for Refund is **PARTIALLY GRANTED.** Accordingly, defendant City of Taguig is **ORDERED** to **REFUND** or issue **TAX CREDIT** in favor of plaintiff-appellee **KENSINGTON PLACE CONDOMINIUM CORPORATION,** the total amount of Php 413,193.91 representing erroneously paid local business tax (contractor's fee/tax) for calendar year 2020, 2021 and 2022.


The claim for refund for Environmental Impact Fee and other fees imposed by the City Government of Taguig is **DENIED.**

SO ORDERED.'

Upon proper receipt of the questioned Decision, plaintiff-appellant filed a Notice of Appeal on 20 January, 2023, seeking for the reversal of the decision of the court a quo.

In the Order dated 15 February 2023, defendants-appellants were directed by this Court to submit their Memorandum within 15 days from notice. The same period was given to plaintiff-appellee to file their Memorandum from receipt of appellant's memorandum.

In accordance therewith, defendants-appellants filed [their] Memorandum on 15 March 2023.

On March 24, 2023, plaintiff-appellee filed its Counter-Memorandum. Thus, in the court's order dated 

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April 3, 2023, the instant appeal was considered submitted for decision.”<sup>6</sup>

On July 3, 2023, the RTC rendered the assailed Decision.<sup>7</sup> Then, on September 12, 2023, the RTC rendered the assailed Order.<sup>8</sup>

On November 6, 2023,<sup>9</sup> Taguig City filed the instant Petition for Partial Review.

On January 10, 2024, Kensington filed its Comment (To Petitioner’s Petition for Partial Review).<sup>10</sup>

On February 7, 2024, the Court *En Banc* issued a Resolution submitting the case for decision. Hence, this Decision.

**ISSUES**

The Court *En Banc* will resolve the following issues: (1) Whether Kensington’s refund claim had already prescribed; and (2) Whether Kensington is liable for local business tax (LBT) on contractors.

Taguig City’s Arguments

Taguig City argues that the billing statement it issued to Kensington was treated by the latter as an assessment. Therefore, applying Section 195 of the Local Government Code (LGC), Kensington should have filed its refund claim within sixty (60) days from the receipt of the said billing statement. Considering that Kensington belatedly filed its refund claim, the alleged assessment became conclusive and unappealable.

Further, Taguig City argues that Kensington is liable for LBT on contractors under Section 75 of the Taguig Revenue Code (TRC), as amended by Taguig City Ordinance No. 34-17.


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<sup>6</sup> *Supra* Note 2, pp. 30-33.

<sup>7</sup> *Id.*

<sup>8</sup> *Supra* Note 3.

<sup>9</sup> *Supra* Note 1.

<sup>10</sup> *EB* Docket, pp. 213-229. 

Taguig City considers Kensington as a contractor as defined under Section 74 of the TRC.

*Kensington's Arguments*

Kensington counters that Section 196 and not Section 195 of the LGC is applicable in this case. As such, it timely filed its refund claim within two (2) years from the date of payment of the subject LBT.

Kensington adds that the collection of association dues, membership fees and other charges is not a business activity for purposes of generating profits. As such, it is not liable to pay LBT.


**RULING**

After careful consideration of the arguments of both parties, the Court *En Banc* finds the Petition unmeritorious.

**Kensington timely filed its refund claim within two (2) years from the date of payment of the subject LBT under Section 196 of the LGC**

Taguig City argues that under Section 195 of the LGC, petitioner's refund claim was belatedly filed and as such, the assessment became final and unappealable.

Section 195 of the LGC provides:

“Section 195. *Protest of Assessment.* — When the local treasurer or his duly authorized representative finds that correct taxes, fees, or charges have not been paid, he shall issue a notice of assessment stating the nature of the tax, fee, or charge, the amount of deficiency, the surcharges, interests and penalties. Within sixty (60) days from the receipt of the notice of assessment, the taxpayer may file a written protest with the local treasurer contesting the assessment; otherwise, the 

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assessment shall become final and executory. The local treasurer shall decide the protest within sixty (60) days from the time of its filing. If the local treasurer finds the protest to be wholly or partly meritorious, he shall issue a notice cancelling wholly or partially the assessment. However, if the local treasurer finds the assessment to be wholly or partly correct, he shall deny the protest wholly or partly with notice to the taxpayer. The taxpayer shall have thirty (30) days from the receipt of the denial of the protest or from the lapse of the sixty (60)-day period prescribed herein within which to appeal with the court of competent jurisdiction otherwise the assessment becomes conclusive and unappealable.”

On the other hand, Kensington argues that Section 196 of the LGC governs its refund claim. It provides:


Section 196. *Claim for Refund of Tax Credit.* — No case or proceeding shall be maintained in any court for the recovery of any tax, fee, or charge erroneously or illegally collected until a written claim for refund or credit has been filed with the local treasurer. No case or proceeding shall be entertained in any court after the expiration of two (2) years from the date of the payment of such tax, fee, or charge, or from the date the taxpayer is entitled to a refund or credit.

Ruling<sup>11</sup> in favor of Kensington, the Metropolitan Trial Court (MeTC), Branch 115 of Taguig City reasoned that:

“The assessment contemplated under Section 195 of the LGC of 1991, as amended, pertains to a computation based on deficiency taxes, fees or charges when the city treasurer finds that the correct taxes, fees or charges were not paid.

In this case, the billing statement is just a statement of accounts or an assessment which the taxpayer must pay to secure business permit. Said billing was issued by the Business Permit and Licensing Office only after plaintiff filed an

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<sup>11</sup> Decision dated November 28, 2022, EB Docket, pp. 203-210. 

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application for business permit. Clearly, the billing statement is different from a deficiency tax assessment which must be subject to protest if the taxpayer does not agree, pursuant to Section 195 of the LGC of 1991. Thus, Section 195 of the LGC of 1991, as amended, is not applicable.

xxx                      xxx                      xxx

Section 196 of the LGC of 1991, as amended, governs the recovery of any tax, fee or charge erroneously or illegally collected.


The present claim pertains to an erroneously collected LBT paid on 17 January 2020, 19 January 2021 and 20 January 2022. Counting from the said date, petitioner had until January 2022, January 2023 and January 2024 respectively within which to file administrative and judicial claims for refund. Clearly, plaintiff claim for refund filed before the Acting City Treasurer on 1 September 2021 and 14 February 2022 and the subsequent complaint before this Court for Refund filed on 17 January 2022 fell within the two-year prescriptive period.”<sup>12</sup>

In upholding the MeTC ruling, the RTC said that:

“At bar, a perusal of the records shows that no deficiency tax assessment was issued by the defendants-appellants to plaintiff-appellee. Neither of the parties herein ever mentioned or produced a deficiency tax assessment which could be a subject of a protest pursuant to Section 195 of the [LGC]. Clearly then, it is Section 196 and not Section 195 of the [LGC] which is applicable.

An assessment contains not only a computation of tax liabilities, but also a demand for payment within a prescribed period. It also signals the time when penalties and protests begin to accrue against the taxpayer. To enable the taxpayer to determine his remedies thereon, due process requires that it must be served on and received by the taxpayer.

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<sup>12</sup> *Id.*, pp. 207-208. 



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Clearly, a billing statement is different from a tax assessment.

XXX

XXX

XXX

As to the timeliness of the filing of the claim for refund, this court finds that the same was filed within the reglementary period.

The subject fees or taxes were paid on January 19, 2021 for the year 2020, while for the year 2021, the same was paid on January 19, 2021. For the year 2022, the impositions were paid on January 20, 2022. Meanwhile, the case for tax refund was filed on January 17, 2022 (Amended Complaint to include the refund for the imposition for the year 2022 was filed on June 8, 2022)

Pursuant to Section 196 of the [LGC], the claim for tax refund must be filed in court within two (2) years from the date of payment of such tax, fee or charge.”<sup>13</sup>

The Court *En Banc* agrees with the conclusions reached by the respective lower courts.


In *City Treasurer of Manila v. Philippine Beverage Partners, Inc., substituted by Coca-Cola Bottlers Philippines*,<sup>14</sup> which was also cited in the RTC ruling, the Supreme Court exhaustively discussed the remedies provided for under Section 195 and Section 196 of the LGC. Thus:

The taxpayers' remedies of protesting an assessment and refund of taxes are stated in Sections 195 and 196 of the LGC, to wit:

Section 195. *Protest of Assessment.* — When the local treasurer or his duly authorized representative finds that correct taxes, fees, or charges have not been paid, he shall issue a notice of assessment stating the nature of the tax, fee, or charge, the amount of deficiency, the surcharges, interests and penalties. Within

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<sup>13</sup> *Supra* Note 2, pp. 36-37.

<sup>14</sup> G.R. No. 233556, September 11, 2019. 


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sixty (60) days from the receipt of the notice of assessment, the taxpayer may file a written protest with the local treasurer contesting the assessment; otherwise, the assessment shall become final and executory. The local treasurer shall decide the protest within sixty (60) days from the time of its filing. If the local treasurer finds the protest to be wholly or partly meritorious, he shall issue a notice cancelling wholly or partially the assessment. However, if the local treasurer finds the assessment to be wholly or partly correct, he shall deny the protest wholly or partly with notice to the taxpayer. The taxpayer shall have thirty (30) days from the receipt of the denial of the protest or from the lapse of the sixty (60)-day period prescribed herein within which to appeal with the court of competent jurisdiction otherwise the assessment becomes conclusive and unappealable.

Section 196. *Claim for Refund of Tax Credit.* — No case or proceeding shall be maintained in any court for the recovery of any tax, fee, or charge erroneously or illegally collected until a written claim for refund or credit has been filed with the local treasurer. No case or proceeding shall be entertained in any court after the expiration of two (2) years from the date of the payment of such tax, fee, or charge, or from the date the taxpayer is entitled to a refund or credit.

The first provides the procedure for contesting an assessment issued by the local treasurer; whereas, the second provides the procedure for the recovery of an erroneously paid or illegally collected tax, fee or charge. Both Sections 195 and 196 mention an administrative remedy that the taxpayer should first exhaust before bringing the appropriate action in court. **In Section 195, it is the written protest with the local treasurer that constitutes the administrative remedy; while in Section 196, it is the written claim for refund or credit with the same office.** As to form, the law does not particularly provide any for a protest or refund claim to be considered valid. It suffices that the written 

protest or refund is addressed to the local treasurer expressing in substance its desired relief. The title or denomination used in describing the letter would not ordinarily put control over the content of the letter.

Obviously, **the application of Section 195 is triggered by an assessment** made by the local treasurer or his duly authorized representative for nonpayment of the correct taxes, fees or charges. Should the taxpayer find the assessment to be erroneous or excessive, he may contest it by filing a written protest before the local treasurer within the reglementary period of sixty (60) days from receipt of the notice; otherwise, the assessment shall become conclusive. The local treasurer has sixty (60) days to decide said protest. In case of denial of the protest or inaction by the local treasurer, the taxpayer may *appeal* with the court of competent jurisdiction; otherwise, the assessment becomes conclusive and unappealable.

On the other hand, **Section 196 may be invoked by a taxpayer who claims to have erroneously paid a tax, fee or charge, or that such tax, fee or charge had been illegally collected from him. The provision requires the taxpayer to first file a written claim for refund before bringing a suit in court which must be initiated within two years from the date of payment. By necessary implication, the administrative remedy of claim for refund with the local treasurer must be initiated also within such two-year prescriptive period but before the judicial action.**

Unlike Section 195, however, Section 196 does not expressly provide a specific period within which the local treasurer must decide the written claim for refund or credit. It is, therefore, possible for a taxpayer to submit an administrative claim for refund very early in the two-year period and initiate the judicial claim already near the end of such two-year period due to an extended inaction by the local treasurer. In this instance, the taxpayer cannot be required to await the decision of the local treasurer any longer, otherwise, his judicial action shall be barred by prescription. *am*

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Additionally, **Section 196 does not expressly mention an assessment made by the local treasurer.** This simply means that **its applicability does not depend upon the existence of an assessment notice.** By consequence, **a taxpayer may proceed to the remedy of refund of taxes even without a prior protest against an assessment that was not issued in the first place.** This is not to say that an application for refund can never be precipitated by a previously issued assessment, for it is entirely possible that the taxpayer, who had received a notice of assessment, paid the assessed tax, fee or charge believing it to be erroneous or illegal. Thus, under such circumstance, the taxpayer may subsequently direct his claim pursuant to Section 196 of the LGC.

Clearly, when a taxpayer is assessed a deficiency local tax, fee or charge, he may protest it under Section 195 even without making payment of such assessed tax, fee or charge. This is because the law on local government taxation, save in the case of real property tax, does not expressly require '*payment under protest*' as a procedure prior to instituting the appropriate proceeding in court. This implies that the success of a judicial action questioning the validity or correctness of the assessment is not necessarily hinged on the previous payment of the tax under protest.

Needless to say, there is nothing to prevent the taxpayer from paying the tax under protest or simultaneous to a protest. There are compelling reasons why a taxpayer would prefer to pay while maintaining a protest against the assessment. For instance, a taxpayer who is engaged in business would be hard-pressed to secure a business permit unless he pays an assessment for business tax and/or regulatory fees. Also, a taxpayer may pay the assessment in order to avoid further penalties, or save his properties from levy and distraint proceedings.

The foregoing clearly shows that a taxpayer facing an assessment may protest it and alternatively: (1) appeal the assessment in court, or (2) pay the tax and thereafter seek a refund. Such 

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procedure may find jurisprudential mooring in *San Juan v. Castro* wherein the Court described for the first and only time the alternative remedies for a taxpayer protesting an assessment — either appeal the assessment before the court of competent jurisdiction, or pay the tax and then seek a refund. The Court, however, did not elucidate on the relation of the second mentioned alternative option, *i.e.*, pay the tax and then seek a refund, to the remedy stated in Section 196.”

Applying the above-ruling of the Supreme Court in this case, records show that Taguig City failed to present any evidence that an assessment was made to trigger the application of Section 195 of the LGC. It is also noteworthy that while Taguig City is insisting that the alleged billing statement constitutes the assessment mentioned in Section 195 of the LGC, the same was not offered as evidence during trial before the lower courts.<sup>15</sup>

Hence, applying Section 196 of the LGC, *i.e.*, both administrative and judicial claim for refund must be filed within two (2) years from the date of payment of such tax, fee, or charge, Kensington timely filed both its administrative and judicial claims, as follows:

<b>Date of payment of LBT</b>	<b>Administrative Claim</b>	<b>Judicial Claim</b>	<b>Expiration of the 2-year period</b>
January 17, 2020 <sup>16</sup>	October 5, 2021 <sup>17</sup>	January 17, 2022 <sup>18</sup>	January 17, 2022
January 19, 2021 <sup>19</sup>	October 5, 2021 <sup>20</sup>	January 17, 2022 <sup>21</sup>	January 19, 2023
January 20, 2022 <sup>22</sup>	March 4, 2022 <sup>23</sup>	June 8, 2022 Amended Complaint <sup>24</sup>	January 20, 2024

Considering the foregoing, the Court *En Banc* finds Taguig City’s arguments untenable.

**Kensington is not liable for LBT on contractors**

<sup>15</sup> *Supra* Note 3, p. 43.

<sup>16</sup> *Supra* Note 11, p. 204.

<sup>17</sup> *Loc. cit.*

<sup>18</sup> *Supra* Note 2, p. 37.


<sup>19</sup> Note 16, *loc. cit.*

<sup>20</sup> *Id.*

<sup>21</sup> Note 18, *loc. cit.*

<sup>22</sup> Note 16, *loc. cit.*

<sup>23</sup> *Id.*

<sup>24</sup> Note 18, *loc. cit.* 

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On this score, Taguig City contends that Kensington is a contractor based on Section 74 of the TRC, as follows:

**“Contractor includes persons, natural or juridical, not subject to professional tax whose activity consists essentially of the sale of all kinds of services for a fee** regardless of whether or not the performance of the service calls for the exercise or use of the physical or mental faculties of such contractor or his employees. xxx”<sup>25</sup>


Ruling in favor of Kensington, the MeTC found that:

“In imposing the local business tax, defendant City of Taguig failed to prove that Plaintiff Kensington Place Condominium indeed engag[ed] in business and should be treated as a ‘contractor’. As correctly pointed out by the plaintiff, being a non-stock and non-profit corporation, it is not created for the purpose of engaging into business or with a view to profit. The act of collecting condominium dues should not be considered as engaging in business because dues are being collected to defray the expenses for the maintenance and administration of the common areas of Kensington Place Condominium for the benefit of its members.

Condominium corporations are generally exempt from local business taxation under the [LGC], irrespective of any local ordinance that seeks to declare otherwise. It is not unthinkable that the unit owners of a condominium would band together to engage in activities for profit under the shelter of the condominium corporation. Such activities would be prohibited under the Condominium Act, but if the fact is established, we see no reason why the condominium corporation may be made liable by the local government unit for business tax. In this case, however, defendant failed to prove that plaintiff is engaged in business. Thus, they are not liable for LBT.”<sup>26</sup>

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<sup>25</sup> *Supra* Note 1, pp. 20-21.

<sup>26</sup> *Supra* Note 11, p. 209. 

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Consequently, the RTC agreed to the findings of the MeTC, as follows:

“As correctly found by the court a quo, condominium corporations are exempt from local business taxation under the [LGC], irrespective of any local ordinance that seeks to declare otherwise.

Moreover, plaintiff-appellee being a non-stock and non-profit corporation, it is not created for the purpose of engaging into business or with a view to profit. Dues are merely collected to defray the expenses for the maintenance and administration of the common areas of the condominium for the benefit of its members.

This court finds that the general rule laid down in the case of *Yamane vs. BA Lepanto Condominium* (*‘Yamane case’*) is applicable in this case as plaintiff-appellant is not engaged in profit-making activities.

Furthermore, defendants-appellants failed to prove that plaintiff-appellee is engaged in business. Thus, the latter is not liable for [LBT].”<sup>27</sup>

The Court *En Banc* likewise agrees with the foregoing findings of the respective lower courts.

In *Luz R. Yamane, in her capacity as the City Treasurer of Makati v. BA Lepanto Condominium Corporation*,<sup>28</sup> the Supreme Court ruled that:

“Again, whatever capacity the Corporation may have pursuant to its power to exercise acts of ownership over personal and real property is limited by its stated corporate purposes, which are by themselves further limited by the Condominium Act. A condominium corporation, while enjoying such powers of ownership, is prohibited by law from transacting its properties for the purpose of gainful profit.

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<sup>27</sup> *Supra* Note 2, p. 37.

<sup>28</sup> G.R. No. 154993, October 25, 2005. *an*

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Accordingly, and with a significant degree of comfort, we hold that **condominium corporations are generally exempt from local business taxation under the Local Government Code, irrespective of any local ordinance that seeks to declare otherwise.**


Still, **we can note a possible exception to the rule.** It is not unthinkable that **the unit owners of a condominium would band together to engage in activities for profit under the shelter of the condominium corporation.** Such activity would be prohibited under the Condominium Act, but **if the fact is established, we see no reason why the condominium corporation may be made liable by the local government unit for business taxes.** Even though such activities would be considered as *ultra vires*, since they are engaged in beyond the legal capacity of the condominium corporation, the principle of estoppel would preclude the corporation or its officers and members from invoking the void nature of its undertakings for profit as a means of acquitting itself of tax liability.”

During trial, Taguig City’s witness, Mr. Gabriel G. Cultura<sup>29</sup> – Revenue Examiner of Taguig City, testified through his Judicial Affidavit that:

“Q13: What was Taguig City’s basis for the imposition of LBT against Plaintiff?”

A13: The imposition of LBT against Plaintiff are based on the following: 1) its application for Mayor’s Permit; 2) The nature of Plaintiff’s activity is subject to tax; 3) There is no law exempting Plaintiff from the payment of LBT and 4) Upon examination of Plaintiff’s Audited Financial Statements (AFS) for prior years, it can be concluded that Plaintiff is engaged in business. I also examined other documents of the plaintiff, specifically, the Master Deed and the Articles of Incorporation (AOI), and confirmed that Plaintiff is subject to LBT as a contractor under Section 75(d) of the Taguig City

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<sup>29</sup> Annex “4”, Judicial Affidavit (By Way of Direct Testimony), EB Docket, pp. 159-164. 



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Ordinance No. 24 (Series of 1993) as amended by Taguig City Ordinance No. 34 (Series of 2017) (Ordinance No. 34-17) xxx”

The testimony of the above witness instantly reveals that aside from the city ordinance, Taguig City has no other basis for imposing LBT against Kensington. While said witness mentioned Kensington’s AFS, Master Deed and AOI, he did not explain why he came to the conclusion that the latter is engaged in business.


Moreover, upon careful review of the documents, the Court *En Banc* did not find any indication that Kensington is engaged in any business with a view to generate profits.

As such, consistent with the ruling of the Supreme Court in *Yamane*, condominium corporations, like Kensington, are generally exempt from LBT under the LGC, irrespective of any local ordinance, *i.e.*, Taguig City Ordinance, that seeks to declare otherwise.

To conclude, the Court *En Banc* finds no cogent reason to disturb the ruling of the lower courts. Hence, the denial of the instant Petition is in order.


**ACCORDINGLY**, the instant Petition for Partial Review is **DENIED**, for lack of merit.

**SO ORDERED.**

  
**CATHERINE T. MANAHAN**  
Associate Justice

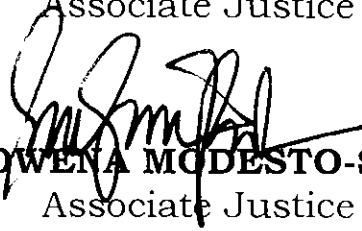
**WE CONCUR:**

  
**ROMAN G. DEL ROSARIO**  
Presiding Justice

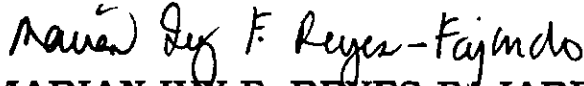
  
**MA. BELEN M. RINGPIS-LIBAN**  
Associate Justice



**JEAN MARIE A. BACORRO-VILLENA**  
Associate Justice



**MARIA ROWENA MODESTO-SAN PEDRO**  
Associate Justice



**MARIAN IVY F. REYES-FAJARDO**  
Associate Justice



**LANEE S. CUI-DAVID**  
Associate Justice



**CORAZON G. FERRER-FLORES**  
Associate Justice



**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

