

### Title: Government Service Insurance System vs. City Assessor of Iloilo City, Register of Deeds of Iloilo City, and Rosalina Francisco

### Facts:

1. **Auction Sale and Property Purchase**:

- Rosalina Francisco purchased two parcels of land in Jaro, Iloilo City (TCT Nos. 41681 and 48580) through public auction sales conducted to satisfy delinquent real property taxes. The properties were registered in the name of GSIS with beneficial ownership held by Baldomero Dagdag and Rodolfo Ceres respectively.

2. **Issuance of Final Bill of Sale**:

- Following the failure of the registered owner or any interested party to redeem the properties within the one-year redemption period, the Iloilo City Treasurer issued final bills of sale to Francisco, which were duly annotated on the certificates of title. However, the owner's duplicate certificates were not available for registration.

3. **Petitions for New Transfer Certificates**:

- Francisco filed petitions with RTCs of Iloilo City (Branches 36 and 31) for the issuance of new duplicate Transfer Certificates of Title (TCTs) in her name.

4. **RTC Orders**:

- RTC Branch 36 issued an order on April 29, 1993, declaring TCT No. 41681's lost copy null and void and ordering a new owner's duplicate in the name of GSIS c/o Dagdag. Similarly, RTC Branch 31 issued an order on November 8, 1994, directing the issuance of a new TCT for TCT No. 48580 in the name of Francisco.

5. **Finality of Orders**:

- No appeals were made, and both orders became final and executory.

6. **Petition to Annul RTC Judgments**:

- GSIS later filed a petition to annul the RTC orders with the CA, arguing that: (i) as per its charter (RA 8291), it was exempt from property taxes and (ii) GSIS was not given due process in the assessment and auction proceedings.

7. **CA Decision**:

- The CA dismissed GSIS's petition, holding that, under Section 234(a) of RA 7160 (Local Government Code), GSIS's tax-exempt status was not applicable once beneficial ownership was transferred to a private person. The CA also ruled that GSIS was not denied due

process.

### Issues:

1. Whether the properties of GSIS are exempt from real property taxes under its charter (RA 8291).
2. Whether the proceedings for the assessment and sale of GSIS's properties violated due process rights.
3. The applicability of RA 8291 vis-à-vis Section 234(a) of RA 7160 (Local Government Code).

### Court's Decision:

1. **Tax Exemption**:

- The Court held that GSIS's tax-exempt status under RA 8291 does not extend to properties that have been beneficially transferred to private individuals. Section 234(a) of the LGC states that real property tax exemptions are void when beneficial use is granted to a taxable person. The GSIS Charter does not repeal this provision.

2. **Due Process**:

- The CA found no due process violation, as GSIS was aware of and participated in the proceedings. The Court concurred.

3. **Repeal by RA 8291**:

- The petitioner's claim of RA 8291 repealing RA 7160 is unfounded. The laws must be reconciled harmoniously. RA 8291 does not expressly or impliedly nullify RA 7160. Legislative intent does not support an assumption of implied repeal.

### Doctrine:

- **Beneficial Ownership and Tax Exemption**: Tax exemptions for properties owned by the government or its entities do not apply when beneficial use of such properties is granted to private taxable persons.

- **Reconciliation of Statutes**: A later statute (RA 8291) does not imply a repeal of an earlier one (RA 7160) unless there is clear, irreconcilable conflict. Legislative intent supports interpreting statutes to form a consistent body of law.

### Class Notes:

1. **Key Elements/Concepts**:

- **Section 39 of RA 8291**: Exemption from taxes, legal process, and liens for GSIS, aimed at preserving actuarial solvency.

- **Section 234(a) of RA 7160**: Real property tax exemption does not apply if the beneficial use is granted to a taxable person.
- **Due Process**: Proper notice and opportunity to be heard are essential components.

2. **Application**:

- Real property tax law and the conditions where exemptions stop applying.
- Read statutory provisions in context and harmonize to avoid assuming conflicts.

**Historical Background**:

- The biggest transition marked RA 7160 (The Local Government Code of 1991), enhancing local government autonomy and financial independence by empowering local taxing authority, removing generalized tax exemptions of government entities. This was a significant legislative step towards decentralization and increased local governance in the Philippines.