

### Title:

\*\*City of Manila and Office of the City Treasurer of Manila vs. Cosmos Bottling Corporation:  
A Case of Lawful Tax Refund and the Essentiality of Filing a Motion for Reconsideration\*\*

### Facts:

The case roots from the first quarter of 2007 when the City of Manila assessed local business taxes and regulatory fees against Cosmos Bottling Corporation (Cosmos) totaling P1,226,781.05. Cosmos protested this assessment, arguing against the validity of the tax ordinances applied and the imposition of what they considered double taxation. Their payments made under such assessment were initially refused by the City Treasurer. Despite a rejection of their protest, Cosmos was compelled to pay the full amount assessed to avoid further penalties.

Following the payment, Cosmos filed a claim for a refund of P1,094,786.82, which represented the contested amount. After the City Treasurer's refusal and subsequent legal action initiated by Cosmos, the RTC issued a decision partially favoring Cosmos by enjoining the imposition of double taxation but denying the refund request. Discontent with the RTC's decision, Cosmos took the matter to the Court of Tax Appeals (CTA) Division, which favored them by ordering a refund of the contested amount.

The City of Manila directly appealed the CTA Division's ruling to the CTA En Banc without first filing a motion for reconsideration with the CTA Division, ultimately leading to the dismissal of their petition for a review on procedural grounds, which was affirmed upon their motion for reconsideration.

### Issues:

1. Whether the direct appeal to the CTA En Banc without filing a motion for reconsideration or new trial with the CTA Division was procedurally correct.
2. The legality and procedural appropriateness of shifting from a remedy against the assessment to a remedy for a refund by a taxpayer who initially protested and paid the assessment.

### Court's Decision:

1. The Supreme Court affirmed the CTA En Banc's decision, holding that filing a motion for reconsideration or new trial with the CTA Division is indeed a mandatory prerequisite for any appeal to the CTA En Banc. The City of Manila's direct appeal was therefore procedurally flawed, leading to the correct dismissal of their petition for a review.

2. On the substantive issue, the Supreme Court ruled in favor of Cosmos. The Court clarified that taxpayers have the option to protest an assessment and still seek a refund for the taxes paid under the assessment if deemed erroneous or illegal. Cosmos legally pursued their claim for a refund within the allowed period after their written protest was effectively denied, justifying a refund for the overpayment.

### ### Doctrine:

This case underscores the procedural requirement of filing a motion for reconsideration or new trial with the CTA Division before appealing to the CTA En Banc. It also clarifies the remedies available to taxpayers who protest an assessment; they can seek a refund of taxes paid under such protested assessments, provided the procedural steps outlined by law are followed.

### ### Class Notes:

- **Motion for Reconsideration Requirement:** Before lodging an appeal with the CTA En Banc, filing a motion for reconsideration or new trial with the original deciding division (CTA Division) is mandatory.
- **Taxpayer's Remedies Against Assessments:** Taxpayers can protest an assessment without first paying the disputed amount. However, if a payment is made (whether under protest or following a protest rejection), the taxpayer is entitled to seek a refund, given that appropriate legal action is taken within the specific time frames provided by law.
- **Legal Provisions:** This case heavily cited R.A. No. 1125 (as amended) and Sections 195 and 196 of the Local Government Code concerning the procedures for protesting tax assessments and claims for refunds.

### ### Historical Background:

The judicial journey highlights the procedural intricacies involved in tax disputes and the importance of adhering to procedural requirements to ensure that substantial justice is served. The Supreme Court's decision not only clarifies the procedural pathway for similar tax dispute appeals but also reiterates the legal rights of taxpayers regarding assessments and refunds, ensuring a balanced approach between tax collection and taxpayer rights.