

### Title:

Herarc Realty Corporation v. Provincial Treasurer of Batangas, et al.

### Facts:

Herarc Realty Corporation acquired thirteen parcels of land in Sta. Ana, Calatagan, Batangas via execution sale in August 2004 and registered them under its name in 2006. From 2006 until August 12, 2009, these parcels were in possession of Dr. Rafael A. Manalo, Grace Oliva, and Freida Rivera Yap due to an involuntary insolvency proceeding. Full control reverted to Herarc Realty on August 13, 2009, following a July 31, 2009, Court order granting a writ of execution based on a final Court of Appeals decision.

In October 2012, the Provincial Treasurer of Batangas demanded from Herarc Realty payment of ₱8,093,256.89 for unpaid real property taxes (RPT) for the years 2007, 2008, and up to August 2009. Herarc Realty paid under protest and filed a petition against the Provincial Treasurer of Batangas and others, seeking to nullify the tax assessments for those years, arguing that the RPT liability should fall on the actual possessors during the covered period—not the titled owner.

The RTC denied Herarc Realty's petition, holding that as a tax-paying entity it was responsible for the RPT, leading Herarc Realty to file a petition for review on certiorari directly with the Supreme Court.

### Issues:

1. Whether the petition filed directly with the Supreme Court is procedurally correct.
2. Whether Herarc Realty Corporation is liable to pay the RPT for the period during which it was not in actual possession of the property.

### Court's Decision:

The Supreme Court denied the petition. It held that Herarc Realty's direct filing with the Supreme Court was incorrect; the proper procedure involved appealing to the Court of Tax Appeals (CTA) first. The decision by the RTC was considered final and executory due to this procedural error. However, reviewing the substance, the Court affirmed that in real estate taxation, unpaid taxes attach to the property and the owner at the time the tax accrues is liable. The Court explicitly rejected Herarc Realty's argument that liability for RPT during the period of their non-possession should be shifted to the actual possessors, holding the registered owner liable for RPT, notwithstanding who possessed the property.

### Doctrine:

In real estate taxation, unpaid taxes attach to the property, and the property owner is generally liable for these taxes, even during periods of non-possession. Additionally, procedural adherence is crucial; appeals on local tax cases should initially be filed with the Court of Tax Appeals (CTA).

**### Class Notes:**

- **\*\*Procedural Adherence in Appeals\*\***: The necessity of following the correct appellate procedure. Appeals on local tax cases must first go through the CTA.
- **\*\*RPT Liability\*\***: The registered property owner is liable for real property taxes, according to the principle that unpaid taxes attach to the property itself.
- **\*\*Exception to RPT Liability Basis on Possession\*\***: The standard rule which states that the actual or beneficial possessor of the property during the tax period could be held liable does not apply when the registered owner is a taxable entity not exempt from taxation.

**### Historical Background:**

This case underscores the ongoing issues surrounding real property taxation and ownership rights in the Philippines, especially how tax liabilities are determined based on ownership and possession. It also illustrates the importance of procedural compliance in judicial processes, reflecting the structured appeals process through the judicial system, emphasizing the role of the CTA in tax matters.