

Title:

****Manila International Airport Authority v. City of Pasay et al.****

Facts:

1. ****Background:****

- The Manila International Airport Authority (MIAA) operates NAIA under Executive Order No. 903 (EO 903), issued by President Ferdinand E. Marcos in 1983.
- EO 903 transferred about 600 hectares, including the runways and airport tower, to MIAA, located between Pasay City and Parañaque City.

2. ****Notices of Delinquency:****

- On August 28, 2001, MIAA received final notices of real property tax delinquency from Pasay City for NAIA properties for 1992-2001 totaling PHP 1,016,213,836.33, including taxes and penalties.
- On August 24, 2001, Pasay City issued notices and warrants of levy for the delinquent taxes, with the mayor threatening public auction of the properties if taxes remained unpaid.

3. ****Legal Moves:****

- On October 29, 2001, MIAA filed a petition for prohibition and injunction with the Court of Appeals to enjoin Pasay City from imposing taxes and auctioning NAIA properties.

4. ****Court of Appeals Decision:****

- On October 30, 2002, the Court of Appeals dismissed MIAA's petition, upholding the City of Pasay's power to levy taxes on the properties.
- MIAA's motion for reconsideration was denied, prompting them to file a petition for review on certiorari with the Supreme Court.

Issues:

The main legal issue before the Supreme Court was:

1. ****Whether NAIA Pasay properties owned by MIAA are exempt from real property tax.****

Court's Decision:

1. ****Tax Exemption Mechanics:****

- The Court noted that under Sections 193 and 234 of the Local Government Code (LGC), exemptions for government-owned or controlled corporations (GOCCs) are withdrawn.
- However, it highlighted that properties of public dominion owned by the Republic of the Philippines are exempt under Section 234(a) of the LGC.

2. **Classification of MIAA:**

- MIAA is not classified as a GOCC because it is neither organized as a stock nor a non-stock corporation under the Administrative Code of 1987.
- MIAA is regarded as a government instrumentality endowed with corporate powers, performing essential public services, thereby falling outside the taxing power of local governments per Section 133(o) of the LGC.

3. **Nature of NAIA Properties:**

- NAIA properties fall under public dominion as they are intended for public use (airport facilities), aligning them with those exempt from real property taxes under Section 234(a).

4. **Trust Relationship:**

- MIAA acts as a mere trustee holding title to these properties on behalf of the Republic, with no beneficial ownership apart from what is required for its managerial and operational responsibilities.

5. **Portions Leased to Taxable Persons:**

- Portions of NAIA properties leased to private entities are subject to real property tax, but the properties themselves remain exempt as held by MIAA under administrative delegation.

Doctrine:

- **Government Instrumentalities Exemption:**
- Instrumentalities not classified as GOCCs are exempt from local taxation under Section 133(o) of the LGC.
- Properties of public dominion are exempt under Section 234(a) even when held by government agencies or instrumentalities.

Class Notes:

- **Key Elements/Concepts:**
- **Government Instrumentality vs. GOCC:** Determination depends on the entity's structure—stock or non-stock corporation, or otherwise.
- **Public Dominion:** Properties devoted to public use are owned by the Republic and are exempt from taxation.
- **Tax Exemption Clauses (LGC):** Sections 133(o) and 234(a) delineate limitations on local taxing authority over national government instrumentalities and public dominion properties.
- **Relevant Legal Provisions:**

- **LGC Section 133(o):** “Local governments cannot impose taxes on the national government, its agencies, and instrumentalities.”
- **LGC Section 234(a):** “Real property owned by the Republic or its subdivisions, except when the beneficial use is granted to a taxable person, is exempt from real property tax.”

Historical Background:

- **Roots in EO 903:** Reflects policies for consolidating and managing significant national infrastructures, particularly airports.
- **Post-Marcos Era Developments:** The establishment of MIAA was part of broader efforts to modernize and regulate aviation facilities in the Philippines.

Through this case, the Supreme Court solidified the nuanced understanding of government instrumentalities’ tax exemptions, reaffirming the distinction between different types of government entities concerning taxation as per the Local Government Code of 1991.