

****Title:** Board of Assessment Appeals of Zamboanga Del Sur vs. Samar Mining Company, Inc.: A Challenge on Real Property Tax Assessment on Public Land Improvement**

****Facts:****

Samar Mining Company, Inc. (Samar), a domestic corporation in the mining industry, constructed a 42-kilometer gravel road from its mine at Buug to a pier at Pamintayan, Zamboanga del Sur. This road, built entirely on public land, was essential for hauling iron ores. Samar filed lease applications for a road right of way on public lands in 1958 and 1959, received temporary permits, and completed the road in 1959, though lease contracts were pending execution even as the case advanced. On June 5, 1964, the Provincial Assessor of Zamboanga del Sur assessed the 13.8 kilometers of the road that traversed alienable or disposable public lands for real estate tax purposes amounting to P1,117,900.00. Samar appealed this assessment to the Board of Assessment Appeals of Zamboanga del Sur on July 14, 1964, arguing that the road on public land should not be subjected to tax. The Board issued a resolution on December 22, 1964, upholding the assessment but delayed its enforcement pending lease execution. A revision on August 3, 1965, made the assessment immediately enforceable, prompting Samar to seek redress from the Court of Tax Appeals (CTA), which ruled in favor of Samar, revoking the tax assessment.

****Issues:****

1. Whether or not the Court of Tax Appeals erred in ruling it had jurisdiction to entertain the appeal without Samar first paying the realty tax imposed, contravening Section 54 of the Assessment Law.
2. Whether or not the realty tax assessed on the road constructed on alienable or disposable public lands leased to Samar by the government is valid and enforceable under Section 2 of the Assessment Law.

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

The Supreme Court affirmed the decision of the Court of Tax Appeals, holding:

1. ****Jurisdiction of the Court of Tax Appeals:**** The Court clarified that the jurisdiction of the CTA over cases involving real property tax assessments is explicit in Republic Act No. 1125. Payment of taxes before appeal, as argued under Section 54 of the Assessment Law, is not a prerequisite for the CTA's jurisdiction on appeal from decisions of provincial or city Boards of Assessment Appeals.
2. ****Validity of Realty Tax:**** Building on the precedent set in *Bislig Bay Lumber Co. vs.*

Provincial Government of Surigao, the Court reiterated that improvements constructed on public lands, which are inseparable and become property of the government by accession, are not taxable. The Court distinguished the nature of the land (alienable vs. inalienable) as irrelevant to the taxability of the improvement, focusing instead on the ownership and character of the improvement as part of the public domain.

****Doctrine:****

1. ****Ownership by Accession:**** Improvements made on public land, which become inseparable from it, are owned by the government by right of accession and are not subject to real property tax assessment.
2. ****Jurisdiction of the Court of Tax Appeals:**** The CTA has jurisdiction to review appeals on real property tax assessments without requiring the prior payment of the disputed tax, as outlined in Republic Act No. 1125.

****Class Notes:****

1. ****Real Property Taxation:**** Real property tax is imposed on lands, buildings, machinery, and other improvements, with specific exemptions outlined in law.
2. ****Appeal Proceedings:**** When contesting property tax assessments, taxpayers may appeal to the Board of Assessment Appeals, and subsequently, to the Court of Tax Appeals, demonstrating a procedural sequence before moving to judicial review.
3. ****Accession Doctrine:**** This principle (Articles 440 and 445, New Civil Code) stipulates that ownership of improvements that are inherently incorporated or inseparable from the land automatically reverts to the landowner, in this case, the government.

****Historical Background:****

This case underscores the dynamics between development initiatives by private corporations on public lands and the government's tax assessment policies. It highlights the evolving jurisprudence on the taxability of improvements on public lands and the jurisdictional authority of the Court of Tax Appeals. The decision reflects a balance between upholding the government's taxation powers and safeguarding property rights against undue tax impositions, particularly on public land improvements that ultimately benefit the general populace and revert to government ownership.