

## SECOND DIVISION

[ G.R. No. 214044, June 19, 2019 ]

**UNIVERSITY OF THE PHILIPPINES, PETITIONER, VS. CITY  
TREASURER OF QUEZON CITY, RESPONDENT.**

### D E C I S I O N

**CARPIO, J.:**

#### The Case

G.R. No. 214044 is a petition for certiorari and prohibition<sup>[1]</sup> filed by the University of the Philippines (UP) against the City Treasurer of Quezon City (City Treasurer) seeking to annul the Statement of Delinquency dated 27 May 2014 addressed to UP as well as the Final Notice of Delinquency dated 11 July 2014 which required UP to pay real property tax on a parcel of land covered by TCT No. RT-107350 (192689), which is currently leased to Ayala Land, Inc. (ALI). The petition also seeks to enjoin the City Treasurer, or any of his agents or representatives, from proceeding with the sale of the subject land at a public auction pursuant to the 11 July 2014 Final Notice of Delinquency.

#### The Facts

In their submitted pleadings before this Court, both UP and the City Treasurer admitted that UP is the registered owner of a parcel of land covered by TCT No. RT-107350 (192689). UP entered into a contract of lease with ALI over the subject land on 27 October 2006.<sup>[2]</sup>

UP further narrated in its petition:

x x x x

5. UP is the registered owner of a parcel of land covered by and more particularly described in TCT No. RT-107530 (192689) of the Registry of Deeds of Quezon City, with an area of 985,597 square meters and located along Commonwealth Avenue, Diliman, Quezon City.

6. On 27 October 2006, UP entered into a *Contract of Lease with Development Obligations* with [ALI] over a portion of the aforementioned parcel of land containing an area of 380,630 square meters. The leased property is now known as the UP-Ayala Technohub.

7. In a *Notice of Assessment* addressed to ALI dated 23 August 2012, ALI was informed that the subject property has been "reclassified and assessed for taxation purposes with an assessed value of P499,500,000.00 effective 2009."

8. In a letter to UP President Pascual dated 22 August 2012, the City Assessor of Quezon City informed UP that the aforementioned *Notice of Assessment* was served upon ALI as the entity liable for the real property tax on the subject property pursuant to Section 205(d) and Section 234(a) of the Local Government Code.

9. In a *Statement of Delinquency* dated 05 December 2012, addressed to the UP North Property Holdings, Inc., the [City Treasurer] demanded the payment of real property tax on the subject property amounting to P78,970,950.00 for the years 2009-2011 and the first three quarters of 2012.

10. In another letter to UP President Pascual dated 09 September 2013, the City Assessor of Quezon City furnished UP a copy of the letter of the Bureau of Local Government Finance (BLGF) of the Department of Finance [(DOF)] dated 01 August 2013, which opined that ALI is the party legally accountable for the real property taxes on the subject property. It was further stated that the City Assessor's Office "will be sending the official Notice of Assessment and the corresponding Tax Declaration for the subject property under the name of [ALI]. . ."

11. In another *Statement of Delinquency* dated 24 September 2013, addressed to the UP North Property Holdings, Inc., the [City Treasurer] again demanded the payment of real property tax on the subject property in the updated amount of P102,747,150.00 for the years 2009-2012 and the first three quarters of 2013.

12. For the first time and without a prior *Notice of Assessment*, a *Statement of Delinquency* dated 27 May 2014 addressed to UP was issued by the [City Treasurer] demanding the payment of real property tax on the subject property amounting to P106,992,990.00 for the years 2009 to 2013 and the first quarter of 2014.

13. In his letter to the City Treasurer of Quezon City dated 13 June 2014, UP President Pascual requested the postponement of any proceeding related to the aforementioned *Statement of Delinquency*. He explained -

We respectfully take exception to the Statement of Delinquency dated 27 May 2014 and the alleged delinquency of the University with respect to the payment of the real estate taxes. The University of the Philippines, as the National University, has been granted tax exemptions under Republic Act No. 9500, otherwise known as the University of the Philippines Charter of 2008, that are express, patent and unambiguous. The grant is exceedingly extensive that it provided the University the exemption from all taxes and duties vis-a-vis all revenues and assets used for educational purposes or in support thereof.

Moreover, in the letter of the Bureau of Local Government Finance ("BLGF") dated 01 August 2013, addressed to the

Hon. City Mayor, Herbert M. Bautista, the BLGF opined on the issue as to which party shall be accountable for the unpaid real estate taxes due on the thirty-seven (37) hectares of land owned by the University and being leased out to [ALI], the same property which is the subject of the Statement of Delinquency dated 27 May 2014. The BLGF concluded that "[ALI], being the lessee, is the legally accountable party to the unpaid real property taxes on the government-owned UP Property." The foregoing opinion of the BLGF confirms that the University is exempt from real estate taxes, an absolute right that the University enjoys under R.A. No. 9500.

14. On 22 July 2014, UP received the *Final Notice of Delinquency* dated 11 July 2014 from the Office of the City Treasurer demanding the payment of real property tax on the subject property in the updated amount of P117,182,700.00 for the years 2009-2013 and the first three quarters of 2014.<sup>[3]</sup>

UP filed the present case before this Court within 60 days from receipt of the 11 July 2014 Final Notice of Delinquency.<sup>[4]</sup>

On 29 September 2014, we issued a Resolution<sup>[5]</sup> which required the City Treasurer to file a Comment. We also issued a Temporary Restraining Order to enjoin the City Treasurer, his agents or representatives, from enforcing the Final Notice of Delinquency dated 11 July 2014 and proceeding with the sale of subject land at a public auction scheduled on 20 November 2014.

On 20 July 2015, we issued a Resolution<sup>[6]</sup> requiring the City Treasurer to show cause why he/she should not be disciplinarily dealt with or held in contempt for failure to file comment before the period expired on 12 October 2014.

On 7 March 2016, we issued a Resolution<sup>[7]</sup> imposing upon the City Treasurer a fine of P1,000.00 for failure to file comment, and required compliance within ten days from notice. On 20 July 2016, we issued a Resolution<sup>[8]</sup> imposing upon the City Treasurer an increased fine of P2,000.00 for failure to file comment, and required compliance within ten days from notice.

On 18 August 2016, we received an Urgent Motion for Extension of Time with Manifestation<sup>[9]</sup> from Ms. Ruby Rosa G. Guevarra (Ms. Guevarra), Acting Assistant City Treasurer of Quezon City. She alleged and manifested:

x x x x

2. That as early on [sic] April 15, 2016, herein respondent through its City Treasurer, Ms. Basilia S. Pacis and to date, through its Acting Assistant City Treasurer, sought for the legal assistance of Atty. Christian B. Valencia, City Legal Officer of the Local Government Unit, Quezon City, to prepare and file Comment to the instant Petition for Certiorari and Prohibition, as may be evidenced by the Indorsement dated August 11, 2016 and Indorsement dated August 15, 2016 true copies of them are hereto attached as Annexes "1" and "2" and made parts hereof[;]

To date, August 18, 2016, there was no prepared Comment by the City Legal Officer to be filed in the Honorable Court;

3. That to date, the undersigned, Ms. Ruby Rosa G. Guevarra is in [sic] the Acting Assistant City Treasurer of the Local Government Unit, Quezon City, as the City Treasurer, Ms. Basilia S. Pacis retired [from] said position as Treasurer;

4. That to date, the undersigned, Ms. Ruby Rosa G. Guevarra is looking for a counsel to help her in the preparation and filing of a Comment to the Petition for Certiorari and Prohibition;

5. That the amount of Two Thousand (P2,000) Pesos, as fine for the non-filing of the Comment was paid, but the said payment shall be considered payment under protest, as the undersigned is unjustifiably failed [sic], refused and ignored to be legally assisted by the City Legal Officer of the Local Government Unit, Quezon City, for [sic] the preparation and filing the said required Comment[.]<sup>[10]</sup>

On 29 September 2016, Ms. Guevarra, as Officer in Charge of the City Treasurer's Office, filed her Comment<sup>[11]</sup> which reads:

1. That the relief prayed for in the instant Petition for Certiorari and Prohibition is the same allegation specifically stated in its body, that:

to annul the Statement of Delinquency dated 27 May 2014  
and the Final Notice of Delinquency dated 11 July 2014.

WITH ALL DUE RESPECT, not within the province of the Honorable Court to adjudicate. Truth to tell, there must be [a] full-blown trial to be conducted by a trial court for the determination of the true facts whether to annul the said Statement of Delinquency dated 27 May 2014 and the Final Notice of Delinquency dated 11 July 2014. But, time and again, it is ruled that the Honorable Court is not a trier of facts.

In APQ Shipmanagement [sic] Co., LTD, versus Casenas, 725 SCRA 108, the Honorable Court reminded us:

The Supreme Court is not a trier of facts and, thus, its jurisdiction is limited only to reviewing errors of law.

2. That the respondent is not the real party-in-interest in the instant Petition for Certiorari and Prohibition[.]

3. That the petitioner failed to file the Motion for Reconsideration, when it admitted the receipt of the assailed Notice of Statement of Delinquency dated May 27, 2014 and the Final Notice of Delinquency dated July 11, 2014.

Thus, petitioner filed the Instant Petition without filing the appropriate motion to give the respondent the opportunity to correct its alleged error.

In *Lanier versus People*, 719 SCRA 477, the Honorable Court held: Well-established is the rule that a motion for reconsideration is a condition *sine qua non* for the filing of a petition for certiorari.

x x x x

[7.] Most importantly, petitioner is not exempted from paying real property tax for its real property leased to [ALI] pursuant to the mandate of Section 205(d) and Section 234(a) of Republic Act No. 7160, otherwise known as "The Local Government Code of 1991[.]"

Admittedly, on October 27, 2006, petitioner entered into the Contract of Lease with [ALI], subject matter of which is petitioner's parcel of land covered by Transfer Certificate of Title No. RT-107350 (192689), now allegedly owned by UP North Property Holdings, Inc. Said leased [sic] of the real property belonging to the petitioner failed to pay the real property tax from 2009-2013 and the first three quarters of 2014.

In *City of Pasig versus Republic*, 656 SCRA 271, the Honorable Court unswervingly ruled:

Where the parcels of land owned by the Republic are not properties of public dominion, portions of the properties leased to taxable entities are not only subject to real estate tax, they can also be sold at public auction to satisfy the tax delinquency.

Moreover, respondent merely followed the legal basis of the Department of Finance, that:

ALI (Ayala Land Inc.) is the party legally accountable for the real property taxes on the subject property.

[ALI] was duly notified of the subject Statement of Delinquency and other similar notices.<sup>[12]</sup>

On 28 November 2016, we issued a Resolution<sup>[13]</sup> that, among others, noted Ms. Guevarra's Comment, and required UP to file a reply. UP, through the OSG, filed its Reply<sup>[14]</sup> on 20 February 2017, where it addressed Ms. Guevarra's questions regarding the propriety of the remedy and the taxability of UP based on Republic Act No. 9500<sup>[15]</sup> and on Section 133(o)<sup>[16]</sup> of the Local Government Code.

### **The Issue**

Petitioner UP raised only one issue before this Court:

WHETHER PETITIONER UNIVERSITY OF THE PHILIPPINES IS LIABLE FOR REAL PROPERTY TAX IMPOSED ON THE SUBJECT PROPERTY LEASED TO AYALA LAND, INC.<sup>[17]</sup>

### **The Court's Ruling**