

****Title:**** Philippine Suburban Development Corporation vs. The Auditor General

****Facts:****

The Philippine Suburban Development Corporation (PSDC) appealed for a refund of the real estate tax of P30,460.90 paid to the Provincial Treasurer of Bulacan. The appeal follows the acquisition of PSDC's unoccupied portion of the Sapang Palay Estate by the People's Homesite and Housing Corporation (PHHC) for squatter relocation, pursuant to the President's approval. The PHHC, with the President's directive, authorized the purchase on June 10, 1960, under specific conditions, including the approval by the Office of the President and the absorption of bond issues by the GSIS. The purchase was formally executed on December 29, 1960, but registration was delayed until March 14, 1961, due to pending approval and funding issues. In April 1961, upon the Provincial Treasurer's request, PSDC, through PHHC, paid the questioned real estate tax under protest and subsequently sought a refund, arguing ownership had transferred upon the deed's execution. The Auditor General disallowed the refund, leading to this appeal.

****Issues:****

1. Whether the prior approval by the Auditor General was necessary for the contract's validity, given the President's direct approval and the contract's purpose.
2. Whether the symbolic delivery of property through the public instrument was adequate for transferring ownership from PSDC to PHHC, despite the non-registration of the deed.
3. Whether PSDC, despite the property's symbolic delivery and contract execution, remained liable for real estate taxes for 1961 due to non-registration of the deed.

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

1. The court held that given the President's explicit approval for the specific government-directed transaction aimed at addressing an emergency situation, the Auditor General's prior approval was not required.
2. Symbolic delivery of the property was deemed effective for ownership transfer upon executing the public instrument, evident from the PHHC's possession and the agreement's intention, without an explicit contrary stipulation.
3. The court found that between the contracting parties, registration was not necessary for the sale's validity. The real estate tax responsibility, therefore, transferred to PHHC upon symbolic delivery and execution of the sale deed, with PHHC being a government entity exempt from such tax.

****Doctrine:****

- In contracts of sale involving real property, registration is not necessary between the parties for the contract to be valid and effective; actual notice is equivalent to registration. Symbolic delivery through the execution of a public instrument is sufficient to transfer ownership unless the contract stipulates otherwise.
- Government-directed transactions for public purposes, approved by the President and aiming to address emergency situations, may not require the Auditor General's prior approval.

****Class Notes:****

- Ownership Transfer Methods: Symbolic delivery through public instrument execution can suffice for ownership transfer in real property sales, absent explicit contrary intentions in the agreement.
- Importance of Presidential Approval: For government transactions directed for specific public purposes, Presidential approval can supersede the need for Auditor General's approval.
- Tax Liability and Ownership: Real estate tax liability shifts upon ownership transfer, which can occur through symbolic delivery, irrespective of the deed's registration, especially between contracting parties.
- Government Exemption: Government entities, in certain projects, are exempt from national and local taxes and fees, including real estate taxes.

****Historical Background:****

The case unfolded in the context of the Philippine government's efforts to address housing crises and squatting issues in Manila and nearby suburbs during the early 1960s. The purchase of the Sapang Palay Estate for squatter relocation represents a swift government response to social welfare concerns, highlighting the interplay between government directives, property laws, and fiscal responsibilities within emergency public projects.