

****Title:** Exemption from the Doctrine of Exhaustion of Administrative Remedies: A Closer Look into International Container Terminal Services, Inc. v. The City of Manila et al.**

****Facts:****

The case centers on the imposition of local business taxes by the City of Manila on International Container Terminal Services, Inc. (International Container). For the year 1999, International Container was assessed two business taxes under Section 18 and Section 21(A) of Manila Ordinance No. 7794, as amended by Section 1(G) of Manila Ordinance No. 7807. Believing the latter to be an imposition of direct double taxation, International Container paid the tax under protest and sought a resolution for its grievances through various legal channels.

1. ****Initial Assessment and Protests:**** International Container paid an additional business tax in 1999 but filed a protest letter with the City Treasurer after realizing the dual taxation. Receiving no decision within 60 days, they escalated the issue to the Regional Trial Court (RTC) seeking relief through Certiorari and Prohibition.
2. ****Court Proceedings:**** After a motion to dismiss by the City Treasurer for non-compliance with Republic Act No. 7160 (Local Government Code of 1991), the RTC dismissed the case. However, upon appeal, the Court of Appeals ordered a remand for further proceedings.
3. ****Continued Tax Payments and Further Appeals:**** International Container, compelled to pay the ongoing taxes for business permit renewal, continued its legal battle by amending its RTC petition and later elevating the matter to the Court of Tax Appeals (CTA) after adverse decisions.
4. ****CTA and Supreme Court Involvements:**** The CTA Second Division partially granted International Container's plea for a refund for the 1999 taxes but denied subsequent claims for non-substantiation. The denial led to further appeals to the CTA En Banc and ultimately to the Supreme Court upon denial.

Throughout this legal odyssey, International Container continuously contested the additional business tax levy, transitioning through multiple legal remedies, including failing to obtain relief from administrative resolutions, thus proceeding through the judicial system for resolution.

****Issues:****

1. Whether the doctrine of exhaustion of administrative remedies applies to the petitioner's claims.
2. Whether Sections 195 or 196 of the Local Government Code govern the petitioner's claims for refunds.
3. Whether the petitioner complied with the requirements for claiming a refund, thereby entitling it to such refunds.

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

The Supreme Court granted the petition, reversing and setting aside the decisions of the Court of Tax Appeals En Banc. It found that:

1. International Container was justified in not exhausting administrative remedies due to the futility of the gesture given the city's continued collection of the contested tax.
2. The case falls under Section 196 of the Local Government Code since no assessment for deficiency taxes was issued subsequent to the third quarter of 1999, directing the course of the refund claim.
3. International Container complied with the procedural requirements for a tax refund claim under Section 196, thus was entitled to a refund for the contested payments.

****Doctrine:****

The Supreme Court reiterated the principle that the doctrine of exhaustion of administrative remedies does not apply when resort to an administrative remedy would be futile, particularly when relief sought through administrative channels evidently will not be granted. Additionally, it clarified the application of Sections 195 and 196 of the Local Government Code in relation to claims against local government unit tax assessments and refunds.

****Class Notes:****

- The doctrine of exhaustion of administrative remedies and its exceptions are crucial in determining the procedural steps required before seeking judicial intervention.
- Sections 195 and 196 of the Local Government Code offer distinct remedies for contesting local tax assessments (Section 195) and for claiming refunds for erroneous or illegal tax collections (Section 196).
- The importance of compliance with procedural requirements for tax refunds, including the timely filing of claims for refunds with the local treasurer and the subsequent filing of judicial action within the prescribed period.

****Historical Background:****

This case highlights the complexities of local business taxation within the Philippine legal framework, underscored by the interaction between corporate taxpayers and local government units. It emphasizes the jurisprudential development surrounding the doctrine of exhaustion of administrative remedies and the specific application of the local government code regarding tax disputes.