

SPOUSES HU CHUAN HAI AND LEONCIA LIM HU, PETITIONERS, VS. SPOUSES RENATO UNICO AND MARIA AURORA J. UNICO, RESPONDENTS.

G.R. No. 146534. September 18, 2009

Ponente: CORONA, J.

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CORONA, J.:

On December 13, 1978, respondent spouses Renato and Maria Aurora J. Unico purchased a 800-sq. m. residential property covered by TCT No. 236631 in Fairview Park Village, Quezon City from spouses Manuel and Adoracion de los Santos. After fully paying the purchase price, respondents built a house on the land and resided there. Respondents, however, neither registered the sale in the Registry of Deeds nor declared the property in their names for purposes of taxation. They also failed to pay realty taxes.

Due to respondents' tax delinquency, the property was sold at public auction on March 5, 1984 to petitioner spouses Hu Chuan Hai and Leoncia Lim Hu for P6,322.14.[1] A year later, petitioners filed a petition for consolidation of ownership and issuance of new title (LRC Case No. Q-3458[86]) in the Regional Trial Court (RTC) of Quezon City, Branch 93 which was granted in a decision dated September 8, 1986.[2] Consequently, TCT No. 236631 was cancelled and TCT No. 359854 was issued in petitioners' names.[3]

On December 19, 1986, respondents decided to pay realty taxes on the property for the first time but they were informed that it was already registered in the names of petitioners.

Respondents filed a complaint for annulment of sale and damages (Civil Case No. Q-50553) against petitioner spouses, spouses de los Santos, the City Treasurer of Quezon City and the Registrar of Deeds of Quezon City in the RTC of Quezon City, Branch 104 assailing the validity of the tax sale. They pointed out that the City Treasurer and the Registrar of Deeds sent the notice of tax sale and advertisement to the spouses de los Santos. Because they were never informed of the tax sale, they were deprived of their property without due process of law. Hence, the tax sale was void.

Petitioners, in their answer, insisted that they could not be prejudiced by respondents' failure to receive the notice of tax sale and advertisement.

In a decision dated May 9, 1990,[4] the RTC found that the City Treasurer sent the notice of tax sale and advertisement to the spouses de los Santos instead of respondents who were the actual occupants of the property. Thus, it nullified the tax sale.

Aggrieved, petitioners appealed to the Court of Appeals (CA).[5] The CA, however, affirmed the RTC decision in toto.[6] Hence, this recourse.[7]

Petitioners basically claim that the courts a quo erred in nullifying the March 5, 1984 tax sale as they could not be prejudiced by respondents' failure to declare the property in their names as required by Section 6[8] of PD 464.[9]

We grant the petition.

This case is similar to *Talusan v. Tayag*.^[10]

In *Talusan*, we ruled that the decision of a land registration court in a petition for consolidation of ownership and registration precludes another action for annulment of auction sale.^[11] Hence, the September 8, 1986 decision of the RTC Branch 93 in LRC Case No. Q-3458(86) barred the institution of Civil Case No. Q-50553. The RTC Branch 104 should have dismissed the latter on the ground of *res judicata*.

With regard to determining to whom the notice of sale should have been sent, settled is the rule that, for purposes of real property taxation, the registered owner of the property is deemed the taxpayer.^[12] Thus, in identifying the real delinquent taxpayer, a local treasurer cannot rely solely on the tax declaration but must verify with the Register of Deeds who the registered owner of the particular property is. ^[13]

Respondents not only neglected to register the transfer of the property but also failed to declare the property in their names as required by Section 6 of PD 464. TCT No. 236631 issued to the spouses de los Santos was never cancelled and respondents never paid realty tax on the property since they acquired it. Thus, the spouses de los Santos remained the registered owners of the property in the Torrens title and tax declaration. Since the transfer of the property to respondents was never registered, the City Treasurer correctly sent notice of the tax sale and advertisement to the spouses de los Santos and the tax sale conducted in connection therewith was valid.

WHEREFORE, the petition is hereby GRANTED. The December 27, 2000 decision of the Court of Appeals in CA-G.R. CV No. 27501 affirming the May 9, 1990 decision of the Regional Trial Court of Quezon City, Branch 104 in Civil Case No. Q-50553 is REVERSED and SET ASIDE.

New judgment is hereby entered dismissing Civil Case No. Q-50553 on the ground of *res judicata*. The March 5, 1984 tax sale is hereby declared VALID.

SO ORDERED.

Puno, C.J., (Chairperson), Chico-Nazario,^[*] Leonardo-De Castro and Bersamin, JJ., concur.

[*] Per Special Order No. 698 dated September 4, 2009.

[1] Certificate of Sale of Delinquent Property to Purchaser. Rollo, p. 47.

[2] Penned by Judge Jose C. de Guzman. Id., pp. 51-53.

[3] Id., pp. 54-55.

[4] Penned by Judge Maximiano C. Asuncion. Dated May 9, 1990. Id., pp. 59-66.

[5] Docketed as CA-G.R. CV No. 27501.

[6] Decision penned by Associate Justice B.A. Adefuin-de la Cruz (retired) and concurred in by Associate Justices Salome A. Montoya (retired) and Renato C. Dacudao (retired) of the First Division of the Court of Appeals. Dated December 27, 2000. Rollo, pp. 118-127.

[7] A petition for review on certiorari under Rule 45 of the Rules of Court.

[8] PD 464, Sec. 6 provides:

Section 6. Declarations of Real Property by Owner or Administrator. -- It shall be the duty of all persons, natural

or juridical, owning or administering real property, including the improvements therein, within a city or municipality, or their duly authorized representative, to prepare, or cause to be prepared, and file with the provincial or city assessor, a sworn statement declaring the true value of their property, whether previously declared or undeclared, taxable or exempt, which shall be the current and fair market value of the property, as determined by the declarant. Such declaration shall contain a description of the property sufficient in detail to enable the assessor or his deputy to identify the same for assessment purposes. The sworn declaration of real property herein referred to shall be filed with the assessor concerned once every five years during the period from January first to June thirtieth, commencing with the calendar year 1977, unless required earlier by the Secretary of Finance.

Compare Local Gov't Code, Sec. 200.

[9] Real Property Tax Code. This has been superseded by the provisions of the 1991 Local Government Code on real property taxation (or Title II, Book II thereof).

[10] 408 Phil. 373 (2001).

[11] *Id.*, pp. 386-387.

[12] *Id.*, p. 388.

[13] *Estate of the Late Mercedes Jacob v. Court of Appeals*, G.R. No. 120435, 22 December 1997, 283 SCRA 474, 487-492.

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