

NATIONAL DEVELOPMENT COMPANY, DEFENDANT-APPELLANT, VS. PROVINCE OF NUEVA ECIJA AND HON. EUFROCINIO S. DELA MERCED, PRESIDING JUDGE, COURT OF FIRST INSTANCE OF NUEVA ECIJA, PLAIN...

G.R. No. 51223. November 25, 1983

Ponente: RELOVA, J.

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RELOVA, J.:

On October 16, 1972, the Province of Nueva Ecija filed with the then Court of First Instance of Nueva Ecija a complaint against the National Development Company (NDC, for short) for the collection of real estate taxes.

On April 17, 1975, the trial court rendered judgment in favor of the plaintiff and against the defendant ordering the latter "to pay the sum of P32,402.94, representing the unpaid real estate taxes and penalties from the fourth quarter of 1970 up to the year 1972, and to continue paying up to the present, and to pay the costs." (p. 35, Record on Appeal)

The NDC, not satisfied with the aforementioned judgment, appealed on the following assignment of errors:

"1. The trial court erred in holding that the defendant-appellant National Development Company is liable for real estate taxes on the land subject of the case.

"2. The trial court erred in not ruling that plaintiff-appellee, Province of Nueva Ecija should refund to defendant-appellant National Development Company the amount paid as real estate taxes for the land subject matter of this case from 1952 to 1970."

Defendant-appellant NDC submits that it is a government-owned and controlled corporation duly organized and existing by virtue of Commonwealth Act No. 182, as amended, and Executive Order No. 399, otherwise known as the Uniform Charter for Government Corporations; that under Section 2 of said Act, fifty-one per centum of the capital stock shall be subscribed by the government of the Commonwealth of the Philippines and the remainder thereof may be offered to the provincial, municipal and city governments; and, that the NDC being owned by the Republic of the Philippines, it follows that its real properties, particularly those situated at Gabaldon, Nueva Ecija, are exempt from payment of real estate taxes. In support of this contention, defendant-appellant cited the case of Board of Assessment Appeals of Laguna vs. Court of Tax Appeals and NAWASA, 8 SCRA 225, where the Court ruled that "Section 3(a) of Commonwealth Act No. 470 makes no distinction between property held in a sovereign, government or political capacity and those possessed in a private, proprietary or patrimonial character. x x x Section 1 of Republic Act No. 104 only refers to the payment by corporations, agencies or instrumentalities owned or controlled by the government, of duties, taxes, fees and other charges upon 'transactions, business industry, sale, or income,' but does not include taxes on property like real estate taxes."

We find no merit in the appeal.

1. Commonwealth Act No. 182 which created the NDC contains no provision exempting it from the payment of

real estate tax on properties it may acquire. Subject properties are situated in the town of Gabaldon, Nueva Ecija, and are more particularly described as follows:

Lot No.

Survey

AREA

KIND

LOCATION

Psu-3607

9181.6113

riceland

pasture

residential

commercial

school site

etc.

Sabani Estate

" "

" "

" "

" "

Psu-36074

9271.6113

riceland

pasture

residential

commercial

school site

etc.

Sabani Estate

" "

" "

" "

" "

Psu-36074

9269.1580

riceland

pasture

residential

commercial

school site

etc.

Sabani Estate

" "

" "

" "

" "

(p. 33, Record on Appeal)

These properties are not devoted to public use but were acquired for resale to qualified persons. They were developed for the purpose of reselling the same for consideration to qualified tenants. Thus, defendant-appellant is not exempt from payment of real estate tax over said properties. There is justification in the contention of plaintiff-appellee that -

"x x x the 11,500 hectares of real properties of the National Development Company in the town of Gabaldon, Nueva Ecija must perforce, owing to its big area, constitute a very substantial territory of the said town should be considered. It is undeniable that to any municipality the principal source of revenue with which it would defray its operation will come from real property taxes: If the National Development Company would be exempt from paying real property taxes over these properties, the town of Gabaldon will be deprived of much needed revenues with which it will maintain itself and finance the compelling needs of its inhabitants." (p. 6, Brief of Plaintiff-Appellee)

2. Defendant-appellant NDC does not come under the classification of municipal or public corporation in the sense that it may sue and be sued in the same manner as any other private corporations, and in this sense, it is an entity different from the government. Unlike the government, defendant corporation may be sued without its

consent, and is subject to taxation. In the case of NDC vs. Jose Yulo Tobias, 7 SCRA 692, it was held that "x x x plaintiff is neither the Government of the Republic nor a branch or subdivision thereof, but a government owned and controlled corporation which cannot be said to exercise a sovereign function (Asociacion Cooperativa de Credito Agricola de Miagao vs. Monteclaro, 74 Phil. 281), it is a business corporation, and as such, its causes of action are subject to the statute of limitations. x x x That plaintiff herein does not exercise sovereign powers - and, hence, can not invoke the exemptions thereof - but is an agency for the performance of purely corporate, proprietary or business functions, is apparent from its Organic Act (Commonwealth Act 182, as amended by Commonwealth Act 311) pursuant to Section 3 of which it 'shall be subject to the provisions of the Corporation Law in so far as they are not inconsistent' with the provisions of said Commonwealth Act, 'and shall have the general powers mentioned in said' Corporation Law, and, hence, 'may engage in commercial, industrial, mining, agricultural, and other enterprises which may be necessary or contributory to the economic development of the country, or important in the public interest,' as well as 'acquire, hold, mortgage, and alienate personal and real property in the Philippines or elsewhere; x x x make contracts of any kind and description'; and 'perform any and all acts which a corporation or natural person is authorized to perform under the laws now existing or which may be enacted hereafter.'"

WHEREFORE, the appeal of defendant-appellant National Development Company is dismissed and the decision, dated April 17, 1975, of the lower court is hereby AFFIRMED.

SO ORDERED.

Teehankee, (Chairman), Melencio-Herrera, Plana, and Gutierrez, Jr., JJ., concur.

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