

**### Title:**

Government Service Insurance System (GSIS) vs. Republic of the Philippines: On the Exemption from Legal Fees

**### Facts:**

The Government Service Insurance System (GSIS) petitioned for exemption from legal fees imposed under Section 22, Rule 141 (Legal Fees) of the Rules of Court on government-owned or controlled corporations (GOCCs) and local government units (LGUs). The GSIS anchored its petition on Section 39 of its charter, RA 8291 (The GSIS Act of 1997), claiming an exemption from all forms of government impositions, including legal fees, to preserve its actuarial solvency and maintain reasonable contribution rates for its members. Despite this provision, courts continued to assess and collect legal fees from the GSIS in actions and proceedings initiated by it. Consequently, the GSIS urged the Supreme Court to acknowledge its exemption from such fees. The Office of the Solicitor General (OSG), however, contended that Section 39 of RA 8291 did not exempt the GSIS from fees related to judicial proceedings, emphasizing the Court's exclusive power in promulgating rules concerning pleading, practice, and procedure in all courts. After review, the Office of the Court Administrator (OCAT) recommended denying the GSIS petition, asserting that legal fees under Rule 141 are not taxes and thus are not covered by the exemption.

**### Issues:**

1. Whether Congress can exempt the GSIS from the payment of legal fees under Section 22 of Rule 141 of the Rules of Court.
2. Whether the GSIS's exemption from "all taxes, assessments, fees, charges, or duties of all kinds" under Section 39 of RA 8291 includes exemption from legal fees.
3. Whether recognizing GSIS's exemption from legal fees would infringe upon the Supreme Court's rule-making power.

**### Court's Decision:**

The Supreme Court denied the Government Service Insurance System (GSIS) petition for exemption from legal fees. The Court held that Congress could not carve out an exemption for the GSIS without transgressing the Court's exclusive rule-making power regarding pleading, practice, and procedure in all courts. The Court explained that legal fees under Rule 141 are essentially procedural, relating directly to the exercise of the Court's rule-making authority under Section 5(5), Article VIII of the Constitution. Therefore, payment of legal fees is a vital component of the rules promulgated by the Court, and any exemption from payment of legal fees imposed by Congress would infringe upon the Court's

guaranteed fiscal autonomy and erode its independence.

**### Doctrine:**

The doctrine established in this case reiterates the exclusive power of the Supreme Court to promulgate rules concerning pleading, practice, and procedure in all courts, stressing that this power cannot be annulled, changed, or modified by Congress. The payment of legal fees is a jurisdictional requirement derived from the Court's rule-making authority, and any legislation or rule that seeks to exempt entities from these fees without the Court's consent would impermissibly encroach upon the Court's institutional independence and exclusive domain.

**### Class Notes:**

- **\*\*Supreme Court's Rule-making Power\*\***: The power to promulgate rules concerning pleading, practice, and procedure in all courts is exclusive to the Supreme Court and cannot be altered or repealed by Congress.
- **\*\*Legal Fees as Procedural Requirements\*\***: Legal fees under Rule 141 are not taxes but are procedural fees related to pleading, practice, and procedure in courts, necessary for the exercise of judicial functions and jurisdiction.
- **\*\*Fiscal Autonomy of the Judiciary\*\***: The collection of legal fees is part of the Court's fiscal autonomy, ensuring its independence. Any exemption affecting these fees needs the Court's consent to prevent encroachment on its independence.

**### Historical Background:**

This case exemplifies the evolving principles surrounding the independence of the judiciary and the delineation of powers between the legislative and judicial branches of government in the Philippines. The contention over the GSIS's exemption from legal fees underscores the constitutional safeguard of the judiciary's rule-making power and fiscal autonomy. The resolution of this administrative matter reaffirms the exclusive domain of the Supreme Court in matters of procedure, underlining the broader theme of maintaining the balance of powers among the branches of government.