

****Title**:** *National Power Corporation vs. Provincial Treasurer of Benguet, et al.*

****Facts**:**

In May 2000, the Municipal Assessor of Itogon, Benguet assessed the National Power Corporation (NPC) a real property tax amounting to PHP 62,645,668.80 for properties located within the Binga Hydro-Electric Power Plant. The properties assessed were classified as industrial buildings, school buildings, roads, equipment, and machineries. On March 17, 2006, NPC received a demand letter from the OIC-Provincial Treasurer of Benguet for the payment of the delinquent real property tax.

NPC challenged the assessment before the Local Board of Assessment Appeals (LBAA) on April 20, 2006, claiming that the properties should be exempt under Section 234 (b) and (c) of the Local Government Code (LGC) of 1991. In their answer, the respondents argued that NPC's properties were taxable and that the period to assess had not prescribed since the initial assessment was made in 2003. The LBAA deferred the proceedings but required NPC to either pay under protest or provide a surety bond. NPC moved for reconsideration, but this was denied.

NPC then filed a petition for review before the Central Board of Assessment Appeals (CBAA), arguing that payment under protest was not required when questioning the authority to assess tax-exempt properties. The CBAA dismissed the appeal as it was filed out of time and denied NPC's motion for reconsideration. NPC appealed to the Court of Tax Appeals (CTA) En Banc, which upheld the need for payment under protest before the LBAA could entertain the appeal.

****Issues**:**

1. Whether the condition of payment under protest under Section 252 of the LGC applies when the NPC questions the authority of local assessors to tax properties claimed to be exempt.
2. Whether the NPC's appeal before the CBAA was timely filed.

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

1. ****Payment Under Protest Condition**:** The Court affirmed the application of Section 252 of the LGC, which requires payment under protest within 30 days before a protest can be entertained. The Court held that NPC's claim for tax exemption does not challenge the

assessor's authority but questions the reasonableness of the assessment, a factual matter for the LBAA. The requirement to pay under protest supports continuous tax collection, pivotal for local government revenues.

2. **Timeliness of Appeal**: The Supreme Court found that the NPC filed the appeal to the CBAA late. Upon receiving the denial of its motion for reconsideration from the LBAA, NPC had only an additional 14 days to file an appeal instead of a fresh 30-day period. The appeal was filed 75 days after the deadline expired.

Doctrine: The Court reiterated that under Section 252 of the LGC, all protests against real property tax assessments must be preceded by payment under protest. This ensures the lifeblood theory of state revenues, whereby tax collection cannot be hindered by disputes. Furthermore, administrative appeals do not benefit from the "fresh period rule" established in *Neypes v. Court of Appeals* for judicial appeals.

Class Notes:

1. **Local Government Code (LGC)**:

- **Section 252**: No protest against real property tax assessments shall be entertained unless the taxpayer first pays the tax under protest.
- **Section 206**: Taxpayers must submit documentary evidence to claim tax exemptions.
- **Section 226**: Appeals can be made to the Local Board of Assessment Appeals (LBAA) within 60 days from receipt of notice.
- **Section 231**: Appeals do not suspend tax collection.

2. **Doctrine of Taxes as Lifeblood of the Nation**: Taxes are critical for state functions, thus prioritizing their collection and limiting judicial interventions that may delay revenue for public services.

Historical Background: This case highlights the procedural intricacies involved in disputing tax assessments and the rigor of administrative requirements under the LGC. It underscores the importance of adhering to statutory timelines and procedural requirements, particularly in tax disputes. The decision also illustrates the continuous upholding of the lifeblood doctrine of taxes in the Philippines, ensuring uninterrupted revenue flow to local and national governments.