

**INTESTATE ESTATE OF MARIA LIM VDA. DE UY. JOSE L. UY, SPECIAL ADMINISTRATOR AND APPELLEE. REPUBLIC OF THE PHILIPPINES, INTERVENOR AND APPELLEE, VS. PACITA UY, JESUS UY, AND JOSE...**

*G.R. No. 15386. April 29, 1961*

Ponente: CONCEPCION, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-15386/>

---

**CONCEPCION, J.:**

Appeal from an order of the Court of First Instance of Manila remanding to the Court of Tax Appeals all pleadings filed in this case, in connection with the claims of the Republic of the Philippines for war profits, estate and inheritance taxes.

This special proceeding was begun on January 25, 1946 with the petition for the appointment of José L. Uy as special administrator of the intestate estate of his mother, Maria Lim Vda. de Uy, who died in Manila on December 5, 1945. It was alleged in the petition that the deceased was survived by her children, Aurora, José, Belen, Oscar, Pacita, Jesus and Josefina, all surnamed Uy, and that she had died intestate, leaving personal and real properties worth about P9,000, with a monthly income of P200. By an order, dated January 28, 1946, Jose L. Uy was appointed special administrator of the estate of the deceased upon the filing of a bond for P2,000.00.

With the leave of the probate court, granted over the opposition of the special administrator, the Republic of the Philippines filed, on November 24, 1951, a complaint in intervention alleging that, a few weeks before her death, Maria Lim Vda. de Uy had disposed of her properties by making fictitious or simulated sales in favor of her children in pursuance of "Memorandum of Agreements and Acknowledgments," purporting to be signed by said children, copy of which was attached to said complaint and made an integral part thereof, and that, inasmuch as said properties form part of her estate, the same was indebted to the intervenor, as of March 17, 1951, in the sum of P286,834.91, by way of transfer taxes and penalties, as shown in a proof of debt, likewise, attached to said complaint. The intervenor prayed, therefore, that said sales be declared null and void; that the aforementioned properties be deemed part of the gross estate of the deceased; and that the latter be ordered to pay to the intervenor said sum of P286,834.91.

In his unverified answer to the complaint of intervention the special administrator stated that he had knowledge or information sufficient to form a belief as to the truth of its main allegations and that he, accordingly, denied the same specially and specifically.

On the motion of the intervenor, the court admitted, on November 27, 1953, over the objection of Pacita, Jesus and Josefina Uy, hereinafter referred to as appellants, an amended complaint in intervention, which included, in its claim against the estate of the deceased, the additional sum of P49,725.33, allegedly representing war profits tax and penalties said to be due as of October 31, 1953, pursuant to another proof of debt attached to said pleading.

The special administrator filed on December 11, 1953, a "manifestation" to the effect that he had not submitted an inventory of the properties of the deceased because he had found none, after exerting all efforts and making a

thorough investigation.

In their unverified answer to the amended complaint in intervention which answer was filed on December 17, 1953-appellants denied that the sales therein mentioned were fictitious or simulated and alleged, inter alia that the deceased had left no properties; that the proceedings for the settlement of her estate "should never have been commenced;" and that appellants had no knowledge or information sufficient to form a belief as to the truth of the other allegations in the amended complaint in intervention, which they, accordingly, denied specifically.

On November 27, 1957, appellants filed their answer to the complaint in intervention. They denied in said answer the fictitious or simulated nature of the sales aforementioned, as well as the alleged indebtedness to the Government, and alleged that the probate court had no jurisdiction to pass upon the legality of said sales. At the foot of this pleading, Jesus Uy denied, under oath, the genuineness and due execution of the aforementioned "Memorandum of Agreements and Acknowledgments". In a motion dated February 12, 1958, appellants asked permission to withdraw said answer to the complaint in intervention, and prayed that an "Amended Answer to the Amended Complaint in Intervention" attached to said motion be admitted. The motion was granted on February 15, 1958. In said pleading appellants reiterated substantially the contents of their answer, of December 17, 1953, to the amended complaint in intervention, and their objection to the jurisdiction of the probate court, as set forth in their answer, dated November 27, 1957, to the complaint in intervention.

Subsequently, or on March 5, 1958, the court admitted a second amended complaint in intervention, filed by the Eepublic of the Philippines, which amended the first amended complaint in intervention by including in the prayer a request that judgment be rendered declaring that the above-mentioned sales "are transfers in contemplation of death, falling under section 88(B) of the National Internal Revenue Code."

On December 29, 1958, the intervenor filed a motion alleging that, inasmuch as its claims for P285,834.91, as estate and inheritance taxes, and P49,725.33, as war profit tax—as set forth in the complaint in intervention and the amended complaint in intervention—have been contested and the liability therefor denied, this case involves disputed assessments of internal revenue taxes and a special tax—the enforcement of which is imposed by law upon the Commissioner of Internal Revenue—pending in the court of first instance when Republic Act No. 1125, creating the Court of Tax Appeals, was appiwed on June 16, 1954, and praying that the pertinent records be remanded to the latter court, pursuant to section 22 of said Act. Over appellants' objection, the motion was, after due hearing, granted by an order, dated February 25, 1959. Hence, this appeal by said appellants, who allege that:

"1. The lower court erred in ordering the records of this case, insofar as pertinent to the claim of intervenor-appellee, to be remanded to the Court of Tax Appeals.

"2. The lower court erred in not holding that the Court of First Instance, sitting as a regular court, has original and exclusive jurisdiction over the claim of intervenor-appellee."

In support of the first assignment of error, appellants maintain: (a) that "intervention, being merely ancillary, cannot alter the nature of the main action"; and (b) that the "instant case is not one of 'disputed assessment'." We find no merit in this pretense.

The main "action", to which the intervention is said to be "ancillary", is the proceeding (not "action") for the settlement of the estate of the deceased Maria Lim Vda. de Uy. Despite the order appealed from, this special proceeding will continue as such under the jurisdiction of the probate court. The nature of such special proceeding will not be altered. However, the issue on the nature of the sales or transfers made by Maria Lim Vda. de Uy in favor of her children, and on the obligation to pay the taxes claimed by the Government, will be taken out of this proceeding and submitted to the Court of Tax Appeals, for determination pursuant to Republic Act No. 1125.

It is not true that said claims do not involve a disputed assessment. The complaint in intervention, and its

amendments, as well as the proof of debts attached thereto, partake of the nature of assessments. Appellants herein have denied the obligation to pay the amounts therein claimed to be due as taxes. Hence, the controversy refers to disputed assessments of internal revenue taxes and a special tax the enforcement and collection of which are entrusted by law to the Commissioner of Internal Revenue. Pursuant to sections 7 and 22 of Republic Act No. 1125, the Court of Tax Appeals shall have exclusive appellate jurisdiction to review on appeal the decision of said officer thereon.

It is urged by appellants, in support of their second assignment of error, (a) that "estate and inheritance taxes are based on the fact of transmission" of property of the deceased "and receipt" thereof by his heir or legatee, which, appellants claim, cannot possibly take place when the property in question is subject to a claim of ownership adverse to the deceased"; and (b) that "the question whether or not there was a transfer of property, when denied by alleged recipient, is a question of ownership".

Precisely, for these reasons, the probate court has no jurisdiction to settle the issue between the parties herein in this special proceeding for the settlement of the estate of the deceased. Upon the other hand, since the determination of the question whether the deceased had really or fictitiously transferred properties to her children, and whether or not the transfer had been made in contemplation of death, as provided in section 88(B) of the Tax Code, are merely incidental to the issue on the validity or legality of the disputed assessments, which is within the jurisdiction of the Court of Tax Appeals, it follows that the latter—not the court of first instance, not even as a regular court—is, likewise, competent to hear and decide said questions concerning the nature of the transfers aforementioned.

Wherefore, the order appealed from is hereby affirmed, with costs against the appellants. It is so ordered.

Bengzon, C.J., Labrador, Reyes, J.B.L., Barrera, Paredes, and Dizon, JJ., concur.

**ABOUT BATAS.ORG**

# Study smarter at BATAS.org

*The Philippine bar review and law-school companion built around how your brain actually remembers.*

**The complete Philippine law library - free for everyone.**

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

**Audio case-brief lectures.**

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

**Bar review built on the science of memory.**

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

**The full law-school curriculum.**

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

**Mock exams that tell you where you stand.**

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

**A study planner that keeps you on pace.**

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

**Start free at <https://batas.org>**

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.