

SECOND DIVISION

[G.R. No. 176703, June 28, 2017]

**MUNICIPALITY OF CAINTA, PETITIONER, VS. CITY OF PASIG
AND UNIWIDE SALES WAREHOUSE CLUB, INC., RESPONDENTS.**

[G.R. No. 176721]

**UNIWIDE SALES WAREHOUSE CLUB, INC. PETITIONER, VS. CITY
OF PASIG AND MUNICIPALITY OF CAINTA, RESPONDENTS.**

D E C I S I O N

MARTIRES, J.:

These are two consolidated petitions for review on certiorari, assailing the 12 July 2006 decision^[1] and the 14 February 2007 resolution^[2] of the Court of Appeals (CA) in CA-G.R. CV No. 81806, which affirmed with modification the 30 June 2003 decision^[3] of the Regional Trial Court, Branch 267, Pasig City (*RTC-Pasig*) in Civil Case No. 66082 filed by the City, then Municipality, of Pasig (*Pasig*) against Uniwide Sales Warehouse Club Inc. (*Uniwide*) for collection of taxes. The petition docketed as G.R. No. 176703^[4] was filed by the Municipality of Cainta (*Cainta*) while the petition docketed as G.R. No. 176721^[5] was filed by Uniwide.

THE FACTS

Petitioner Uniwide conducted and operated business in buildings and establishments constructed on parcels of land covered by Transfer Certificate of Title (TCT) Nos. 72983, 74003, and PT-74468 (*subject properties*) issued by the Registry of Deeds of Pasig City. In said TCTs, the location of the parcels of land is indicated as being in Pasig.^[6]

In 1989, Uniwide applied for and was issued a building permit by Pasig for its building. Uniwide also secured the requisite Mayor's Permit for its business from Pasig and consequently paid thereto its business and realty taxes, fees, and other charges from 1989 to 1996.

However, beginning 1997, Uniwide did not file any application for renewal of its Mayor's Permit in Pasig nor paid the local taxes thereto. Instead, it paid local taxes to Cainta after the latter gave it notice, supported by documentary proof of its claims, that the subject properties were within Cainta's territorial jurisdiction.

Consequently, Pasig filed a case for collection of local business taxes, fees, and other legal charges due for fiscal year 1997 against Uniwide with the RTC-Pasig on 28 January 1997. Uniwide, in turn, filed a third-party complaint against Cainta for reimbursement of the taxes, fees, and other charges it had paid to the latter in the

event that Uniwide was adjudged liable for payment of taxes to Pasig.

On 6 May 1999, Uniwide sold the subject properties to Robinsons Land Corporation.

Prior to the institution of said tax collection case, Cainta had filed a petition for the settlement of its boundary dispute with Pasig on 30 January 1994, before RTC, Branch 74, Antipolo City (*RTC-Antipolo*), entitled *Municipality of Cainta v. Municipality of Pasig*, docketed as Civil Case No. 94-3006. Among the territories disputed in the aforesaid case are the subject properties.

In the course of the trial of the tax collection case, Cainta filed a Motion to Dismiss or Suspend Proceedings on the ground of *litis pendentia* on 6 November 2001, in view of the pending petition for settlement of the land boundary dispute with Pasig. On 22 January 2002, the RTC-Pasig denied said motion. Cainta moved for reconsideration, but the same was denied in an order dated 7 March 2002.

Thereafter, Cainta filed a petition for certiorari with the CA, docketed as CA-G.R. SP No. 70408, with prayer for issuance of a temporary restraining order (*TRO*) or a writ of preliminary injunction. No *TRO* or writ of preliminary injunction was issued by the CA, and on 30 September 2004, the CA dismissed Cainta's petition.

The RTC Ruling

In its decision dated 30 June 2003, the RTC-Pasig ruled in favor of Pasig. It upheld the indefeasibility of the Torrens title held by Uniwide over the subject properties, whose TCTs indicate that the parcels of land described therein are located within the territorial limits of Pasig. The RTC-Pasig ruled that the location indicated in the TCTs is conclusive for purposes of the action for tax collection, and that any other evidence of location would constitute a collateral attack on a Torrens title proscribed by law. It thus held that Pasig has the right to collect, administer, and appraise business taxes, real estate taxes, and other fees and charges from 1997 up to the present. It ordered Uniwide to pay Pasig local taxes and fees and real estate taxes beginning 1997, as well as attorney's fees in the amount of P500,000.00 plus costs of suit.

Anent the third-party complaint filed by Uniwide against Cainta, RTC-Pasig rendered judgment in favor of Uniwide. It found that Uniwide paid business and real estate taxes and other fees due beginning 1997 upon the parcels of land covered by the subject TCTs to Cainta instead of Pasig. The RTC-Pasig thus directed Cainta to return these amounts to Uniwide pursuant to the principle against unjust enrichment under Articles 2154 and 2155 of the Civil Code, as well as attorney's fees and costs of suit.

The *fallo* reads:

WHEREFORE, IN VIEW OF THE FOREGOING, judgment is hereby rendered in favor of plaintiff City of Pasig, ordering the defendant Uniwide Sales Warehouse Club, Inc. to pay the former the following:

- (1) The local taxes and fees and real estate taxes beginning the year 1997 up to present; and
- (2) Attorney's fees in the amount of P500,000.00 plus the costs of suit.

Anent the third-party complaint, judgment is hereby rendered in favor of third-party plaintiff Uniwide Sales Club Warehouse Club, Inc., ordering third-party defendant Municipality of Cainta the following:

- (1) To reimburse Uniwide Sales Club Warehouse Club, Inc. the amount it paid to the Municipality as real estate taxes for the years 1997 to present plus legal interest thereon until fully paid;
- (2) Attorney's fees in the amount of P500,000.00 and the costs of suit.^[7]

On 6 August 2003, Uniwide filed a motion for partial reconsideration of the decision. On 12 August 2003, Cainta also filed a motion for reconsideration. On 30 October 2003, RTC-Pasig issued an omnibus order denying both motions.

Aggrieved, Cainta and Uniwide elevated their respective appeals before the CA.

The CA Ruling

In its assailed decision dated 12 July 2006, the CA affirmed the ruling of the RTC-Pasig with modification as to the award of attorney's fees. The dispositive portion reads:

WHEREFORE, premises considered, the appealed Decision is **MODIFIED**, in that the award of attorney's fees against defendant-third party plaintiff Uniwide in favor of plaintiff City of Pasig is reduced to P100,000.00, while the award of attorney's fees against third party defendant Municipality of Cainta in favor of defendant third-party plaintiff Uniwide is likewise reduced to P100,000.00. All other Orders are **AFFIRMED**.^[8]

Uniwide and Cainta filed their motion for partial reconsideration and motion for reconsideration, respectively, of the decision. These were denied by the CA in its resolution dated 14 February 2007.

The present petitions

In praying for the reversal of the 12 July 2006 decision of the CA, Cainta assigned the following errors in its petition:

ASSIGNMENT OF ERRORS

I.

THE COURT A QUO ERRED WHEN IT REFUSED TO HOLD IN ABEYANCE THE PROCEEDINGS IN THIS CASE PENDING RESOLUTION OF THE PETITION FOR CERTIORARI BY THE HONORABLE COURT OF APPEALS IN CA SP 70408.

II.

THE COURT A QUO ERRED WHEN IT REFUSED TO DISMISS THE

ORIGINAL COMPLAINT ON THE GROUND OF LITIS PENDENTIA.

III.

THE COURT A QUO ERRED WHEN IT REFUSED TO DISMISS THE ORIGINAL COMPLAINT ON THE GROUND OF FORUM SHOPPING.

IV.

THE COURT A QUO ERRED WHEN IT REFUSED TO SUSPEND THE HEARING ON THE ORIGINAL COMPLAINT DUE TO EXISTENCE OF A PREJUDICIAL QUESTION.

V.

THE COURT A QUO ERRED IN RULING IN FAVOR OF PASIG AND AGAINST UNIWIDE ON THE ORIGINAL CASE AND CORRESPONDINGLY IN FAVOR OF UNIWIDE AND AGAINST CAINTA ON THE THIRD PARTY COMPLAINT.

i. SPECIFICALLY, THE COURT A QUO ERRED WHEN IT FAILED TO RESOLVE IN ITS DECISION THE ISSUES OF:

ii.

a. LITIS PENDENTIA;

b. FORUM SHOPPING;

c. SUSPENSION OF THE PROCEEDINGS DUE TO THE EXISTENCE OF A PREJUDICIAL QUESTION;

d. PENDENCY OF THE PETITION FOR CERTIORARI BEFORE THE HONORABLE COURT OF APPEALS;

iii. SPECIFICALLY, THE COURT A QUO ERRED WHEN IT RULED THAT THE PROPERTIES SUBJECT MATTER OF THE DISPUTED TAXES IN INSTANT CASE FALL WITHIN THE JURISDICTION OF PASIG ON THE BASIS OF THE LOCATIONAL ENTRIES APPEARING IN THE RESPECTIVE TITLES THEREOF; and

VI.

THE COURT A QUO ERRED WHEN IT AWARDED THE PAYMENT OF REAL ESTATE TAXES BY UNIWIDE TO PASIG ON THE ORIGINAL CASE AND CORRESPONDINGLY WHEN IT AWARDED THE REIMBURSEMENT THEREOF BY CAINTA TO UNIWIDE ON THE THIRD PARTY COMPLAINT.^[9]

On the other hand, Uniwide, seeking partial reversal of the CA's decision, assigned the following errors in its petition:

ASSIGNMENT OF ERRORS

I.

THE COURT OF APPEALS ERRED WHEN IT DID NOT ORDER THE RESPONDENT MUNICIPALITY TO DIRECTLY REIMBURSE TO THE RESPONDENT CITY THE TAX PAYMENTS WHICH THE PETITIONER ERRONEOUSLY BUT IN GOOD FAITH PAID TO THE RESPONDENT MUNICIPALITY.

II.

THE COURT OF APPEALS ERRED WHEN IT AFFIRMED THE LIABILITY OF THE PETITIONER FOR ATTORNEY'S FEES IN FAVOR OF THE RESPONDENT CITY.

III.

THE COURT OF APPEALS ERRED WHEN IT FIXED THE AWARD OF ATTORNEY'S FEES AGAINST THE RESPONDENT MUNICIPALITY IN FAVOR OF THE PETITIONER IN A WAY NOT IN ACCORD WITH LAW AND JURISPRUDENCE.^[10]

ISSUES

The issues culled from the errors presented can be summarized as follows:

1. Whether the RTC-Pasig and the CA were correct in deciding in favor of Pasig by upholding the indefeasibility of the Torrens title over the subject properties, despite the pendency of the boundary dispute case between Pasig and Cainta; and if so, whether they properly decided the manner in settling the obligations due to Pasig; and
2. Whether the award of attorney's fees was proper.

THE COURT'S RULING

For purposes of complying with local tax liabilities, the taxpayer is entitled to rely on the location stated in the certificate of title.

Under the Local Government Code (LGC), local business taxes are payable for every separate or distinct establishment or place where business subject to the tax is conducted, which must be paid by the person conducting the same.^[11] Section 150 therein provides the *situs* of taxation, to wit:

Section 150. *Situs of the Tax.* -

(a) For purposes of collection of the taxes under Section 143 of this Code, manufacturers, assemblers, repackers, brewers, distillers, rectifiers and compounders of liquor, distilled spirits and wines, millers, producers, exporters, wholesalers, distributors, dealers, contractors, banks and other financial institutions, and other businesses, maintaining or operating branch or sales outlet elsewhere shall record the sale in the branch or sales outlet making the sale or transaction, and **the tax thereon shall accrue and shall be paid to the municipality where such branch or sales outlet is located.** In cases where there is no