

CHINA BANKING CORPORATION PETITIONER, VS. CITY TREASURER OF MANILA, RESPONDENT.

G.R. No. 204117. July 01, 2015

Ponente: MENDOZA, J.

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MENDOZA, J.:

Before this Court is a petition for review on certiorari[1] under Rule 45 of the Rules of Court filed by petitioner China Banking Corporation (CBC), assailing the April 17, 2012 Decision[2] and the October 18, 2012 Resolution[3] of the Court of Tax Appeals En Banc (CTA En Banc), in CTA EB Case No. 738, which affirmed the October 1, 2010 Decision[4] and the February 22, 2011 Resolution[5] of the Third Division of the Court of Tax Appeals (CTA Division) in CTA AC No. 66. Through the assailed rulings, the claim by petitioner CBC for the refund of P154,398.50 collected by respondent City Treasurer of Manila (City Treasurer) under Section 21[6] of Ordinance Nos. 7988[7] and 8011[8] was dismissed.

The facts, as chronicled by the CTA Division, are undisputed:

On January 2007, on the basis of the reported income of respondent CBC's Sto. Cristo Branch, Binondo, Manila, amounting to P34,310,777.34 for the year ending December 31, 2006, respondent CBC was assessed the amount of P267,128.70 by petitioner City Treasurer of Manila, consisting of local business tax, business permits, and other fees for taxable year 2007, broken down as follows:

Particulars

Amount of Taxes and Fees

Discount

Amount Due

Tax on Coml Bank

P102,932.33

P10,293.33

P92,639.10

Tax on Rentals of Equipt

54.00

5.40

48.60

Business Permit Fee (0801)

3,215.00

-

3,215.00

Business Permit Fee (079926)

1,200.00

-

1,200.00

Business Permit Fee (0802)

3,000.00

-

3,000.00

Sanitary Inspection Fee

400.00

-

400.00

Garbage Svcs Charges

3,500.00

-

3,500.00

Occupational Tax

2,880.00

-

2,880.00

OCC/PC/HC

5,640.00

-

5,640.00

Plumbing Insp Fee

7.50

-

7.50

Electrical Insp Fee

50.00

-

50.00

Building Insp Fee

50.00

-

50.00

Signboard Insp Fee

40.00

-

40.00

SEC 21

171,553.89

17,155.39

154,398.50

Business Registration Stick

60.00

-

60.00

TOTAL

P294,582.72

P27,454.02

P267,128.70

On January 15, 2007, respondent CBC paid the amount of P267,128.70 and protested, thru a Letter dated January 12, 2007, the imposition of business tax under Section 21 of the Manila Revenue Code in the amount of P154,398.50, on the ground that it is not liable of said additional business tax and the same constitutes double taxation.

On February 8, 2007, petitioner acknowledged receipt of respondent CBC 's payment under protest of the assessed amount and further informed respondent that she will await for respondent's formal protest.

On March 27, 2007, respondent CBC wrote a letter-reply to [respondent's] petitioner's Letter dated February 8, 2007, reiterating that respondent already protested the additional assessment under Section 21 of the Manila Revenue Code in its Letter dated January 12, 2007. In the same Letter, respondent averred that pursuant to

Section 195 of the Local Government Code ("LGC"), petitioner had until March 16, 2007 within which to decide the protest, and considering that respondent received the Letter dated February 8, 2007, four days after the deadline to decide and petitioner did not even resolve the protest, respondent formally demanded the refund of the amount of P154,398.50, representing the business tax collected under Section 21 of the Manila Revenue Code.

On April 17, 2007, respondent CBC filed a Petition for Review with the RTC of Manila, Branch 173, entitled "China Banking Corporation vs. Hon. Liberty M. Toledo in her capacity as City Treasurer of Manila," docketed as Civil Case No. 07-117075, raising the sole issue of whether or not respondent is subject to the local business tax imposed under Section 21 of the Manila Revenue Code.

Decision of the

Regional Trial Court

On August 28, 2008, the Regional Trial Court, Branch 173, Manila (RTC), rendered its decision^[9] granting the petition filed by CBC and ordered the City Treasurer to refund the amount of P154,398.50, representing the assessment paid by it under Section 21 of Manila Ordinance No. 7988,^[10] as amended by Tax Ordinance No. 8011.^[11]

The RTC found that the City Treasurer had no basis to collect the amount of P154,398.50 because the Department of Justice (DOJ) was of the opinion that Ordinance Nos. 7988 and 8011 were unconstitutional. It also considered the decision in the case of Coca-Cola Bottlers Philippines, Inc. v. City of Manila,^[12] (Coca-Cola) and the Memorandum of Rafaelito M. Garayblas,^[13] Secretary of the then Mayor of Manila, noting the unconstitutionality of Ordinance Nos. 7988 and 8011 and directing the City Treasurer to cease and desist from assessing and collecting the imposed taxes under Section 21 of the said ordinances.

On March 29, 2010, the RTC resolved to deny the motion for reconsideration filed by the City Treasurer.^[14]

Decision of the

CTA Division

On October 1, 2010, the CTA Division^[15] reversed the decision of the RTC, effectively dismissing CBC's protest against the disputed assessment. Although the CTA Division dismissed the City Treasurer's contention that CBC's petition for review should have been filed with the Metropolitan Trial Court (MeTC), nevertheless it found that the RTC did not have jurisdiction over the said petition for because it was filed out of time. The CTA Division noted that the petition for review was filed one (1) day beyond the reglementary period allowed by Section 195 of the Local Government Code^[16] (LGC) to taxpayers who wished to appeal a denial of a protest due to the inaction of the City Treasurer. Consequently, the CTA Division ruled that the City Treasurer's assessment against CBC had attained finality.

CBC sought reconsideration of the decision, but its motion was denied by the CTA Division.^[17]

Aggrieved, CBC elevated the matter to the CTA En Banc.

Decision of the

CTA En Banc

On appeal, the CTA En Banc affirmed the ruling of the CTA Division in toto, reiterating that the petition for review was filed out of time. It explained that from January 15, 2007, the date when CBC filed its protest, it had sixty (60) days or until March 16, 2007 to await the decision of the City Treasurer. Considering that no action was taken by the City Treasurer, CBC had until April 16, 2007 or 30 days from March 16, 2007, (April 15, 2007 being

a Sunday), within which to appeal the inaction of the City Treasurer with the RTC, pursuant to Section 195 of the LGC. Upon examination, however, the CTA En Banc found that when CBC filed its petition for review before the RTC, it was already one day late. Thus, it lost its right to appeal and the assessment, dated January 11, 2007, became conclusive and unappealable. The CTA En Banc then concluded that CBC was precluded from interposing the defense of legality or validity of the assessment.

CBC filed its motion for reconsideration of the said decision but the CTA En Banc denied the same.

On January 30, 2013, the Court denied the petition.[18] Upon motion for reconsideration by CBC, the Court reinstated the petition.[19] Eventually, it was given due course and the parties were directed to file their respective memoranda.[20]

Hence, this petition.

ISSUE

THE HONORABLE COURT OF TAX APPEALS GRAVELY ERRED IN DISREGARDING THE LAW AND INTEREST OF SUBSTANTIAL JUSTICE BY REVERSING THE RULING OF THE TRIAL COURT SOLELY BECAUSE OF ITS ASSUMED PRONOUNCEMENT THAT THE ORIGINAL PETITION WAS FILED ONE (1) DAY BEYOND THE REGLEMENTARY PERIOD?[21]

CBC asserts that it filed the proper written protest but for lack of any action from the City Treasurer, it was prompted to file its petition for review with the RTC.[22] The petitioner insists on the invalidity of the City Treasurer's assessment. It pointed out that the basis of the assessment, Ordinance Nos. 7988 and 8011, had been declared unconstitutional by the Court in Coca-Cola, and that the Office of the Mayor of Manila even directed the City Treasurer to cease and desist from assessing and imposing Section 21 of the said ordinances.[23]

For CBC, its one (1) day delay in filing its appeal with the RTC should have been excused by the CTA because the delay was "not much of a heavy harm and was due to [the] honest mistake and excusable negligence"[24] of its former counsel.

In its Memorandum,[25] CBC insisted on the invalidity of the City Treasurer's assessment, this time, claiming that its petition for review filed with the RTC was timely filed. It explained that the 60-day period within which the City Treasurer should have acted on the protest, and the consequent 30-day period within which it had to appeal the inaction of the City Treasurer should have been reckoned not from January 15, 2007, when it filed its letter questioning the imposition and paid the assessed amount, but from March 27, 2007, the day it filed the letter reiterating its objection to the City Treasurer imposition of P154,398.50 and demanding the return of the said amount. With the reckoning point being March 27, 2007, CBC argued that the petition for review was filed well within the reglementary period because it had until June 25, 2007 to file the said appeal.

CBC then reiterated its contention that even if it was guilty of delay, the same should have been excused because the basis of the City Treasurer's assessment, Ordinance Nos. 7988 and 8011, had been declared unconstitutional by the Court in its decision in Coca-Cola.

For her part, the City Treasurer filed her Memorandum for the Respondent[26] where she contended that CBC never filed a formal letter of protest to state the grounds for its objection while admitting that it had paid the assessed amount under protest. She claimed that CBC simply filed a petition for review with the RTC without filing a formal letter of protest. Without a formal letter of protest, the City Treasurer argued that its claim for refund should be dismissed because Section 195 of the Local Government Code stated that "No case or proceeding shall be maintained in any court for recovery of any tax, fee or charged erroneously or illegally collected until a written claim for refund has been filed with the local treasurer."

The City Treasurer also questioned the jurisdiction of the RTC in entertaining the petition for review filed before it as well as the timeliness of the filing of the petitioner's appeal.

The Court's Ruling

Protest validly filed

The petition lacks merit.

Under the current state of law, there can be no doubt that the law does not prescribe any formal requirement to constitute a valid protest. To constitute a valid protest, it is sufficient if what has been filed contains the spontaneous declaration made to acquire or keep some right or to prevent an impending damage.[27] Accordingly, a protest is valid so long as it states the taxpayer's objection to the assessment and the reasons therefor.

In this case, the Court finds that the City Treasurer's contention that CBC was not able to properly protest the assessment to be without merit. The Court is of the view that CBC was able to properly file its protest against the assessment of the City Treasurer when it filed its letter on January 15, 2007, questioning the imposition while paying the assessed amount. In the said letter, the petitioner was unequivocal in its objection, stating that it took exception to the assessment made by the City Treasurer under Section 21 of the city's revenue code, arguing that it was not liable to pay the additional tax imposed under the subject ordinance and that the imposition "constitute[d] double taxation" and, for said reason, invalid. Despite its objection, it remitted the total amount of P267,128.70 under protest "to avoid penalties/surcharges and any threat of closure." [28]

The Court, however, is of the view that the period within which the City Treasurer must act on the protest, and the consequent period to appeal a "denial due to inaction," should be reckoned from January 15, 2007, the date CBC filed its protest, and not March 27, 2007. Consequently, the Court finds that the CTA En Banc did not err in ruling that CBC had lost its right to challenge the City Treasurer's "denial due to inaction." On this matter, Section 195 of the LGC is clear:

SECTION 195. Protest of Assessment. - When the local treasurer or his duly authorized representative finds that correct taxes, fees, or charges have not been paid, he shall issue a notice of assessment stating the nature of the tax, fee or charge, the amount of deficiency, the surcharges, interests and penalties. Within sixty (60) days from the receipt of the notice of assessment, the taxpayer may file a written protest with the local treasurer contesting the assessment; otherwise, the assessment shall become final and executory. The local treasurer shall decide the protest within sixty (60) days from the time of its filing. If the local treasurer finds the protest to be wholly or partly meritorious, he shall issue a notice canceling wholly or partially the assessment. However, if the local treasurer finds the assessment to be wholly or partly correct, he shall deny the protest wholly or partly with notice to the taxpayer. The taxpayer shall have thirty (30) days from the receipt of the denial of the protest or from the lapse of the sixty (60)-day period prescribed herein within which to appeal with the court of competent jurisdiction otherwise the assessment becomes conclusive and unappealable.

[Emphasis Supplied]

Time and again, it has been held that the perfection of an appeal in the manner and within the period laid down by law is not only mandatory but also jurisdictional. The failure to perfect an appeal as required by the rules has the effect of defeating the right to appeal of a party and precluding the appellate court from acquiring jurisdiction over the case. At the risk of being repetitious, the Court declares that the right to appeal is not a natural right nor a part of due process. It is merely a statutory privilege, and may be exercised only in the manner and in accordance with the provisions of the law.[29]

CBC's Inconsistent Position on Late Filing

It bears pointing that when CBC first sought aid from this Court, it recognized the belated filing of its appeal with the RTC when it sought the Court's leniency in the application of the rules on appeal. In its petition for review before this Court, CBC posited that under the circumstances obtaining in this case, the rules on appeal should not have been applied so rigorously, especially since the delay of one (1) day was due solely to "the honest mistake and excusable negligence" of its former counsel.[30]

As stated above, however, CBC, in its Memorandum, now asserts that its appeal was filed on time. The Court cannot help but frown upon CBC's vain attempt to confuse the Court, by varying its position and raising the argument for the first time in its memorandum that its appeal was timely filed.

RTC has no jurisdiction

At any rate, even if the Court considers CBC's appeal from the "denial due to inaction" by the City Treasurer to have been timely filed, the same must be dismissed because it was not filed with a court of competent jurisdiction. In its decision, it appears that the CTA Division relied heavily on the case of *Yamane v. BA Lepanto Condominium Corporation*[31] (*Yamane*) in sustaining CBC's assertion that the RTC had jurisdiction to entertain its appeal. A reading of the Court's decision in *Yamane* discloses that it cannot be cited as authority.

In *Yamane*, respondent BA Lepanto Condominium Corporation (BLCC) sought to recover P1,601,013.77 (within the jurisdictional amount of the RTC), representing the amount it paid to petitioner Luz R. Yamane (petitioner *Yamane*), the City Treasurer of Makati for city business taxes, fees and charges it owed for the years 1995 to 1997. With the rejection by petitioner *Yamane* and the RTC of its claim, BLCC appealed to the CA via a petition for review under Rule 42. As petitioner *Yamane* questioned the mode of appeal taken by BLCC, one of the issues raised before this Court was the nature of the jurisdiction of the RTC over appeals from decisions of the city treasurer involving assessments imposed by the latter. Explaining the nature of the jurisdiction of the RTC, the Court, in *Yamane* explained:

First, we dispose of the procedural issue, which essentially boils down to whether the RTC, in deciding an appeal taken from a denial of a protest by a local treasurer under Section 195 of the Local Government Code, exercises "original jurisdiction" or "appellate jurisdiction." The question assumes a measure of importance to this petition, for the adoption of the position of the City Treasurer that the mode of review of the decision taken by the RTC is governed by Rule 41 of the Rules of Civil Procedure means that the decision of the RTC would have long become final and executory by reason of the failure of the Corporation to file a notice of appeal.

There are discernible conflicting views on the issue. The first, as expressed by the Court of Appeals, holds that the RTC, in reviewing denials of protests by local treasurers, exercises appellate jurisdiction. This position is anchored on the language of Section 195 of the Local Government Code which states that the remedy of the taxpayer whose protest is denied by the local treasurer is "to appeal with the court of competent jurisdiction." Apparently though, the Local Government Code does not elaborate on how such "appeal" should be undertaken.

The other view, as maintained by the City Treasurer, is that the jurisdiction exercised by the RTC is original in character. This is the first time that the position has been presented to the court for adjudication. Still, this argument does find jurisprudential mooring in our ruling in *Garcia v. De Jesus*, where the Court proffered the following distinction between original jurisdiction and appellate jurisdiction: "Original jurisdiction is the power of the Court to take judicial cognizance of a case instituted for judicial action for the first time under conditions provided by law. Appellate jurisdiction is the authority of a Court higher in rank to re-examine the final order or judgment of a lower Court which tried the case now elevated for judicial review."

The quoted definitions were taken from the commentaries of the esteemed Justice Florenz Regalado. With the definitions as beacon, the review taken by the RTC over the denial of the protest by the local treasurer would fall within that court's original jurisdiction. In short, the review is the initial judicial cognizance of the matter. Moreover, labelling the said review as an exercise of appellate jurisdiction is inappropriate, since the denial of the protest is not the judgment or order of a lower court, but of a local government official.

The stringent concept of original jurisdiction may seemingly be neutered by Rule 43 of the 1997 Rules of Civil Procedure, Section 1 of which lists a slew of administrative agencies and quasi-judicial tribunals or their officers whose decisions may be reviewed by the Court of Appeals in the exercise of its appellate jurisdiction. However, the basic law of jurisdiction, Batas Pambansa Blg. 129 (B.P. 129), ineluctably confers appellate jurisdiction on the Court of Appeals over final rulings of quasi-judicial agencies, instrumentalities, boards or commission, by explicitly using the phrase "appellate jurisdiction." The power to create or characterize jurisdiction of courts belongs to the legislature. While the traditional notion of appellate jurisdiction connotes judicial review over lower court decisions, it has to yield to statutory redefinitions that clearly expand its breadth to encompass even review of decisions of officers in the executive branches of government.

Yet significantly, the Local Government Code, or any other statute for that matter, does not expressly confer appellate jurisdiction on the part of regional trial courts from the denial of a tax protest by a local treasurer. On the other hand, Section 22 of B.P. 129 expressly delineates the appellate jurisdiction of the Regional Trial Courts, confining as it does said appellate jurisdiction to cases decided by Metropolitan, Municipal, and Municipal Circuit Trial Courts. Unlike in the case of the Court of Appeals, B.P. 129 does not confer appellate jurisdiction on Regional Trial Courts over rulings made by non-judicial entities.[32]

[Emphasis Supplied]

Thus, although the Court in *Yamane* recognized that the RTC exercised its original jurisdiction over cases decided by a local treasurer, it was quick to point out that with the advent of Republic Act (R.A.) No. 9282, the jurisdiction of the RTC over such cases is no longer simply original and exclusive. The Court explained:

From these premises, it is evident that the stance of the City Treasurer is correct as a matter of law, and that the proper remedy of the Corporation from the RTC judgment is an ordinary appeal under Rule 41 to the Court of Appeals. However, we make this pronouncement subject to two important qualifications. First, in this particular case there are nonetheless significant reasons for the Court to overlook the procedural error and ultimately uphold the adjudication of the jurisdiction exercised by the Court of Appeals in this case. Second, the doctrinal weight of the pronouncement is confined to cases and controversies that emerged prior to the enactment of Republic Act No. 9282, the law which expanded the jurisdiction of the Court of Tax Appeals (CTA).

Republic Act No. 9282 definitively proves in its Section 7(a)(3) that the CTA exercises exclusive appellate jurisdiction to review on appeal decisions, orders or resolutions of the Regional Trial Courts in local tax cases original decided or resolved by them in the exercise of their original or appellate jurisdiction. Moreover, the provision also states that the review is triggered "by filing a petition for review under a procedure analogous to that provided for under Rule 42 of the 1997 Rules of Civil Procedure."

Republic Act No. 9282, however, would not apply to this case simply because it arose prior to the effectivity of that law. To declare otherwise would be to institute a jurisdictional rule derived not from express statutory grant, but from implication. The jurisdiction of a court to take cognizance of a case should be clearly conferred and should not be deemed to exist on mere implications, and this settled rule would be needlessly emasculated should we declare that the Corporation's position is correct in law.[33]

[Emphases and Underscoring Supplied]

Clearly, with the passage of R.A. No. 9282, the authority to exercise either original or appellate jurisdiction over

local tax cases depended on the amount of the claim. In cases where the RTC exercises appellate jurisdiction, it necessarily follows that there must be a court capable of exercising original jurisdiction – otherwise there would be no appeal over which the RTC would exercise appellate jurisdiction. The Court cannot consider the City Treasurer as the entity that exercises original jurisdiction not only because it is not a “court” within the context of Batas Pambansa (B.P.) Blg. 129, but also because, as explained above, “B.P. 129 expressly delineates the appellate jurisdiction of the Regional Trial Courts, confining as it does said appellate jurisdiction to cases decided by Metropolitan, Municipal, and Municipal Circuit Trial Courts.” Verily, unlike in the case of the CA, B.P. 129 does not confer appellate jurisdiction on the RTC over rulings made by non-judicial entities. The RTC exercises appellate jurisdiction only from cases decided by the Metropolitan, Municipal, and Municipal Circuit Trial Courts in the proper cases. The nature of the jurisdiction exercised by these courts is original, considering it will be the first time that a court will take judicial cognizance of a case instituted for judicial action.

Indeed, in cases where the amount sought to be refunded is below the jurisdictional amount of the RTC, the Metropolitan, Municipal, and Municipal Circuit Trial Courts are clothed with ample authority to rule on such claims. As Section 33(1),[34] B.P. 129, as amended provides:

Sec. 33. Jurisdiction of Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts in Civil Cases. – Metropolitan Trial Courts, Municipal Trial Courts, and Municipal Circuit Trial Courts shall exercise:

(1) Exclusive original jurisdiction over civil actions and probate proceedings, testate and intestate, including the grant of provisional remedies in proper cases, where the value of the personal property, estate, or amount of the demand does not exceed One hundred thousand pesos (P300,000.00) or, in Metro Manila where such personal property, estate, or amount of the demand does not exceed Two hundred thousand pesos (P400,000.00) x x x

The fact that the Metropolitan, Municipal, and Municipal Circuit Trial Courts exercise jurisdiction is one that even petitioner CBC recognizes. As aptly pointed by the City Treasurer, in several claims below the jurisdictional amount of the RTC, the petitioners had sought relief by filing their claim for refund with the first level courts:

Civil Case No.

Court

Amount Claimed by Petitioner

183817-CV[35]

MeTC Manila, Branch 30

P342,350.77

175168-CV[36]

MeTC Manila, Branch 25

3,000.00

175169-CV[37]

MeTC Manila, Branch 25

10,844.92

175171-CV[38]

MeTC Manila, Branch 28

18,947.67

175172-CV[39]

MeTC Manila, Branch 28

72,693.55

175175-CV[40]

MeTC Manila, Branch 1

41,536.48

175178-CV[41]

MeTC Manila, Branch 23

26,782.06

In all, the Court finds that the claim of petitioner CBC for refund should be dismissed not only for being filed out of time but also for not being filed before a court of competent jurisdiction.

Lest it be misunderstood, this Court is not reversing its pronouncements in *Coca-Cola Bottlers Philippines, Inc. v. City of Manila*,^[42] *The City of Manila v. Coca-Cola Bottlers, Inc.*^[43] and *City of Manila v. Coca-Cola Bottlers, Inc.*^[44] that Ordinance Nos. 7988 and 8011 are invalid. This Court is simply pointing out the rule that claims for refunds are the exception, rather than the rule, and that each claim for refund, in order to be granted, must be proceeded in accordance with the manner set forth by law. After all, in every claim for refund of taxes paid, the burden is on the taxpayer to show that he has strictly complied with the conditions for the grant of the tax refund or credit.^[45]

WHEREFORE, the petition is DENIED.

SO ORDERED.

Carpio, (Chairperson), Bersamin,^[*] Del Castillo, and Leonen, JJ., concur.

[*] Designated Acting Member in lieu of Associate Justice Arturo D. Brion, per Special Order No. 2079, dated June 29, 2015.

[1] Rollo, pp. 9-30.

[2] Penned by Presiding Justice Ernesto D. Acosta with Associate Justices Juanito C. Castaneda, Jr., Lovell R. Bautista, Erlinda P. Uy, Caesar A. Casanova, Olga Palanca-Enriquez, Esperanza R. Fabon-Victorino, Cielito N. Mindaro-Grulla and Amelia R. Cotangco-Manalastas, concurring; id. at 38-47.

[3] Id. at 33-36.

[4] Penned by Associate Justice Olga Palanca-Enriquez, with Associate Justices Lovell R. Bautista and Amelia R. Cotangco-Manalastas, concurring; id. at 60-76.

[5] Id. at 49-58.

[6] Section 21. – Tax on Business Subject to the Excise, Value-Added or Percentage Taxes Under the NIRC – On any of the following businesses and articles of commerce subject to the excise, value-added or percentage taxes under the National Internal Revenue Code hereinafter to as NIRC, as amended, a tax of fifty (50%) of one percent (1%) per annum on the gross sales or receipts of the preceding calendar year is hereby imposed:

A)

On persons who sell goods and services in the course of trade or business; and those who import goods whether for business or otherwise as provided in Sections 100 to 103 of the NIRC as administered and determined by the Bureau of Internal Revenue pursuant to the pertinent provisions of said code.

B)

On the gross receipts of keepers of garages, cars for rent or hire driven by the lessee, transportation contractors, persons who transport passengers or freight for hire, and common carriers land, air or water, except owners of bancas and owners of animal-drawn two-wheel vehicle.

C)

On the amount paid on every overseas dispatch, message or conversation transmitted from the Philippines by telephone, telegraph, telewriter exchange, wireless and other communication equipment services, except amounts paid by the government, its political subdivisions or instrumentalities; diplomatic services; public international organizations or any of their agencies base in the Philippines; and news services.

The tax shall be payable by the person paying for the services rendered and shall be paid to the person rendering the services who is required to collect and pay the tax within twenty (20) days after the end of each quarter.

D)

Excisable good subject to VAT

(1)

Distilled spirits

(2)

Wines

(3)

Tobacco products (other than cigarettes, cigar and chewing tobacco)

(4)

Tobacco especially prepared for chewing

(5)

Fireworks

(6)

Cinematographic film

(7)

Saccharine

(8)

Coal and coke

(9)

Fermented liquor, brewer's wholesale price, excluding the ad valorem tax

(10)

Automobiles, manufacturers or importers selling price

(11)

Non-essential goods based on wholesale price, net of excise tax and vat

(a) Jewelry, whether real or imitation, pearls, precious and semi-precious stones and imitation thereof; goods made of, or ornamented, mounted or fitted with precious metals or imitation thereof or ivory (not including surgical and dental instruments, silver-plated wares, frames or mountings for spectacles or eyeglasses, and dental gold or gold alloys and other precious metals used in filling, mounting or fitting of teeth).

(b) Perfumes and toilet waters.

(c) Yacht and other vessels intended for pleasure or sports

(12) Mineral products, based on actual market value of the annual gross output the time of removal.

E)

Excisable goods not subject to vat

(1) Naphtha when used as raw materials for production of petrochemical products

(2) Asphalt.

[7] Otherwise known as the “Revised Revenue Code of the City of Manila.”

[8] Entitled, “An Ordinance Amending Certain Sections of Ordinance No. 7988.”

[9] Rollo, pp. 79-81.

[10] Supra note 7.

[11] Supra note 8.

[12] 526 Phil. 249 (2006).

[13] RTC rollo, p. 40.

[14] Rollo, pp. 77-78.

[15] Id. at 60-76.

[16] SEC. 195. Protest of Assessment. - When the local treasurer or his duly authorized representative finds that collect taxes, fees, or charges have not been paid, he shall issue a notice of assessment stating the nature of the tax, fee, or charge, the amount of deficiency, the surcharges, interests and penalties. Within sixty (60) days from the receipt of the notice of assessment, the taxpayer may file a written protest with the local treasurer contesting the assessment; otherwise, the assessment shall become final and executory. The local treasurer shall decide the protest within sixty (60) days from the time of its filing. If the local treasurer finds the protest to be wholly or partly meritorious, he shall issue a notice cancelling wholly or partly the assessment. However, if the local treasurer finds the assessment to be wholly or partly correct, he shall deny the protest wholly or partly with notice to the taxpayer. The taxpayer shall have thirty (30) days from the receipt of the denial of the protest or from the lapse of the sixty-day period prescribed herein within which to appeal with the court of competent jurisdiction otherwise the assessment becomes conclusive and unappealable.

[17] Rollo, pp. 49-58.

[18] Resolution, dated January 30, 2013; id. at 82

[19] Resolution, dated March 10, 2014; id. at 101.

[20] Id. at 235-236.

[21] Id. at 18.

[22] Id. at 14.

[23] Id. at 15.

[24] Id. at 19-20.

[25] Id. at 240-257.

[26] Id. at 264-278.

[27] *Wee Poco & Co., Inc. v. Posadas*, 64 Phil. 640, 644 (1937).

[28] RTC rollo, p. 24.

[29] *Commissioner on Internal Revenue v. Fort Bonifacio Development Corporation*, G.R. No. 167606, August 11, 2010, 628 SCRA 96, 103.

[30] Rollo, pp. 19-20.

[31] 510 Phil. 750 (2005).

[32] Id. at 761-764.

[33] Id. at 764-765.

[34] By Republic Act No. 7691.

[35] Rollo, pp. 160-181.

[36] Id. at 183-188.

[37] Id. at 190-195.

[38] Id. at 196-201.

[39] Id. at 203-208.

[40] Id. at 210-215.

[41] Id. at 217-222.

[42] Supra note 12.

[43] 612 Phil. 609 (2009).

[44] Resolution, G.R. No. 167283, February 10, 2010.

[45] *Mindanao Geothermal Partnership v. Commissioner on Internal Revenue*, G.R. Nos. 193301 & 194637, March 11, 2013, 693 SCRA 49,76-78, citing *Commissioner of Internal Revenue v. San Roque Power Corporation*, *Taganito Mining Corporation v. Commissioner of Internal Revenue*, and *Philex Mining Corporation v. Commissioner of Internal Revenue*, G.R. Nos. 187485, 196113, and 197156, 12 February 2013, 690 SCRA 336.

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