

****Title:**** Bases Conversion and Development Authority v. Commissioner of Internal Revenue

****Facts:****

The Bases Conversion and Development Authority (BCDA), a government instrumentality, filed a Petition for Review with the Court of Tax Appeals (CTA) against the Commissioner of Internal Revenue (CIR), claiming exemption from payment of docket fees pursuant to Section 22, Rule 141 of the Rules of Court, as amended. The BCDA's exemption was based on its status as a government instrumentality. The petition involved a claim for refund against the CIR and was filed on the deadline of February 16, 2011. The CTA's Executive Clerk informed BCDA that the petition was not deemed filed without the payment of the correct legal fees, citing a similar previous denial and a Supreme Court certification stating BCDA's non-exemption from legal fee payment. Despite this initial refusal, BCDA paid the docket fees under protest on April 7, 2011.

The CIR filed a Motion to Dismiss the petition on grounds of prescription and/or lack of jurisdiction, arguing the docket fees were paid past the filing deadline. The CTA Second Division dismissed BCDA's petition for non-payment of docket fees, reasoning that timely payment was essential for jurisdiction, which BCDA appealed to the CTA En Banc. The CTA En Banc affirmed the Second Division's ruling, leading BCDA to petition the Supreme Court. BCDA maintained its exemption from docket fees, citing legal provisions and prior Supreme Court rulings recognizing its status as a government instrumentality. The CIR opposed, emphasizing the mandatory nature of legal fee payment and procedural requirements.

****Issues:****

1. Whether BCDA, being a government instrumentality, is exempt from the payment of docket fees.
2. Whether the timely payment of docket fees is indispensable for the CTA to acquire jurisdiction over the case.
3. The applicability of procedural rules concerning the motion for reconsideration, specifically the inclusion of a notice of hearing.

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

The Supreme Court ruled in favor of BCDA, highlighting its status as a government instrumentality and affirming its exemption from docket fees under Section 22, Rule 141 of the Rules of Court, as amended. The Court rejected the CTA En Banc's and Second Division's rulings that mandatory docket fees apply to BCDA and that their late payment

could hinder jurisdiction. Furthermore, the Supreme Court discussed the procedural oversight regarding the notice of hearing in BCDA's motion for reconsideration, emphasizing procedural rules' service to substantive justice. Ultimately, the case was remanded to the CTA for further proceedings.

****Doctrine:****

The Supreme Court established that government instrumentalities, not structured as GOCCs, are exempt from the payment of legal fees under Section 22, Rule 141 of the Rules of Court, reaffirming the principle that procedural rules should serve and not hinder substantive justice.

****Class Notes:****

- Government instrumentalities endowed with corporate powers retain their exemption from legal (including docket) fees.
- Timely payment of docket fees, while generally critical for court jurisdiction, is excused for entities exempt under specific legal provisions.
- Procedural lapses, like omitted notices of hearing in motions, may be overlooked if they impede the delivery of substantive justice, underscoring the flexibility of procedural rules in favor of justice.

****Historical Background:****

The BCDA's establishment and functioning within the Philippine government's framework, including its participation in legal disputes, illustrate the evolving interpretation of legal fees exemption for government instrumentalities. This case underscores the judiciary's role in clarifying the boundaries of laws and rules affecting government entities' operational aspects, including their litigation prerogatives.