REPUBLIC OF THE PHILIPPINES
Court of Tax Appeals
QUEZON CITY

En Banc

THE CITY TREASURER AND THE CITY GOVERNMENT OF TAGUIG CITY,	**CTA *EB* NO. 2843** (RTC SCA Case No. 285)
Petitioners,	Present:
-versus-	**DEL ROSARIO, P.J., RINGPIS-LIBAN, MANAHAN, BACORRO-VILLENA, MODESTO-SAN PEDRO, REYES-FAJARDO, CUI-DAVID, FERRER-FLORES,** *and* **ANGELES,** *JJ.*
BELLAGIO TWO CONDOMINIUM ASSOCIATION, INC.,	Promulgated:
Respondent.	APR 07 2025

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AMENDED DECISION

MODESTO-SAN PEDRO, J.:

Before the Court is petitioners' *Motion for Reconsideration (On the Honorable Court's Decision dated 03 October 2024)* ("Motion"), filed via registered mail on October 30, 2024, with respondent's *Comment/Opposition [to the Motion for Reconsideration on the Honorable Court's Decision dated 03 October 2024]*, filed on November 11, 2024.

Petitioners assail this Court *En Banc*'s Decision, dated October 3, 2024 ("assailed Decision"), which dismissed their Petition for Review, filed on January 8, 2024, in light of petitioners' failure to provide proof of the date on which they allegedly received the Order, dated November 9, 2023 ("assailed Order"), of the Regional Trial Court of Taguig City, Branch 267 ("RTC").

Petitioners raise the following points to challenge the assailed Decision:

(1) The Taguig Post Office issued a Certification, attached to the Motion, proving that the assailed Order was received on November 22, 2023;
(2) Tax exemptions are strictly construed against taxpayers, so respondent, which is engaged in business, is not exempted from local business taxes ("LBT");
(3) The Court's finding that it has no jurisdiction over the alleged Environmental Impact Fees ("EIF") and Business Plate/Sticker Fees ("BPF") is "absurd"; and
(4) Respondent is liable for EIF and BPF.

The Motion is partially meritorious. Rather than being wholly dismissed for lack of jurisdiction, the Petition for Review should be partly denied for lack of merit and partly dismissed for lack of jurisdiction.

Petitioners timely filed their Petition for Review

As discussed in the assailed Decision, a party aggrieved by the ruling of the RTC in the exercise of the latter's appellate jurisdiction over local tax cases can appeal such ruling before this Court *En Banc* by filing a Petition for Review within 30 days from receipt of the adverse ruling.[1] This period can be extended via motion.

The Court *En Banc* originally took November 9, 2023, the date of the assailed Order's issuance, as the start of the 30-day period, considering that petitioners did not provide any proof that they did, indeed, receive the assailed Order on November 22, 2023. This directly led to Our finding that the Petition for Review was filed late, as the 30-day period ended on December 9, 2023, whereas petitioners only filed their Motion for Extension of Time to File Petition for Review on December 19, 2023.

With their submission of the Certification, issued by the Taguig Post Office, however, petitioners were able to prove that they did, indeed, receive the assailed Order on November 22, 2023, giving them until December 22, 2023, within which to either file a Petition for Review or move for an extension of time. They moved for such an extension of time as early as on December 19, 2023, and they subsequently filed their Petition within the period granted.[2]

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[1] *See Section 7(a)(3) of Republic Act No. 1125, as amended; see also Rule 4, Section 2(b) of the Revised Rules of the Court of Tax Appeals, as amended* ("*RRCTA*"); *see also Rule 8, Section 3(c) of the RRCTA.*

[2] The Minute Resolution, dated December 20, 2023, gave petitioners until January 6, 2024, within which to file a Petition for Review. That date fell on a Saturday, however, so petitioners' filing of the Petition on January 8, 2024, a Monday, was timely.

Contrary to Our original finding, then, the Court properly assumed jurisdiction over this case. We consequently find it fit to reverse Our dismissal of the Petition for Review on the ground of late filing.

This reversal does not, however, equate to a finding that the Petition has merit or even that this Court *En Banc* has jurisdiction over all of the issues laid before Us.

Condominium corporations are not subject to LBT in the first place

Petitioner argues that as tax exemptions are strictly construed against taxpayers, respondent is not exempted from LBT.

The argument misses the point.

Neither this Court *En Banc*, in the assailed Decision, nor the RTC, in the assailed Order or the earlier Decision, dated October 4, 2023, explicitly found respondent *exempted* from LBT. Both Courts found respondent *not liable to pay* or *not subject to* LBT.

The two are distinct and cannot be conflated. As such, petitioners' insistence that tax exemptions are strictly construed against taxpayers misses the mark. It is akin to insisting that a foreign corporation is liable for LBT because the city's tax code does not explicitly exempt foreign corporations from LBT. Such a line of reasoning ignores how foreign corporations are not subject to LBT in the first place.

Here, the Metropolitan Trial Court, Branch 116, Taguig City ("MeTC"), precisely found that respondent is *not* "claiming exemption from the payment of [LBT]" and that it is "claiming that it is not one of these entities which can be taxed with [LBT]".[3] The finding was affirmed by the RTC.[4] And as petitioners failed to sufficiently upend the finding, the Court *En Banc* adopts it as well.

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[3] Decision, dated February 1, 2023, p. 10, *Rollo*, p. 153.
[4] Decision, dated October 4, 2023, pp. 3-4, *id.* at 55-56.

Respondent is not engaged in business and is not subject to LBT

The other side of petitioners' argument is the contention that respondent is engaged in the business of selling services by collecting association dues and rental fees. As businesses are subject to LBT, respondent is subject to LBT as well.

In the assailed Decision, We noted that petitioners failed to show how respondent's collection of association dues and rental fees exceeds the powers and capacities allowed by the *Condominium Act*. They consequently failed to show that respondent is actually a business and not just a condominium corporation.

Such a showing is critical in light of *Yamane v. BA Lepanto Condominium Corporation*[5] ("*Yamane*"), which We quote from below:

> It is thus imperative that in order that the Corporation may be subjected to business taxes, its activities must fall within the definition of business as provided in the Local Government Code. And to hold that they do is to ignore the very statutory nature of a condominium corporation.
>
> The creation of the condominium corporation is sanctioned by Republic Act No. 4726, otherwise known as the Condominium Act. Under the law, a condominium is an interest in real property consisting of a separate interest in a unit in a residential, industrial or commercial building and an undivided interest in common, directly or indirectly, in the land on which it is located and in other common areas of the building. To enable the orderly administration over these common areas which are jointly owned by the various unit owners, the Condominium Act permits the creation of a condominium corporation, which is specially formed for the purpose of holding title to the common area, in which the holders of separate interests shall automatically be members or shareholders, to the exclusion of others, in proportion to the appurtenant interest of their respective units. The necessity of a condominium corporation has not gained widespread acceptance, and even is merely permissible under the Condominium Act. Nonetheless, the condominium corporation has been resorted to by many condominium projects, such as the Corporation in this case.
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> *In line with the authority of the condominium corporation to manage the condominium project, it may be authorized, in the deed of restrictions, "to make reasonable assessments to meet authorized expenditures, each condominium unit to be assessed separately for its share of such expenses in proportion (unless otherwise provided) to its owner's fractional interest in any common areas." It is the collection of these assessments from unit owners that form the basis of the City Treasurer's claim that the Corporation is doing business.*

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[5] G.R. No. 154993, October 25, 2005.

The Condominium Act imposes several limitations on the condominium corporation that prove crucial to the disposition of this case. Under Section 10 of the law, *the corporate purposes of a condominium corporation are limited to the holding of the common areas, either in ownership or any other interest in real property recognized by law; to the management of the project; and to such other purposes as may be necessary, incidental or convenient to the accomplishment of such purpose*. Further, the same provision prohibits the articles of incorporation or by-laws of the condominium corporation from containing any provisions which are contrary to the provisions of the Condominium Act, the enabling or master deed, or the declaration of restrictions of the condominium project.

We can elicit from the Condominium Act that *a condominium corporation is precluded by statute from engaging in corporate activities other than the holding of the common areas, the administration of the condominium project, and other acts necessary, incidental or convenient to the accomplishment of such purposes*. Neither the maintenance of livelihood, nor the procurement of profit, fall within the scope of permissible corporate purposes of a condominium corporation under the Condominium Act.

. . . .

Obviously, none of these stated corporate purposes are geared towards maintaining a livelihood or the obtention of profit. Even though the Corporation is empowered to levy assessments or dues from the unit owners, these amounts collected are not intended for the incurrence of profit by the Corporation or its members, but to shoulder the multitude of necessary expenses that arise from the maintenance of the Condominium Project. Just as much is confirmed by Section 1, Article V of the Amended By-Laws, which enumerate the particular expenses to be defrayed by the regular assessments collected from the unit owners. These would include the salaries of the employees of the Corporation, and the cost of maintenance and ordinary repairs of the common areas.

The City Treasurer nonetheless contends that the collection of these assessments and dues are "with the end view of getting full appreciative living values" for the condominium units, and as a result, profit is obtained once these units are sold at higher prices. The Court cites with approval the two counterpoints raised by the Court of Appeals in rejecting this contention. First, *if any profit is obtained by the sale of the units, it accrues not to the corporation but to the unit owner*. Second, *if the unit owner does obtain profit from the sale of the corporation, the owner is already required to pay capital gains tax on the appreciated value of the condominium unit*.

. . . .

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.
> (Citations omitted; italics supplied)

Two important points can be gleaned from the above: (1) unless they are engaged in activities for profit, which would be beyond the scope of activities allowed by the *Condominium Act*, condominium corporations are generally exempt from LBT;[6] and (2) a condominium corporation that *does* engage in such activities is subject to LBT.

In order to successfully controvert the findings of the MeTC, the RTC, and this Court *En Banc*, then, petitioners must show that respondent is engaged in activities beyond the scope of those allowed by the *Condominium Corporation*.

Petitioners attempt to achieve such in its Motion by pointing to the association dues and rental fees collected by respondent "for the use of its amenities."[7] Earlier, in its Petition for Review, petitioners likewise claimed that respondents "undoubtedly engaged in business activities by the provision of beneficial services to its members in return of which [respondent] receives payment in the form of membership dues and rental fees from its members."[8] They also observe that, *generally*, "condominium corporations have nowadays evolved to operate. . . more complex estates and facilities involving luxury features. . . and social amenities. . . [and] have grown more akin to clubs offering recreational facilities to members and guests."[9]

These attempts do not suffice.

First, the collection of membership/associate dues falls squarely within the activities allowed by the *Corporation Code*, as discussed in *Yamane*. Such collection consequently does not render respondent either a business or subject to LBT.

Second, it is telling that petitioners provide no proof, no specific pieces of evidence, to support its claim regarding alleged rental fees. Petitioners repeatedly fail to identify the specific factual basis for their claim that

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6 Note that, parallel to the distinction between being exempt from a tax and not being subject to a tax, this undermines petitioners' talk of tax exemptions being strictly construed against taxpayers as it is a clear and direct declaration of a tax exemption enjoyed by condominium corporations like respondent.

7 Motion for Reconsideration, filed on October 30, 2024, p. 6, *Rollo*, unpaginated.

8 Petition for Review, filed on January 8, 2024, p. 13, *id.* at 27.

9 Petition for Review, filed on January 8, 2024, pp. 17-18, *id.* at 31-32.

respondent collects rental fees for the use of its amenities, in their Motion, in their Petition for Review, and even in their Answer[10] to the respondent's Complaint before the MeTC, their Appellant's Memorandum[11] before the RTC, and their Motion for Reconsideration[12] before the RTC. They simply state the claim as fact. Without any such proof to ground the claim, however, the Court must reject the same.

Third, much the same can be said of petitioners claims that condominium corporations are "nowadays" offering "luxury features" and "social amenities" akin to "recreational clubs". The claim is simply stated as fact, with no proof identified to support it. Even if the Court *En Banc* were to accept the claim as truth, however, the same would still be overly general. It would still lack a showing the respondent, in particular, is akin to recreational clubs. It would still lack any specific identification of "luxury features" and "social amenities" provided, for a fee, by respondent. As such, it would still fail to show that respondent is a business that is subject to LBT.

Indeed, this failure to substantiate and defend its claims was observed by the MeTC in its Decision:

> As to the defendant [petitioners in the instant case], the defendant merely admitted that the computation is tax on contractors (as also shown in the billing statement and official receipt issued to the plaintiff), however ***failed to show why it is classified as such***. Defendant confined itself in stating that it used as a basis gross receipts that a taxpayer receives regardless of whether or not the latter receives income thereto. . . .
> (Emphasis and italics supplied)

Consequently, petitioners fail to refute the MeTC's finding that respondent is a condominium corporation not engaged in business activities beyond the remit of the *Condominium Code*. They thus fail to prove that respondent is indeed a business, that it is subject to LBT, and that it is not entitled to the refund sought.

Yamane is applicable to the case at bar
as the exemption it provides is general

One final aspect of petitioners' arguments regarding LBT is the contention that the doctrine laid down in *Yamane* is not applicable to respondent. They point out that *Yamane* states that condominium corporations are "generally" exempt from LBT, meaning that they are not always exempt from such. They argue that such exemption cannot be applied to any taxpayer, especially when the facts of the case are dissimilar to those in *Yamane*.

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[10] *Id.* at 100-124.
[11] *Id.* at 160-176.
[12] *Id.* at 180-198.

The argument once again amounts to a mere claim. As observed by petitioners themselves, *Yamane* states the condominium corporations are *generally* exempt from LBT. This is thus the *general* or even *default* case. The exemption does not apply only in *special* cases, which, as explained above, are when a condominium corporation engages in for-profit activities beyond those allowed by the *Condominium Code*. As petitioners failed to show that respondent's case is the *special* case here, the general exemption applies to it.

Neither can petitioners fruitfully point to a difference in facts to render *Yamane* inapplicable here. Again, the same lacks any identification of *specific* facts that would render the *Yamane* doctrine inapplicable to respondent, much less any explanation as to why such facts would render it inapplicable. The argument thus fails to convince Us that *Yamane* should not be followed here.

To summarize what has been discussed so far, then, petitioners fail to show either that respondent is a business or that it is liable for LBT. They thus fail to substantially challenge the findings of the MeTC and RTC that respondent is entitled to a refund of the LBT that it paid. Petitioners' prayer that such finding be reversed must consequently be denied for lack of merit.

EIF and BPF are not taxes

In the assailed Decision, the Court *En Banc* briefly discussed its lack of jurisdiction over controversies involving EIF and BPF, which are not taxes but fees. Petitioners, in their Motion, dismiss this as "absurd" as it would require "[appealing] the issues in two different courts".

This fails to convince.

The Court *En Banc* already broached the topic of having to raise two different appeals from a single ruling.[13] To reiterate, such inconvenience cannot nullify how jurisdiction "is conferred only by the *Constitution* or the law—it cannot be set aside by the courts or the parties and cannot be conferred by consent, acquiescence, or erroneous belief".[14] Certainly, then, a party's assertion of absurdity is insufficient to vest this Court *En Banc* with jurisdiction it does not already have.

As to why EIF and BPF are not taxes, Our explanation in the assailed Decision still stands as petitioners did not offer any direct counterarguments to it. We thus reiterate the points raised there, simply reiterating that, under

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[13] Decision, dated October 3, 2024, pp. 8-9, *id.* at 273-274.

[14] *Id.*, citing *Macalintal v. Commission on Elections*, G.R. Nos. 263590 & 263673, June 27, 2023, *Maslag v. Monson*, G.R. No. 174908, June 17, 2013, and *Commissioner of Internal Revenue v. Secretary of Justice*, G.R. No. 209289, July 9, 2018.

the *Local Government Code*, EIF and BPF are regulatory, not revenue-raising, and are thus fees rather than taxes.

As the same are not taxes, this Court *En Banc* lacks jurisdiction over issues involving them. Petitioners' prayer to reverse the MeTC's and RTC's ruling on such must thus be dismissed.

Finally, We note that petitioners do not raise any new argument in support of their prayer that respondent be ordered to pay the cost of their suit. We thus reiterate that that under *Article 2208 of the Civil Code of the Philippines*, the same cannot be recovered absent any stipulation regarding such.

All told, then, while the Court can take cognizance of the Petition for Review, given that petitioners were able to prove the date of their receipt of the assailed Order, petitioners' prayers on the LBT and cost of suit lack merit, while the Court lacks jurisdiction to rule on the issues of EIF and BPF.

ACCORDINGLY, the instant *Motion for Reconsideration (On the Honorable Court's Decision dated 03 October 2024)*, filed via registered mail on October 30, 2024, is hereby **PARTIALLY GRANTED**. The dispositive portion of the assailed Decision, dated October 3, 2024, is hereby **MODIFIED** as follows:

> **ACCORDINGLY**, petitioners' Petition for Review, filed on January 8, 2024, is hereby **PARTIALLY DENIED** for lack of merit, insofar as it seeks (1) the reversal of the Regional Trial Court's ruling on respondent's entitlement to a refund of the local business tax that it paid; and (2) an order for respondent to pay for petitioners' cost of suit; and the Petition for Review is **PARTIALLY DISMISSED** for lack of jurisdiction, insofar as it seeks the reversal of the Regional Trial Court's ruling on respondent's entitlement to refunds of the environmental impact fee and business plate/sticker fee that it paid.
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> **SO ORDERED.**

SO ORDERED.

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

WE CONCUR:

With due respect, see Dissenting Opinion
ROMAN G. DEL ROSARIO
Presiding Justice

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

CATHERINE T. MANAHAN
Associate Justice

JEAN MARIE A. BACORRO-VILLENA
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

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

EN BANC

THE CITY TREASURER AND THE CITY GOVERNMENT OF TAGUIG CITY, Petitioners,	**CTA EB No. 2843** **(RTC SCA Case No. 285)**
	Members:
- versus -	**DEL ROSARIO**, *P.J.*, **RINGPIS LIBAN**, **MANAHAN**, **BACORRO-VILLENA**, **MODESTO-SAN PEDRO**, **REYES-FAJARDO**, **CUI-DAVID**, **FERRER-FLORES**, and **ANGELES**, *JJ.*
BELLAGIO TWO CONDOMINIUM ASSOCIATION, INC., Respondent.	Promulgated: APR 07 2025 4:24pm

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DISSENTING OPINION

DEL ROSARIO, P.J.:

I concur with the findings and ruling of the *ponencia*, except its pronouncement anent the Court's jurisdiction on the issue on petitioners' liability for environmental impact fees (EIF) and business plate/sticker fees (BPF) for the year 2022. With due respect, I submit that the determination of such liability (and refundability of the amount paid, in case of finding of non-liability) should likewise be made by this Court.

Upon perusal of the records, there is only a single cause of action involved, *i.e.*, petitioners' denial of respondent's protest which prayed for the cancellation of the local business taxes (LBT) imposed upon respondent for the year 2022 and for the refund of the amount already paid therefor. Such denial prompted respondent to file a complaint before the Metropolitan Trial Court (MeTC) Branch 116, Taguig City.

The MeTC rendered a Decision dated February 1, 2023, partially granting the complaint and accordingly, ordering petitioners to refund or issue tax credit in the amount of ₱217,982.12 representing the erroneously collected LBT against respondent. With respect to the EIF and BPF, the claim for refund was denied.

Both parties filed their respective Notices of Appeal. The Regional Trial Court (RTC), Branch 267, Taguig City rendered a Decision dated October 4, 2023 granting respondent's claim for refund of the EIF and BPF. Petitioners moved for reconsideration of the RTC Decision but the same was denied in the Order dated November 9, 2023. Dissatisfied, petitioners appealed the RTC Decision and Order before the CTA *En Banc*.

Considering that the RTC Decision and Order involve LBT, a local tax, the Court of Tax Appeals (CTA) has appellate jurisdiction over the same pursuant to Section 3(a)(3), Rule 4 of the Revised Rules of the Court of Tax Appeals.[1] The same Decision and Order, however, involve respondent's liability for regulatory fees, such as EIF and BPF, which would ordinarily not be under the CTA's appellate jurisdiction.

It must be noted that an appeal of a single decision cannot be split between two courts. The disquisition in *Roberto R. De Luzuriaga, Sr. vs. Hon. Midpantao L. Adil, et al.*,[2] on the reason for the rule against splitting of action is enlightening:

> In the forcible entry case (Civil Case No. 21-33C), the dispute between petitioner Luzuriaga and respondent Young about the possession of Agho Island arose out of their conflicting claims of ownership over the said island. The issue of ownership is indispensably involved. In a long line of cases **We have ruled that a party may institute only one suit for a single cause of action**. (Section 3, Rule 2 of the Rules of Court; *Laperal vs. Katigbak*, 4 SCRA 582). **If two or more complaints are brought from different parts of a single cause of action, the filing of the first may be pleaded in abatement of the other or others, and a judgment upon the merits in anyone is available as a bar in the others**. (Section 4, Rule 2; *Bacolod City vs.*

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[1] SEC. 3. *Cases within the jurisdiction of the Court in Divisions.* — The Court in Divisions shall exercise:

(a) Exclusive original 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;

[2] G.R. No. L-58912, May 7, 1985.

> *San Miguel, Inc.*, 29 SCRA 819). **The reason for the rule against the splitting of a cause of action is intended to prevent repeated litigation between the same parties in regard to the same subject of controversy; to protect the defendant from unnecessary vexation; and to avoid the costs incident to numerous suits**.
>
> In the case at bar, Civil Case No. 13336 (an action to quiet title) was filed on April 21, 1980, whereas Civil Case No. 21-33C (the forcible entry case) was instituted before the Municipal Circuit Court of Estancia, Iloilo three (3) days thereafter, or on April 24, 1980. In his complaint for ejectment, petitioner Luzuriaga anchored his claim for rightful possession on his alleged ownership over the subject property. Thus, it is clear that the issue of possession is connected with that of ownership and, therefore, respondent CFI Judge Adil rightfully enjoined the Municipal Circuit Court of Estancia, Iloilo from proceeding with the trial of the ejectment controversy in Civil Case No. 21-33C. Besides, the respondent court could also grant the relief sought by petitioner by issuing a writ of preliminary mandatory injunction ousting private respondent from the property and placing him in possession thereof. *(Boldfacing supplied)*

In the foregoing case, even though the Municipal Circuit Court has the exclusive jurisdiction over the forcible entry case, the Court of First Instance enjoined the Municipal Circuit Court from proceeding with the trial of the ejectment controversy considering that the issue of possession is connected with that of ownership, thus, there was only a single cause of action.

Applying the foregoing by analogy, the claim for refund of the amounts representing EIF and BPF is intertwined with the claim for refund of LBT, as both were paid pursuant to respondents' condition for the issuance of Business Permit. Otherwise stated, both the payment of LBT and the payment of EIF and BPF are pre-requisites for the renewal of petitioners' respective business permits to operate in the City of Taguig for the year 2022 and thus, the issue on the payment of both LBT and EIF and BPF is intertwined with each other and involved only a single cause of action.

To allow an appeal of the regulatory fee aspect of the case to the Court of Appeals, separately from an appeal of the LBT to this Court, would present a scenario wherein a single decision of the RTC, arising from a single cause of action, *i.e.*, denial of petitioner's protest of assessment, is appealed to two (2) different appellate courts, which on its own, presents procedural and logistical problems. **Only one case was filed before the RTC, hence there was only one case docket from the RTC which may be elevated on appeal. To require separate appeals to the CTA and the Court of Appeals triggers**

administrative confusion as to which court the docket *a quo* should be elevated.

To heed the *ponencia*'s ruling that petitioner should have separated its appeal of the RTC Decision -- the LBT component to be filed with the CTA and the regulatory fee component with the Court of Appeals -- is a form of "**split jurisdiction**" denounced for being inimical to the effective and efficient functioning of the courts.

While there is no question that the EIF and BPF are indeed regulatory fees, their imposition -- or lack thereof -- often depends on whether petitioner is engaged in business. The ruling on this matter, therefore, is merely a necessary and incidental consequence of the CTA's determination of the issue with respect to the LBT.

To clarify my position, when a case involves an issue concerning an LBT, the CTA shall assume jurisdiction over the case, even if the case also includes issues concerning regulatory fees. Conversely, if a case pertains solely to regulatory fees, jurisdiction shall rest with the Court of Appeals. This simple delineation of jurisdiction ensures consistency of findings, and more importantly, prevents the risk of contradictory rulings for the very same taxpayer for the very same taxable year.

Now on the merits. I agree with the *ponencia*'s finding that respondent is not engaged in business. Thus, respondent cannot be liable for LBT and BPF. Consequently, it is proper to grant the refund of the same.

The legislative intent to impose the EIF only to those entities engaged in business within Taguig City can be gleaned from the text of Ordinance No. 116-08. To begin with, the Whereas Clauses of the Ordinance spell out the context for the passage of the said piece of local legislation. These Whereas Clauses reasonably indicate that the Ordinance aims to cover business entities only, to wit:

> WHEREAS, after extensive discussion intended to further rationalize the fee structure of the City of Taguig, City Ordinance No. 111, Series of 2007 requires modification and additional classifications of **business** to respond to the changes in the economic, social, and political climate in the City;
>
> XXX XXX XXX
>
> WHEREAS, there is a need to add sub-sections and prescribed rates pertaining to **establishments** that were previously not included in

> the Taguig Revenue Code to support and sustain the demands intrinsic to and called for by the City's continuing growth and progress;" *(Emphasis supplied)*

In enacting the Ordinance, the legislative body of Taguig City had expressly intended to "further rationalize the fee structure" of the City Ordinance No. 111, series of 2007, the "additional classification of business", and the prescription of rates for those establishments that were previously not included in Taguig Revenue Code.

Sections 2, 3 and 4 of Ordinance No. 116-08 confirm this legislative intent.

Section 2 expresses the declaration of policy of the Ordinance, to wit:

> ***Section 2. DECLARATION OF POLICY*** - It is hereby declared the policy of the local government of Taguig **to prescribe regulations on entities doing business within its territorial jurisdiction** not only to uphold the interests of the City Government and its people, but to ensure as well that the private sector complements the efforts of this local government to make the city a destination for investors, and that they are not mere investors but also partners in the progress and development of this City. It is also hereby declared that the local government of Taguig shall be solely responsible and accountable for the hauling and management of solid waste generated by the citizens and businesses of the City. *(Boldfacing and underscoring supplied)*

Section 3 of the Ordinance clarifies the coverage of the Ordinance, to wit:

> ***Section 3. COVERAGE*** – This Ordinance shall define the City's waste management policies, procedures, and **corresponding fees for companies operating or shall operate within the territorial jurisdiction of the City of Taguig**. *(Boldfacing supplied)*

Moreover, Section 4 lays down the guidelines to be observed in the imposition of the EIF, *viz.*:

> ***Section 4. GUIDELINES*** - **The fees to be paid by business** as prescribed in this ordinance are to be based on the total area occupied as used in the conduct of the operations of each, whether the premises are owned or leased. For commercial buildings wherein multiple locators are occupying space, such as office buildings, shopping centers/malls, and commercial complexes, the landlord and/or the property manager shall be solely responsible for the fees due on the total area for common use and service areas of the building only. In the event that any tenant of a commercial building fails/refuses to pay the

> environmental impact fee due on the leased area occupied by the business, the landlord/property owner automatically becomes liable for the said fee of the tenant. **For residential condominiums or multiple dwelling structures, the landlord or condominium corporation or entity shall be responsible for the fees due on the total area for common use and service areas of the building**. *(Boldfacing and underscoring supplied)*

It is a rule in statutory construction that every part of the statute must be interpreted with reference to the context, *i.e.*, that every part of the statute must be considered together with the other parts, and kept subservient to the general intent of the whole enactment.[3] The spirt, rather than the letter, of an ordinance determines the construction thereof, and the court looks less to its words and more to the context, subject matter, consequence and effect. Accordingly, what is within the spirit is the ordinance although it is not within the letter thereof, while that which is in the letter, although not within the spirit, is not within the ordinance.[4]

The highlighted clauses in the above-cited provisions, read together, reveal the legislative intention to impose EIF only on entities engaged in business. Considering that respondent is not engaged in business, it cannot be liable for EIF.

Clearly, respondent is not engaged in business. Thus, the latter cannot be made liable for LBT, EIF and BFP. Allowing the Court of Appeals to make a separate determination on this issue for the purpose of assessing liability for regulatory fees would not only undermine this Court's finding that respondent is not engaged in business, but also violate the principle of judicial expediency by allowing unnecessary and multiple suits.

All told, I VOTE for the Court to **DENY** petitioner's Petition for Review for lack of merit.

ROMAN G. DEL ROSARIO
Presiding Justice

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[3] *Philippine International Trading Corporation vs. Commission on Audit*, G.R. No. 183517, June 22, 2010.
[4] *Manila Race Horse Trainers Association, Inc. et al. vs. Dela Fuente*, G.R. No. L-2947, January 10, 1951.