

Title: Provincial Assessor of Agusan Del Sur vs. Filipinas Palm Oil Plantation, Inc.

Facts:

Filipinas Palm Oil Plantation Inc. (Filipinas) engaged in palm oil production, leased land from NDC-Guthrie Plantations Inc. and NDC-Guthrie Estates Inc. Cooperatives (NGPI-NGEI). The Provincial Assessor of Agusan del Sur (Provincial Assessor) assessed Filipinas' properties for real property taxes. Filipinas contested the assessment before the Local Board of Assessment Appeals (LBAA), which adjusted the market values but did not wholly eliminate the taxes. Both parties filed appeals with the Central Board of Assessment Appeals (CBAA), which significantly favored Filipinas, exempting it from most taxes and considering several properties as non-taxable. The Provincial Assessor's subsequent petition to the Court of Appeals affirmed CBAA's decision. The Supreme Court received the case due to procedural errors and questions on the taxable nature of the leased land and certain equipment.

Issues:

1. Whether NGPI-NGEI's exemption from real property tax extends to Filipinas Palm Oil Plantation Inc. as the land's lessee.
2. Whether Filipinas' road equipment and mini haulers are considered movable properties exempt from real property tax.

Court's Decision:

The Supreme Court partly granted the petition, agreeing with lower courts that Filipinas, as a lessee of tax-exempt cooperative-owned land, also benefits from the tax exemption. However, it modified the Court of Appeals' decision by ruling that Filipinas' road equipment and mini haulers are taxable as real property under the Local Government Code (LGC).

Doctrine:

1. Tax exemptions provided to registered cooperatives under the LGC extend to their lessees.
2. Machinery, including mobile, self-powered, or temporarily attached equipment directly used for a specific industry or activity, is subject to real property tax under the LGC's broader definition, overriding the Civil Code's classifications.

Class Notes:

- Real property classification and taxation are governed by the use and nature of the property as defined under the LGC, not just the Civil Code.

- Tax exemptions for cooperatives extend to entities leasing cooperative-owned land.
- Machinery defined under the LGC for taxation can include equipment not permanently affixed to real property but essential to an industry's operations.
- Real property tax issues should consider both specific provisions of the LGC and the broader principles outlined in the Civil Code, with the former prevailing in case of conflict.

Historical Background:

This case illustrates the evolving nature of property classification and taxation in the Philippines, particularly how different laws like the LGC and the Civil Code intersect. It underscores the significance of legislative intent in tax exemption policies, especially concerning cooperative-owned lands and their use, reflecting the government's support for cooperatives and their lessees in contributing to rural development and industry.