

Title: National Power Corporation vs. Hon. Presiding Judge, RTC, 10th Judicial Region Branch XXV, Cagayan de Oro City, et al.

Facts:

On October 10, 1984, the Province of Misamis Oriental initiated a lawsuit against the National Power Corporation (NAPOCOR) at the Regional Trial Court (RTC) of Cagayan de Oro City, Branch XXV, seeking the collection of real property tax and special education fund tax amounting to P11,105,008.10 and P11,104,658.10, respectively, for the years 1978-1984. NAPOCOR countered with a motion to dismiss, arguing lack of jurisdiction and improper venue, citing Presidential Decree No. 242 (PD 242) which mandates administrative settlement for disputes involving government entities. The RTC denied the motion.

NAPOCOR filed a supplemental motion to dismiss based on a Fiscal Incentive Review Board resolution which supposedly restored its tax exemption, and upon denial, filed an answer with counterclaim treated as a second motion to dismiss. This too was rejected by the RTC. Barangay Aplaya later filed a complaint in intervention, citing adverse effects from NAPOCOR's non-payment of taxes.

NAPOCOR subsequently filed a special civil action for certiorari with the Supreme Court, challenging the RTC's jurisdiction and asserting its exemption from the payment of real property taxes.

Issues:

1. Whether the RTC has jurisdiction over the collection of real property taxes from NAPOCOR.
2. Whether NAPOCOR is exempt from paying real property taxes and special education fund taxes for 1978-1984.

Court's Decision:

The Supreme Court dismissed NAPOCOR's petition. It held that PD 464 (The Real Property Tax Code), being a special and later law, takes precedence over the general provisions of PD 242, thus affirming the RTC's jurisdiction. As for the tax exemption, the Court found NAPOCOR liable for taxes due to the repeal of its tax privileges under Presidential Decree No. 1177 and further clarified by Presidential Decree No. 1931. The Court directed the RTC to proceed with determining NAPOCOR's exact tax liability.

Doctrine:

- ****Generalia Specialibus Non Derogant****: Between a general law and a specific law, the latter prevails.
- Government-owned or controlled corporations are liable for taxes unless specifically exempted by law.

Class Notes:

- Jurisdiction Conflict: When laws conflict on jurisdiction, specificity and timing of enactment are key. PD 464 (a special, later law) prevails over PD 242 (a general law).
- Tax Exemption: Repeal: Government units, including government-owned or controlled corporations, lose tax exemptions unless explicitly maintained; PD 1177 and PD 1931 withdrawn such exemptions from NAPOCOR.
- Legal Interpretation: “Where the law does not distinguish, we should not distinguish” - applicable in interpreting PD 1177’s withdrawal of tax exemptions.

Historical Background:

The case elucidates the changing legal landscape concerning tax exemptions of government entities and the jurisdictional issues in disputes involving government offices and instrumentalities. It reflects the judiciary’s role in interpreting and reconciling conflicting laws, particularly in the context of administrative and tax law in the Philippines during the mid-1980s.