

****Title: University of the Philippines vs. City Treasurer of Quezon City****

****Facts:****

1. UP owns a parcel of land in Quezon City, with TCT No. RT-107350 (192689).
2. On October 27, 2006, UP leased 380,630 square meters of this land to Ayala Land, Inc. (ALI).
3. On August 23, 2012, the City Assessor of Quezon City reclassified and assessed the property for taxation, valuing it at P499,500,000 effective 2009.
4. Notices of Delinquency were issued to ALI on various dates between 2012 and 2013, claiming unpaid taxes for the years 2009-2013 amounting to over P100 million.
5. The Bureau of Local Government Finance opined that ALI, as the lessee, is responsible for the real property taxes.
6. On May 27, 2014, the City Treasurer issued a Statement of Delinquency to UP for P106,992,990.
7. UP President Pascual contested the delinquency notice, citing UP's tax exemptions under RA 9500 (UP Charter of 2008).
8. On July 22, 2014, UP received a Final Notice of Delinquency demanding P117,182,700.
9. UP filed a petition with the Supreme Court for certiorari and prohibition against the City Treasurer's actions.

****Issues:****

1. Whether the Supreme Court has jurisdiction to adjudicate the matter.
2. Whether UP is liable for real property tax on the land leased to ALI given its legislated tax exemptions under RA 9500.
3. Whether the real property tax exemption applies only to UP's owned assets or also extends to improvements made by the lessee, ALI.

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

1. ****Jurisdiction:**** The Supreme Court ruled that it has jurisdiction to decide the purely legal issue of UP's tax liability, given its chartered academic institution status and specific legislated exemptions.
2. ****Tax Liability of UP:**** The Court held that UP is exempt from real property tax for the land leased to ALI per RA 9500, which exempts UP's revenues and assets used for educational purposes or in support thereof from all taxes and duties.
3. ****Assets and Improvements:**** While UP's exemption covers the land, it does not extend to improvements owned by ALI during the lease term. Therefore, UP's tax exemption does not apply to these improvements.

The Court declared the Statement and Final Notice of Delinquency issued by the City Treasurer void and enjoined any public auction of the land for tax delinquency.

****Doctrine:****

The case reiterates that legislative tax exemptions granted to government instrumentalities for educational purposes (RA 9500) supersede general tax provisions in the Local Government Code when the two are in conflict. Specifically, properties and revenues used directly for educational purposes or support are exempt from local taxes.

****Class Notes:****

- ****Tax Exemptions for Educational Institutions:**** RA 9500 exempts UP's assets and revenues used for educational purposes from all taxes (Sec. 25(a)).
- ****Local Government Code Provisions:****
- ****Sec. 205(d):**** Properties owned by the Republic but beneficially used by taxable persons are listed in their name.
- ****Sec. 234(a):**** Exempts properties owned by the Republic unless beneficial use is granted to a taxable person.
- ****Hierarchy of Laws:**** Latest legislative enactments prevail over earlier conflicting provisions (RA 9500 vs. Local Government Code).

****Historical Background:****

The case reflects the evolving legislative approach to balancing local government finance needs with the autonomy and support for national institutions. The UP Charter of 2008 (RA 9500) aimed at solidifying UP's fiscal autonomy and support for its educational mandate by providing comprehensive tax exemptions, thereby overruling prior conflicting laws under the Local Government Code.

This case is significant as it underscores the special legislative protections granted to state universities and the interpretation of tax laws in the context of higher education's public mission.