

Title:

****National Housing Authority vs. Iloilo City (G.R. No. 174888)****

Facts:

1. ****Auction Sale of Property****:

- On December 7 & 8, 1998, Iloilo City Treasurer auctioned National Housing Authority's (NHA) Lot No. 1150-A due to unpaid realty taxes.
- No private bids were made, and Iloilo City bought the property.
- After the redemption period, the city executed the Final Bill of Sale and later sold the property to Rosalina Francisco, resulting in a new Transfer Certificate of Title (TCT No. T-107295) in her name.

2. ****NHA's Complaint****:

- On July 19, 2002, NHA filed a complaint for the annulment of the auction sale and subsequent transactions, asserting its tax-exempt status and lack of notice.

3. ****Motions to Dismiss****:

- Defendants (Iloilo City, its Mayor, Treasurer, and Francisco) moved for dismissal citing lack of jurisdiction and forum shopping.
- Argued that NHA failed to meet the deposit requirement under Section 267 of R.A. 7160.

4. ****Trial Court and Court of Appeals Rulings****:

- Trial Court dismissed the complaint on February 26, 2004, citing non-compliance with Section 267 of R.A. 7160.
- Court of Appeals affirmed the dismissal.

5. ****Petition for Review on Certiorari****:

- NHA petitioned the Supreme Court on May 16, 2006, claiming its exemption from the deposit requirement due to its tax-exempt status under various statutes.

Issues:

1. ****Jurisdictional Deposit Requirement****:

- Whether NHA, a tax-exempt entity, is required to make a deposit under Section 267 of R.A. 7160 to initiate an action challenging the validity of a public auction sale.

2. ****Forum Shopping****:

- Whether NHA's previous and dismissed case (Civil Case No. 22090) constituted forum shopping relevant to the current case.

Court's Decision:

1. **Jurisdictional Deposit Requirement**:

- The deposit under Section 267 of R.A. 7160 is a jurisdictional requisite for actions questioning the validity of a public auction sale.
- The provision is intended to ensure reimbursement for purchasers in case the sale is deemed invalid.
- The Supreme Court recognized that the requirement primarily addresses the satisfaction of tax delinquency.
- As NHA is a tax-exempt entity, it should not be bound by this deposit requirement since the property should not have been subjected to auction in the first place.
- Thus, the deposit prerequisite is inapplicable to NHA, given its exempt status and the presumption of government solvency.

2. **Nullity of Auction Sale**:

- Given NHA's tax-exempt status, any public auction sale of its property is null and void.
- The court emphasized the irregularities claimed by NHA, including the lack of notice, warrant revisiting the property's auction sale.

3. **Forum Shopping**:

- The previous case (Civil Case No. 22090) was dismissed on jurisdictional grounds, not on merits.
- Therefore, and since the case was no longer pending, it does not constitute "forum shopping."
- Forum shopping requires simultaneous cases for the same cause, which was not present here.

Doctrine:

- **Government Tax Exemption and Deposit Requirements**:

- Tax-exempt entities like the NHA are not subject to the jurisdictional deposit requirement under Section 267 of R.A. 7160.
- The purpose of the deposit under this section is to reimburse the buyer at the auction but does not apply when the government, implicitly solvent and not subject to local taxes, is the plaintiff.

Class Notes:

- **Section 267 of R.A. 7160**: No action assailing a tax sale's validity without taxpayer depositing the sale amount + 2% monthly interest from sale to suit.

- **NHA's tax-exempt status**: Established via P.D. No. 1922, P.D. No. 2013, and R.A. No. 7279, exempting NHA from fees and taxes.
- **Jurisdictional Prerequisites**: Conditions like deposits before courts exercise jurisdiction ensure substantive compliance and fairness.
- **Forum Shopping Concept**: Filing multiple cases for the same cause and relief before disposition of the first case.

Historical Background:

- **Tax Exemptions for Government Agencies**:
 - Historically, statutes have provided specific tax exemptions to entities like NHA to further their mandate without fiscal burdens.
- **Local Government Code**:
 - R.A. 7160, known as the Local Government Code of 1991, consolidates and updates various laws affecting local government units, including tax collection and real property taxation.
- **Supreme Court Jurisprudence**:
 - Sets precedents on jurisdictional limitations and the application of statutory exemptions to government entities, balancing equitable and procedurally sound litigation.

This case reiterates the unique legal landscape surrounding government tax exemptions and procedural prerequisites under the Local Government Code.