

Title: Filinvest Development Corporation vs. Nilo Del Rosario

Facts:

The case originated when Nilo Del Rosario, respondent, petitioned for confirmation of a final bill of sale and entry of a new certificate of title following a tax delinquency sale wherein he was the highest bidder. Filinvest Development Corporation, the petitioner, owned the disputed property but was delinquent in real estate tax payments, resulting in a public auction on October 3, 2013. Del Rosario acquired the property and sought confirmation and new title, given Filinvest's failure to redeem. Filinvest contended that the property had been sold to Spouses Cabrerros and that it did not receive proper notices from the City Treasurer's Office. The case went through the Regional Trial Court (RTC), which favored Del Rosario, to the Court of Appeals (CA), which upheld the RTC's decision, leading Filinvest to elevate the matter to the Supreme Court under a petition for review on certiorari.

Issues:

1. Whether Filinvest was required to comply with the deposit requirement under Section 267 of the Local Government Code before questioning the tax auction sale's validity.
2. Whether the mandatory requirements under the Local Government Code for a valid tax delinquency sale, particularly regarding posting and serving of notices, were satisfied.
3. Whether Spouses Cabrerros, having a legal interest in the property, should have been served with notices of the tax delinquency sale.

Court's Decision:

The Supreme Court granted the petition, setting aside the CA's decision and resolution, and declared the tax sale null and void. It clarified that the deposit requirement under Section 267 of the Local Government Code applies only to actions initiated to question the validity of tax sales, not when such validity is contested as a defense, as in this case. The Court found inadequate compliance with statutory requirements for tax delinquency sales concerning the serving and posting of necessary notices to the delinquent taxpayer or interested parties. It was ruled that Spouses Cabrerros, as parties with a legal interest, should have been notified of the delinquency sale.

Doctrine:

This case reinforces strict adherence to statutory procedures for tax delinquency sales, emphasizing the protection of property owners' due process rights. The decision underscores that procedural lapses, particularly in serving and posting notices, invalidate tax sales. It also notes that initiate actions questioning tax sale validity require a deposit

under Section 267 of the LGC, which does not apply when such validity is contested as a defense.

Class Notes:

- Tax Delinquency Sales: The Local Government Code requires strict adherence to procedures like notice posting and serving to validate a tax delinquency sale.
- Section 267, LGC: A jurisdictional deposit is required only for initiate actions challenging the validity of tax sales; defenses raised against validity do not require such deposits.
- Due Process in Property Rights: Validating a tax sale involves mandatory procedural steps to safeguard property owners' due process rights.

Historical Background:

The case illustrates the intricate balance between the state's authority to enforce tax obligations and the property owner's rights. Tax delinquency sales serve as a critical mechanism for local governments to collect unpaid real estate taxes; however, this case highlights the imperative need for due process and strict compliance with prescribed legal procedures to prevent infringement on property rights and to ensure fairness in the tax collection process.