

### Title:

Sta. Lucia Realty & Development, Inc. v. City of Pasig, with the Municipality of Cainta, Province of Rizal as Intervenor

### Facts:

This case arose from a dispute over the right to collect real estate taxes on several parcels of land owned by Sta. Lucia Realty & Development, Inc. (Sta. Lucia). These lands were originally registered in the Municipality of Pasig but were later consolidated and partitioned, resulting in new titles indicating a location within the Municipality of Cainta. The City of Pasig initiated a case against Sta. Lucia for the collection of real estate taxes, including penalties and interests. Sta. Lucia, maintaining it has been paying taxes to Cainta, contested Pasig's claim. Cainta joined the case as an intervenor, asserting its right to collect taxes from the subject properties.

The legal battle went through the Regional Trial Court (RTC) of Pasig City, which ruled in favor of Pasig, to the Court of Appeals, which affirmed the RTC's decision with some modifications. Sta. Lucia and Cainta's appeals to the Supreme Court were anchored on the unresolved boundary dispute between Pasig and Cainta, directly impacting which entity had the right to collect taxes from the properties in question.

### Issues:

1. Was the simultaneous consideration of Pasig's complaint for tax collection and the pending boundary dispute case between Pasig and Cainta appropriate, considering both have implications on the situs of the taxable properties?
2. Given the pending resolution of the boundary issue, to whom should Sta. Lucia pay real property taxes—Pasig, as indicated by the location mentioned in Sta. Lucia's titles, or Cainta, which had been historically collecting taxes on the properties?

### Court's Decision:

The Supreme Court granted Sta. Lucia's petition, setting aside the Court of Appeals' decision and ruling that the resolution of Pasig's tax collection complaint must await the final judgment on the boundary dispute between Pasig and Cainta. The Court underlined that the locality entitled to collect real property taxes must have undeniable jurisdiction over the properties in question. It was determined that the ongoing boundary dispute presents a significant consideration that should preempt the resolution of tax collection issues. The Court directed Sta. Lucia to deposit the disputed taxes in an escrow account until the boundary dispute was resolved.

### Doctrine:

The Supreme Court reestablished the doctrine that a local government's power to collect real estate taxes is confined strictly within its territorial jurisdiction. A boundary dispute thus constitutes a significant issue that must be resolved to affirm the validity of tax collection efforts by a particular local government unit. Moreover, the Court highlighted an inherent judicial power, allowing for the suspension of proceedings in one case pending the resolution of another when the outcomes are interlinked, to prevent conflicting judgments and encourage judicial efficiency.

### Class Notes:

- **Territorial Jurisdiction and Taxation**: Local government units can only levy taxes on properties within their territorial boundaries. The accuracy of these boundaries is paramount to lawful tax collection.
- **Boundary Disputes as Prejudicial Questions**: In cases where the territorial jurisdiction over a property is contested, the resolution of the boundary dispute must precede decisions on tax collection to establish the correct taxing authority.
- **Certificates of Title**: While conclusive as to ownership and location, certificates of title may be challenged if there's a discrepancy between stated locations and technical descriptions, especially relating to jurisdictional boundaries.

### Historical Background:

This case emphasizes the intricate dynamics of jurisdictional boundaries within local government units in the Philippines and their impact on taxation. It underscores the necessity for clear territorial demarcations between adjoining localities, not only for administrative purposes but for the valid exercise of governmental powers, such as the levy of taxes. This scenario illustrates how seemingly straightforward titles and tax declarations can enmesh into complex legal debates when jurisdictional lines are blurred.