

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

****Facts:**** The Bases Conversion and Development Authority (BCDA), a Philippine government instrumentality, sought a refund for Creditable Withholding Tax (CWT) amounting to Php122,079,442.53, paid under protest from March to October 2008. This tax was levied in relation to its sale of allocated units in the Serendra Project, a joint development with Ayala Land, Inc. To contest this, BCDA filed a petition for review with the Court of Tax Appeals (CTA) on October 8, 2010, requesting exemption from the filing fees totaling Php1,209,457.90. The CTA First Division denied the exemption request and, following BCDA's failure to pay the fees upon subsequent demands, dismissed the petition on March 28, 2011. BCDA's subsequent motions and appeals, including a petition for review to the CTA En Banc, were either denied or not received due to the non-payment of fees. Eventually, the CTA En Banc upheld the First Division's dismissal of BCDA's case, reiterating the importance of paying docket fees for court jurisdiction. BCDA sought relief from the Supreme Court.

****Issues:****

1. Whether the CTA En Banc erred in upholding the CTA First Division's ruling that BCDA, as a government instrumentality, is not exempt from the payment of legal fees.
2. Whether the dismissal of BCDA's petition for review for non-payment of the prescribed legal fees was justified.

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

The Supreme Court granted BCDA's petition, reversing the CTA decisions. It recognized BCDA as a government instrumentality vested with corporate powers, thus exempt from payment of docket fees. The Court distinguished between government instrumentalities and government-owned and controlled corporations (GOCCs), with BCDA fitting the former's classification due to its non-stock, non-share capital structure and its purposes aligned with governmental functions rather than corporate dividend distribution. The Supreme Court remanded the case to the CTA for further proceedings on BCDA's claim for a tax refund.

****Doctrine:****

A government instrumentality vested with corporate powers, not organized as either a stock or non-stock corporation, is exempt from the payment of docket fees as per Section 21, Rule 141 of the Rules of Court.

****Class Notes:****

- Government Instrumentality vs. GOCC: A government entity with corporate powers but not organized as a stock or non-stock corporation is considered an instrumentality, exempt from docket fees.
- Docket Fees: Mandatory for jurisdiction in court cases, except for exempt government instrumentalities.
- Jurisdiction: The necessity of docket fee payment for court acquisition of jurisdiction over a case.
- Tax Refund Claims: Government instrumentalities have the same right to claim tax refunds as private entities, subject to proper legal procedures.

****Historical Background:**** This case underscores the evolving legal interpretation of government entities' obligations and privileges in Philippine tax law. It highlights the distinct legal status and exemptions granted to government instrumentalities, differentiating them from GOCCs and affirming their exemption from certain financial obligations typically imposed on other litigants.