

****Title:**** *Testate Estate of Concordia T. Lim v. City of Manila, et al.*

****Facts:****

The series of events began when Concordia T. Lim received a real estate loan from the Government Service Insurance System (GSIS) on February 13, 1969, secured by a mortgage on two parcels of land in Manila. Following Lim's failure to pay the loan, the GSIS foreclosed the mortgage and, being the highest bidder, acquired the properties. The titles were consolidated in GSIS's favor in 1977 after Lim's right of redemption lapsed. However, the GSIS board allowed Lim's estate to repurchase the properties on April 11, 1979.

The City Treasurer of Manila required the payment of real estate taxes for 1977, 1978, and the first quarter of 1979, totaling P67,960.39, before transferring the titles to Lim's estate, which paid under protest. Subsequent demand letters for reimbursement from the GSIS and Manila City Treasurer were refused, leading to the filing of a lawsuit on March 14, 1980, for a refund of the taxes paid. The Regional Trial Court dismissed the case for lack of jurisdiction, leading to this appeal.

****Issues:****

1. Whether the trial court has jurisdiction over an action for a refund of real estate taxes paid under protest.
2. Whether the plaintiff-appellant has a right to recover the paid taxes.
3. Whether the plaintiff-appellant has the personality to sue.

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

1. ****Jurisdiction Over the Action for Refund****: The Supreme Court held that the trial court indeed has jurisdiction to try cases involving the right to recover sums of money, including refund/reimbursement of real estate taxes erroneously collected and paid under protest, distinguishing the procedural posture from the matters that must be brought before the Local Board of Assessment Appeals.
2. ****Right to Recover****: The Court found the imposition of the real property tax on the estate for the years 1977, 1978, and the first quarter of 1979 invalid. It ruled that the plaintiff-appellant is not liable for these taxes since they were neither the owner nor the beneficial user of the properties during those periods. Hence, a refund by the City government is in order.
3. ****Personality to Sue****: Addressing the lower court's ruling on the lack of personality to sue due to the subsequent sale of the properties, the Supreme Court found insufficient

evidence to support this conclusion. Thus, it ruled that the plaintiff-appellant, having paid the taxes under protest, is the real party in interest to sue for a refund.

****Doctrine:****

- Jurisdiction on tax refund matters: The courts have jurisdiction over actions for the refund or reimbursement of real estate taxes paid under protest, distinguishing these matters from those that fall under the jurisdiction of local administrative tax appeals bodies.
- Beneficial Use and Liability for Real Property Tax: Real property tax liability attaches to the person who had actual or beneficial use and possession of the property, regardless of ownership, justifying a refund if paid by someone not meeting these conditions.

****Class Notes:****

- ****Jurisdiction****: Distinction between court jurisdiction over tax refund actions and administrative appeals for property assessment disputes.
- ****Taxation Principle****: Liability for real estate taxes is based on actual or beneficial use of the property (Refer to: P.D. No. 464, Sections 3(a) and 19).
- ****Legal Doctrine on Refunds****: Payment under protest allows for the potential refund of taxes if found erroneously imposed (Refer to: P.D. No. 464, Section 62).

****Historical Background:****

This case contextualizes the dynamic interplay between property rights, tax liabilities, and jurisdictional authority within the Philippine legal system. It illustrates the procedural journey from administrative resolutions to judicial appeals, underlining the importance of the court's power to interpret and redress grievances related to tax impositions on real estate properties. The decision reaffirms the principle that tax liabilities should equitably fall on those who benefit from the property, distinguishing between ownership and beneficial use, a testament to the evolving jurisprudence on property taxation in the Philippines.