



REPUBLIC OF THE PHILIPPINES
SUPREME COURT
Manila

SECOND DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Second Division, issued a Resolution dated **23 February 2022** which reads as follows:*

“G.R. No. 252034 (People of the Philippines v. Edgar T. Villanueva.) – This appeal¹ assails the Decision² dated 15 November 2019 and Resolution³ dated 13 February 2020 of the Sandiganbayan in Criminal Case No. SB-17-CRM-0119 finding accused-appellant Edgar T. Villanueva (accused-appellant) guilty beyond reasonable doubt of violating Section 3 (e) of Republic Act No. (RA) 3019.⁴

Antecedents

The Information dated 25 October 2016 filed against accused-appellant reads:

That from May 11, 2011 to July 10, 2012, or sometime prior or subsequent thereto, in Quezon City, Metro Manila, and within the jurisdiction of this Honorable Court, accused EDGAR TORRES VILLANUEVA, a high-ranking public official, being the OIC-City Treasurer (SG-27) of the Office of the City Treasurer, Quezon City, committing the offense in relation to office and while in the performance of his official function and taking advantage of his position, with evident bad faith or gross inexcusable negligence, did then and there willfully, unlawfully, and criminally enforce collection of real property taxes against Manila Seedling Bank Foundation, Inc. (MSBFI) over the property which MSBFI possesses as a usufructuary by virtue of Presidential Proclamation No. 1670, even without the required prior Notice of Assessment having been served upon MSBFI and despite his prior knowledge that the earlier tax enforcement undertaken by the Office of the City Treasurer of Quezon City against MSBFI through the former City Treasurer was nullified for lack of prior Notice of Assessment; that upon failure of MSBFI to pay the real property taxes being collected, and notwithstanding the property being titled

¹ *Rollo*, pp. 44-45.

² *Id.* at 4-43; Penned by Associate Justice Ma. Theresa Dolores C. Gomez-Estoesta and concurred in by Associate Justices Zaldy V. Trespeses and Georgia D. Hidalgo of the Sandiganbayan, Seventh (7th) Division, Quezon City.

³ *Id.* at 151-158.

⁴ Entitled “ANTI-GRAFT AND CORRUPT PRACTICES ACT,” approved on 17 August 1960.

in the name of the National Housing Authority (NHA), a government instrumentality exempt from paying taxes and whose properties are thus exempt from levy, did then and there willfully, unlawfully and criminally levy and subsequently sell on public auction the said property resulting in the Quezon City government taking possession thereof, causing MSBFI undue damage and injury in terms of lost monthly rental income of Php783,083.80 and average Gross Monthly Sales of Php1,015,656.13.

CONTRARY TO LAW.⁵

On 27 January 2017, before a warrant of arrest could be issued, accused-appellant voluntarily surrendered and posted a cash bond for his provisional liberty.⁶ After conclusion of pre-trial, trial on the merits ensued.⁷

Version of the Prosecution

The prosecution called the following witnesses: (i) Zenie M. Barrios (Librarian Barrios), Librarian III of the Office of the Sangguniang Panlungsod, Quezon City, (ii) Ernestina P. Lorredo (Lorredo), Chief of the Real Estate Division of the Office of the City Treasurer, Quezon City; and (iii) Atty. Domingo D. Fregillana, Jr. (Atty. Fregillana), legal counsel and corporate secretary of Manila Seedling Bank Foundation, Inc. (MSBFI).⁸

Librarian Barrios limited her testimony to the production and identification of a certified copy of the Revenue Code of Quezon City, the original of which is on file with her office.⁹ Next, Lorredo's testimony was dispensed with upon stipulation by the parties on the authenticity and due execution of the Statement of Delinquency, the Final Notice of Delinquency, and the Warrant of Levy.¹⁰

Finally, Atty. Fregillana testified that he represented MSBFI in two (2) prior cases¹¹ before this Court involving usufructuary rights over the property. According to Atty. Fregillana, MSBFI previously occupied a 7-hectare property (subject property) owned by the National Housing Authority (NHA) under Transfer Certificate of Title No. 004-2012005017. The subject property is located in Diliman, Quezon City and is bounded by Quezon Avenue, Agham Road, and Epifanio de los Santos Avenue. MSBFI

⁵ *Rollo*, pp. 3-4.

⁶ *Id.* at 5.

⁷ *Id.* at 6.

⁸ *Id.* at 7-8.

⁹ *Id.* at 7.

¹⁰ *Id.* at 8.

¹¹ *National Housing Authority v. Court of Appeals*, 495 Phil. 693 (2005); *National Housing Authority v. Manila Seedling Bank Foundation, Inc.*, 787 Phil. 531 (2016).

was granted usufructuary rights over the subject property through Proclamation No. 1670¹² dated 19 September 1977 for a period of 50 years.¹³

In the exercise of its usufructuary rights, MSBFI engaged in the business of plant nursery, garden center, pet shop, flower center, other various services, and leased part of the subject property to tenant-businesses.¹⁴

Atty. Fregillana recalled a prior tax dispute in 2005 involving MSBFI and former City Treasurer Victor B. Edrigo (City Treasurer Endrigo). On 20 October 2005, City Treasurer Endrigo issued a Statement of Delinquency against MSBFI for realty taxes from 1978 to the first quarter of 2005 amounting to Php59,365,189.34. Thereafter, MSBFI received a Final Notice of Delinquency and Warrant of Levy. Eventually, the tax dispute reached the Regional Trial Court (RTC) of Quezon City. The RTC rendered a decision declaring the imposition of real property taxes by the Quezon City government as improper for failure to serve a prior notice of assessment upon MSBFI. When the tax dispute was later brought before this Court, the RTC decision was upheld through a Resolution¹⁵ dated 15 December 2010.¹⁶

In 2011, the Quezon City government again attempted to enforce real property taxes against MSBFI, this time through herein accused-appellant who then served as OIC-City Treasurer. Accused-appellant issued against MSBFI the following: Statement of Delinquency for Php42,869,871.42 in unpaid real estate taxes from 2001 to the fourth quarter of 2011; Final Notice of Delinquency dated 08 June 2011; the Warrant of Levy dated 16 June 2011; and a Notice of Sold Real Property.¹⁷

On 13 October 2011, MSBFI received the Notice of Sold Real Property from the City Treasurer's Office (CTO). The CTO informed MSBFI that the subject property was sold at public auction to the Quezon City government; and MSBFI had one (1) year from date of sale to redeem the property. However, Atty. Fregillana claimed MSBFI was never served a

¹² Entitled "EXCLUDING FROM THE OPERATION OF PROCLAMATION NO. 481, DATED OCTOBER 24, 1968, WHICH ESTABLISHED THE NATIONAL GOVERNMENT CENTER SITE, SITUATED AT DILIMAN, QUEZON CITY, CERTAIN PARCELS OF LAND EMBRACED THEREIN, AND RESERVING THE SAME FOR THE PURPOSES OF THE MANILA SEEDLING BANK FOUNDATION."

¹³ *Rollo*, pp. 8-9.

¹⁴ *Id.* at 9.

¹⁵ *Manila Seedling Bank Foundation Inc. v. City Treasurer Victor B. Endrigo, Quezon City*, GR No. 191335, 15 December 2010 [Unpublished Resolution].

¹⁶ *Rollo*, p. 9.

¹⁷ *Id.* at 10.

notice of assessment. Therefore, accused-appellant had no basis to issue the Statement of Delinquency and Warrant of Levy.¹⁸

On 09 May 2012, MSBFI received a Final Notice to Exercise the Right of Redemption, to which it wrote a letter of protest on even date. However, accused-appellant did not reply. On 10 July 2012, the Quezon City Department of Public Order and Safety (DPOS) served a demand letter signed by Mayor Herbert M. Bautista (Mayor Bautista) requiring MSBFI to vacate the subject property. Within the same month, DPOS officials, accompanied by police officers, deployed at the subject property, locked the gates, padlocked the leased establishments, and posted guards at the entrances.¹⁹

Unsatisfied, MSBFI wrote a letter in protest to Mayor Bautista, but to no avail. As an effect of the occupation of the subject property, MSBFI claimed it was deprived of income consisting of monthly sales of Php1,015,656.13 and monthly rentals amounting to Php783,083.00.²⁰

Subsequently, MSBFI filed a Joint Affidavit Complaint against several officials of the Quezon City government, including accused-appellant, for violation of RA 3019.²¹

Version of the Defense

The defense presented as witnesses: (i) Atty. Glynis Lynn R. Cabansag (Atty. Cabansag), Acting Assistant City Assessor of Muntinlupa City and former Head of the Legal Division of the Office of the Treasurer, Quezon City from 2010 to 2017; (ii) Atty. Sherry R. Gonzalvo (Atty. Gonzalvo), Assistant City Assessor for Operations of the City Assessor's Office of Quezon City from 2016 to the present; (iii) Denisa O Faustino (Faustino), Chief of the Assessment Record Management Division, Office of the City Assessor, Quezon City; (iv) Ernestina Lorredo (Lorredo), Chief of the Real Estate Division of the Office of the City Treasurer, Quezon City; and (v) accused-appellant.²²

Atty. Cabansag's proposed testimony was stipulated upon by the parties that insofar as real property taxation is concerned, the issuance of a

¹⁸ *Id.*

¹⁹ *Id.* at 11.

²⁰ *Id.*

²¹ *Id.*

²² *Id.* at 13-17.

notice of assessment is the duty of the Local Assessor, not the Local Treasurer.²³

Next, Atty. Gonzalvo testified on the procedure for assessments. Upon approval of a tax declaration and/or notice of assessment, it is posted to an electronic database, disseminated to other divisions for routing, and then sent to the declared property owner through personal service or registered mail. Posting is the final step for issuance of a tax declaration, and this step is done through encoding the data to an electronic database called the **Quezon City Real Property Assessment and Taxation System (QCRPATS)**. Once posted to the QCRPATS, the records contained therein are used in the collection of taxes by the City Treasurer. Records in the QCRPATS also serve as basis in sending the notice of assessment to the declared owner of a property. However, the system does not indicate the fact of sending a notice of assessment and/or tax declaration.²⁴

The succeeding witness, Faustino, corroborated the foregoing procedure in conducting assessments. Once the City Assessor issues a tax declaration and/or notice of assessment, it will be posted in the QCRPATS. The records in the QCRPATS then serves as sufficient basis for the City Treasurer to collect real property taxes. Further, the City Treasurer is not required to verify the correctness of the information posted in the QCRPATS.

Faustino also testified that he is familiar with MSBFI and the subject property, which was assessed and covered by Tax Declaration No. E-007-01961. The record of MSBFI was posted to the QCRPATS in 2011 and Faustino identified a printout of the record. Said printout showed that the subject property used by the MSBFI is a taxable government property as indicated by the words "Status [CancelNOC – TAX-Govt]."²⁵

Thereafter, Lorredo testified on the process of collecting real estate taxes. Collection begins with the City Assessor's appraisal of the property or a tax declaration with an attached notice of assessment. The City Assessor forwards a copy of the tax declaration to the Real Estate Division and all the information contained in the tax declaration will be posted in the QCRPATS. If a property is tax exempt, its record in the QCRPATS will indicate such fact in the upper right portion of the entry. Significantly, on the printout of MSBFI's record from the QCRPATS, the status of the subject property shows it is a taxable government property.²⁶

²³ *Id.* at 14.

²⁴ *Id.* at 14-15.

²⁵ *Id.* at 15.

²⁶ *Id.* at 16-17.

Lastly, accused-appellant testified that he was appointed OIC-City Treasurer of Quezon City in 2010. Accused-appellant admitted familiarity with the previous tax dispute in 2005 involving MSBFI and former City Treasurer Endriga. However, accused-appellant understood that the RTC decision declared MSBFI as a taxable entity liable for real property taxes. Later, the RTC ruling was eventually affirmed by the Court through a Resolution in G.R. No. 191335.²⁷

In 2011, when accused-appellant served as OIC-City Treasurer, the subject property was levied and sold at public auction. Prior to the levy, the Office of the City Treasurer used information obtained from QCRPATS to compile a list of properties with unpaid realty taxes. From that list, notices of delinquency were sent to the property owners, including MSBFI. According to accused-appellant, no law, rule, or procedure requires the Office of the City Treasurer to check whether the information posted by the Assessor's Office in the QCRPATS is correct, or if it had properly performed its duties.²⁸

Since MSBFI did not satisfy its unpaid tax liabilities, following procedure, the delinquent list was forwarded to the Assessor's Office for the purpose of advising the Treasurer's Office of any issue with respect to the properties enumerated therein. The subject property used by MSBFI was found on Entry No. 85 of the list. Ultimately, the Assessor's Office did not advise the Treasurer's Office of any problem with respect to the subject property.²⁹

A Warrant of Levy was then issued and annotated on MSBFI's Tax Declaration. Thereafter, the Office of the City Treasurer finalized the delinquent list, caused its publication, and proceeded on 7 July 2011 with the public auction of the properties listed therein, which included MSBFI's property. Since there were no bids for the subject property, the same was sold to the Quezon City government.³⁰

According to accused-appellant, the Treasurer's Office has no duty to validate the information or data forwarded by the Assessor's Office. Nonetheless, accused-appellant checked if there was an issue with a lack of notice of assessment by writing the City Assessor to check the status of all the property due for public auction, but the Assessor did not advise him of

²⁷ *Id.* at 17.

²⁸ *Id.* at 17-18.

²⁹ *Id.* at 18.

³⁰ *Id.* at 18.

any issues pertaining to MSBFI. Thus, accused-appellant proceeded with the auction.³¹

Ruling of the Sandiganbayan

In the assailed Decision, the Sandiganbayan found accused-appellant guilty beyond reasonable doubt of violating Section 3 (e) of RA 3019. The dispositive provides:

WHEREFORE, accused Edgar T. Villanueva is found **GUILTY** beyond reasonable doubt of Violation of Section 3 (e) of *Republic Act No. 3019*, and is hereby sentenced to suffer an indeterminate penalty imprisonment of **SIX (6) YEARS** and **ONE (1) MONTH** as minimum to **TEN (10) YEARS** as maximum. Additionally, said accused is sentenced to suffer perpetual disqualification to hold public office.

Every person criminally liable is also civilly liable. For his civil liability, the accused is ordered to **PAY** Manila Seedling Bank Foundation, Inc. the following amounts:

A. **Seven Hundred Eighty-Three Thousand Eighty-Three Pesos and Eighty Centavos (P783,083.80)**, representing lost monthly rental income at the time of its eviction; and

B. **One Million Fifteen Thousand Six Hundred Fifty-Six Pesos and Thirteen Centavos (P1,015,656.13)**, representing lost average gross monthly sales at the time of its eviction.

SO ORDERED.³²

According to the Sandiganbayan, the elements for violation of Section 3 (e) of RA 3019 are present. First, accused-appellant was a public officer being then the OIC-City Treasurer for Quezon City.³³ Second, accused-appellant acted with evident bad faith in proceeding to collect real property tax against MSBFI despite the lack of a valid service of the notice of assessment.³⁴ And third, MSBFI suffered undue injury by way of losses in earnings as a direct result of accused-appellant's actions.³⁵

Hence, the appeal.

³¹ *Id.* at 19.

³² *Id.* at 42

³³ *Id.* at 30

³⁴ *Id.*

³⁵ *Id.* at 37.

In his Appellant's Brief,³⁶ accused-appellant essentially averred that the prosecution failed to prove evident bad faith. On the other hand, the People, in its Appellee's Brief,³⁷ countered that the Sandiganbayan correctly found accused-appellant guilty beyond reasonable doubt since all elements for violation of Section 3 (e) of RA 3019 were established.³⁸

Issue

Accused-appellant primarily raised the issue of whether the Sandiganbayan erred in finding that the essential element of evident bad faith was sufficiently established by the prosecution.³⁹

Ruling of the Court

We grant the appeal.

Findings of fact of the Sandiganbayan, as a trial court are accorded great weight and respect. However, in cases where there is a misappreciation of facts, the Court will not hesitate to reverse the conclusions reached by the trial court. At all times, the Court must be satisfied that in convicting the accused, the factual findings and conclusions of the trial court meet the exacting standard of proof beyond reasonable doubt.⁴⁰

In the present case, the Sandiganbayan committed reversible error in convicting accused-appellant for violation of Sec. 3 (e) of RA 3019. Evident bad faith cannot be ascribed against accused-appellant for simply performing his duty to collect taxes. Accused-appellant based the collection of taxes on information obtained from the QCRPATS, which is an official record of the Quezon City government. Since accused-appellant had sufficient basis derived from the QCRPATS, his act of collecting taxes cannot be deemed tainted with evident bad faith.

The element of evident bad faith was not sufficiently established by the prosecution

³⁶ *Id.* at 67-107.

³⁷ *Id.* at 171-217.

³⁸ *Id.* at 196.

³⁹ *Id.* at 67.

⁴⁰ *Cruz v. People*, G.R. Nos. 197142 & 197153, 09 October 2019; citing *Maamo v. People*, 801 Phil. 627 (2016).

Jurisprudence instructs that a violation of Section 3 (e) may be committed in three (3) modes — by "manifest partiality," "evident bad faith," or "gross inexcusable negligence." Each modality is distinct from the others and must be alleged in the Information as basis for conviction.⁴¹

Under the Information, accused-appellant was charged with violating Section 3 (e) through evident bad faith or gross inexcusable negligence.⁴² In its assailed Decision, the Sandiganbayan convicted accused-appellant for violation of Section 3 (e) of RA 3019, purportedly committed through the modality of evident bad faith.⁴³

Section 3(e) of RA 3019 reads:

Section 3. *Corrupt practices of public officers.* — In addition to acts or omissions of public officers already penalized by existing law, the following shall constitute corrupt practices of any public officer and are hereby declared to be unlawful:

xxxx

(e) Causing any undue injury to any party, including the Government, or giving any private party any unwarranted benefits, advantage or preference in the discharge of his official, administrative or judicial functions through manifest partiality, evident bad faith or gross inexcusable negligence. This provision shall apply to officers and employees of offices or government corporations charged with the grant of licenses or permits or other concessions.

xxxx

To sustain a conviction under this provision, the following elements must concur: (a) the accused must be a public officer discharging administrative, judicial or official functions; (b) he or she must have acted with manifest partiality, evident bad faith or gross inexcusable negligence; and (c) that his or her action caused undue injury to any party, or gave any private party any unwarranted benefits, advantage or preference in the discharge of his or her functions.⁴⁴

On the first element, as OIC-City Treasurer, there is no dispute that accused-appellant was a public officer.⁴⁵ As for the third element, MSBFI sustained injury by way of lost earnings through the collection of real

⁴¹ *Macairan v. People*, G.R. Nos. 215104, 215120, 215147, 215212, 215354-55, 215377, 215923 & 215541, 18 March 2021 [Per J. Caguioa].

⁴² *Rollo*, p. 5.

⁴³ *Id.* at 30.

⁴⁴ *Cruz v. People*, *supra* note 40.

⁴⁵ *Rollo*, p. 13.

property tax on the subject property and its subsequent sale on public auction to the Quezon City government.⁴⁶ Notably, accused-appellant no longer raised the existence of the first and third elements as assigned errors in his Brief. Instead, accused-appellant hinged his appeal on the lack of evident bad faith.⁴⁷

The Court finds merit in accused-appellant's arguments. Indeed, the second element, i.e., evident bad faith, was not sufficiently established before the Sandiganbayan. Upon judicious perusal of the records, the Court finds no proof of evident bad faith, not even gross inexcusable negligence.

"**Evident bad faith**" connotes not only bad judgment but also palpably and patently fraudulent and dishonest purpose to do moral obliquity or conscious wrongdoing for some perverse motive or ill will. It contemplates a state of mind affirmatively operating with furtive design or with some motive or self-interest or ill will or for ulterior purposes. "**Gross inexcusable negligence**" refers to negligence characterized by the want of even the slightest care, acting or omitting to act in a situation where there is a duty to act, not inadvertently but willfully and intentionally, with conscious indifference to consequences insofar as other persons may be affected.⁴⁸

The presence of evident bad faith requires that the accused acted with a malicious motive or intent, or ill will. It is not enough that the accused violated a provision of law or that the provision of law violated is clear, unmistakable and elementary. To constitute evident bad faith, it must be proven that the accused acted with fraudulent intent. Because evident bad faith entails manifest deliberate intent on the part of the accused to do wrong or to cause damage, it must be shown that the accused was "spurred by any corrupt motive." Mistakes, no matter how patently clear, committed by a public officer are not actionable "absent any clear showing that they were motivated by malice or gross negligence amounting to bad faith."⁴⁹

In this case, the Sandiganbayan based its findings of evident bad faith on accused-appellant's act of collecting real property taxes against MSBFI despite the lack of valid service of a notice of assessment.⁵⁰ However, an extensive review of the records showed no act exhibiting malicious motive or ill will on the part of accused-appellant. The prosecution made no attempt to prove fraudulent intent from accused-appellant. There was absolutely no showing or even an allegation that accused-appellant was spurred by any

⁴⁶ *Id.* at 37-38.

⁴⁷ *Id.* at 67-107.

⁴⁸ *Cruz v. People*, *supra* note 40; citing *Uriarte v. People*, 540 Phil. 477, 494-495 (2006).

⁴⁹ *Martel v. People*, G.R. Nos. 224720-23 & 224765-68, 02 February 2021; citing *Collantes v. Marcelo*, 556 Phil. 794 (2007).

⁵⁰ *Rollo*, p. 30.

corrupt motive. Without such deliberate intent to do wrong or cause damage, no evident bad faith may be attributed to accused-appellant.

The only acts ascribed to accused-appellant were the “collection of real property taxes against MSBFI” and the subsequent levy and sale on public auction to the Quezon City government.⁵¹ However, these acts, by themselves, are not indicative of evident bad faith. At most, MSBFI merely questioned the “forcible and martial law fashion invasion and takeover” of the subject property by the Quezon City government. Even the actual takeover was not a personal act which may be attributed to accused-appellant.⁵² It was a corporate act committed by the Quezon City government through its Department of Public Order and Safety (DPOS). Moreover, the DPOS only acted pursuant to a letter from Mayor Herbert M. Bautista requiring MSBFI to vacate the subject property.⁵³

Clearly, the prosecution failed to aver or prove any particular act showing evil motive or ill will to support the allegation that accused-appellant acted with evident bad faith.

Likewise, accused-appellant's due reliance on QCRPATS before collecting real property taxes casts reasonable doubt on the element of evident bad faith

In its assailed Decision, the Sandiganbayan explained and appreciated the electronic database QCRPATS, as follows:

In Quezon City, the backbone of the collection of real estate taxes is the electronic database called the Quezon City Real Property Assessment and Taxation System (“QCRPATS” for brevity), which is based on the *Manual on Real Property Appraisal and Assessment Operations* issued by the Bureau of Local Government Finance of the Department of Finance. The QCRPATS streamlines operations because it provides easy access for authorized government officials to view basic information pertaining to taxpayers, such as: the description of a property subject to real estate tax, the owner(s) thereof, the status of the property (e.g. taxable or exempt from taxes; government or private), date of assessment or tax declaration, and the assessed value of tax, among others.

Procedurally, the City Assessor's Office is responsible for the posting

⁵¹ *Id.* at 5.

⁵² *Id.* at 85.

⁵³ *Id.* at 11.

or encoding of the entries in the QCRPATS. But before any information is posted on the system's database, the City Assessor must first approve of the tax declaration or assessment of a real property. Then, the tax declaration or assessment is posted to the QCRPATS. Once posted, notices of assessment are sent by the City Assessor's Office to the property owners themselves, and authorized users (e.g. City Treasurer's Office) can access the data, but said access is limited to merely viewing or printing of the encoded data from the database. In other words, authorized users have no means to revise or alter the information posted on the QCRPATS. x x x

x x x x

Officials of the City Treasurer's Office make use of the records contained in the QCRPATS to implement the collection of real property tax against the owners thereof, which is initiated by the sending of collection notices (e.g. a statement of delinquency, followed by a final notice of delinquency). x x x⁵⁴

However, the Sandiganbayan ruled that accused-appellant's full reliance on the QCRPATS was insufficient, *viz*:

It does not suffice to satisfy due process that the accused-appellant wholly relied on the QCRPATS by obtaining a record of MSBFI contained therein. This is because a review of the printout of MSBFI's information obtained from its record therein would show that it only disclosed the date of the issuance or approval of a tax declaration or notice of assessment, *but not* the date of actual service upon MSBFI.⁵⁵

The Sandiganbayan gravely misappreciated the value of the QCRPATS. Indubitably, the QCRPATS serves as proper basis for the City Treasurer to perform his or her duty and send out collection notices.

Under Section 248 of the Local Government Code,⁵⁶ the City Assessor furnishes the City Treasurer's with a list of assessed properties for the collection of real property taxes:

SECTION 248. *Assessor to Furnish Local Treasurer with Assessment Roll.* — The provincial, city or municipal assessor shall prepare and submit to the treasurer of the local government unit, on or before the thirty-first (31st) day of December each year, an assessment roll containing a list of all persons whose real properties have been newly assessed or reassessed and the values of such properties.⁵⁷

In the local government of Quezon City, the City Assessor furnishes

⁵⁴ *Id.* at 25-26.

⁵⁵ *Id.* at 32-33.

⁵⁶ Local Government Code of 1991, Republic Act No. 7160, 10 October 1991.

⁵⁷ *Id.*

the City Treasurer with the list of assessed properties for collection of real property tax precisely through the QCRPATS. The use of a computerized or electronic database, such as the QCRPATS, is provided under the Manual on Real Property Appraisal and Assessment Operations,⁵⁸ viz:

SECTION 3. – Listing of Real Property for the Imposition of Real Property Tax

A. Preparation and Maintenance of Assessment Roll. The provincial, city and municipal assessor shall prepare and maintain an assessment roll (see Attachment 6) wherein all taxable real properties located within his province, city or municipality, shall be listed; except in cases where the assessor's records are computerized and the same are directly and operationally connected to the Provincial, City or Municipal Treasurer in the form of Local Area Network (LAN). A separate roll shall be prepared for exempt properties, for ready reference.

x x x (Underscoring supplied)⁵⁹

In the present case, accused-appellant's proper reliance on the QCRPATS casts reasonable doubt on the existence of evident bad faith. The Office of the City Treasurer duly obtained records from QCRPATS to collect real property taxes from delinquent property owners, which included MSBFI.⁶⁰ A printout of MSBFI's record under the QCRAPATS shows that the subject property was considered taxable government property as indicated by the words "Status [CancelNOC – TAX-Govt]."⁶¹

Accused-appellant cannot now be faulted for relying on the QCRPATS to initiate real property tax collection for the Quezon City government. It is an undisputed fact that there was an official record from the City Assessor indicating the subject property as taxable government property, such fact is more than sufficient to cast reasonable doubt on the existence of evident bad faith. Accused-appellant, as the OIC-City Treasurer, validly relied on official records furnished by the City Assessor.

Even assuming there was a violation of the law governing collection of real property taxes, the same does not automatically equate to evident bad faith

⁵⁸ Manual on Real Property Appraisal and Assessment Operations, Department of Finance – Bureau of Local Government Finance, January 2006.

⁵⁹ *Id.* at Sec. 3.

⁶⁰ *Rollo*, pp. 17-18.

⁶¹ *Id.* at 15.

Even assuming *arguendo*, that accused-appellant collected real property taxes without actual service of an assessment, the Sandiganbayan still erred in finding accused-appellant to have acted with evident bad faith.⁶²

To emphasize, when finding evident bad faith, it must be proven that the accused acted with malicious motive or fraudulent intent. **It is not enough that the accused violated a law, committed mistakes or was negligent in his duties.** There must be a clear showing that the accused was spurred by a corrupt motive or a deliberate intent to do wrong or cause damage.⁶³

In *Sabaldan, Jr. v. Office of the Ombudsman for Mindanao*,⁶⁴ the Court clarified that a violation of procurement law does not mean that all the elements of a violation of RA 3019 are present as matter of course. Thus, the elements of Section 3 (e) of RA 3019 must still be established to warrant conviction under the said law, and the instant case must be carefully examined through the lens of these elements.⁶⁵

In the same manner, mere violation of a law governing tax collection is not tantamount to a violation of Section 3 (e) of RA 3019. Here, accused-appellant's act of collecting taxes even without a notice of assessment does not automatically constitute evident bad faith. **When there is no proof of corrupt motive or fraudulent intent, an error or breach in the procedure for collection of taxes cannot immediately equate to a violation of Section 3 (e) of RA 3019.** To rule otherwise would set a dangerous precedent; it would unduly expose tax and revenue collection officers to unfounded criminal actions for simply performing their duties to collect taxes.

Further, accused-appellant exerted efforts to check with the City Assessor if there were any issues and concerns with the properties set for collection of real property taxes

In its assailed Decision, the Sandiganbayan ruled that accused-appellant, as the then OIC-City Treasurer, should have verified if any valid assessment was indeed served upon MSBFI.⁶⁶

⁶² *Id.* at 30.

⁶³ *Macairan v. People*, *supra* at note 41.

⁶⁴ G.R. No. 238014, 15 June 2020.

⁶⁵ *See id.*

⁶⁶ *Rollo*, p. 32.

Again, the Sandiganbayan is gravely mistaken. Under the Manual on Real Property Appraisal and Assessment Operations,⁶⁷ it is the City Assessor who furnishes the City Treasurer with the assessment records:

2. Other Functions of Local Assessors

a. Declare and assess the property in the name of the defaulting owner, if known, or against an unknown owner, as the case may be, in accordance with the provisions of Title II, Book II of the Local Government Code, when any person, natural or juridical, by whom real property is required to be declared, refuses or fails for any reason to make such declaration within the time prescribed;

b. Prepare and maintain assessment rolls for taxable and for exempt real properties, located within the territorial jurisdiction of the local government unit concerned, except in cases where the assessor's records are computerized and the same are directly and operationally connected to the Provincial, City or Municipal Treasurer in the form of local area network (LAN);

c. **Furnish the treasurer of the local government unit, on or before the thirty-first (31st) day of December of each year, with a copy of the assessment roll for taxable and for exempt properties** which were newly assessed or reassessed and the value of such properties, **except in cases where the assessor's records are computerized and the same are directly and operationally connected to the Provincial or City or Municipal Treasurer** in the form of LAN. (Emphasis supplied)

x x x x⁶⁸

To reiterate, the assessment records is posted to an electronic database, such as the QCRPATS. The Office of the City Treasurer then relies on this electronic database for the purpose of collecting real property taxes. There is no additional duty on the part of a City Treasurer to check with the City Assessor if the notice of assessment was validly served upon a delinquent property owner.

Nonetheless, contrary to the findings of the Sandiganbayan, accused-appellant still checked with the Office of the City Assessor. Accused-appellant exercised prudence by forwarding the delinquent list to the Assessor's Office to ask if there were any issues with respect to the properties enumerated therein. The subject property used by MSBFI was included as Entry No. 85 in this delinquent list. When the Assessor's Office

⁶⁷ *Supra* note 56.

⁶⁸ *Id.*

did not revert to Treasurer's Office of any concerns within the delinquent list, accused-appellant then proceeded with the collection of real property taxes.⁶⁹

Even though the City Treasurer's Office had no explicit duty to validate the information posted by the Assessor's Office in the QCRPATS, accused-appellant still checked by writing to the City Assessor and sending the delinquent list.⁷⁰ Considering the foregoing, the crucial elements of evident bad faith, or even gross inexcusable negligence, were not established beyond reasonable doubt.

Ultimately, reasonable doubt has been cast on the culpability of accused-appellant for the crime charged. No bad faith may be attributed to a City Treasurer who merely performed his duty to collect real property taxes while relying on official records of the local government. Absent the decisive element of evident bad faith in charges for violation of Section 3 (e) of Republic Act No. (RA) 3019, the prosecution cannot pass the test of moral certainty required to uphold a conviction, and the constitutionally afforded presumption of innocence of the accused must prevail.⁷¹

WHEREFORE, the Decision promulgated on 15 November 2019 and Resolution dated 13 February 2020 by the Sandiganbayan in Criminal Case No. SB-17-CRM-0119 are **REVERSED and SET ASIDE**. Accused-appellant **EDGAR T. VILLANUEVA** is **ACQUITTED** of violation of Section 3(e) of Republic Act No. 3019, on the ground that his guilt was not established beyond reasonable doubt.

Let the corresponding entry of final judgment be immediately issued.

Moreover, the Court resolves to:

1. **NOTE** the plaintiff-appellee's brief dated 18 January 2021 by the Office of the Special Prosecutor;
2. **GRANT** the motion of counsel for accused-appellant for leave of Court to file attached briefs (with attached affidavits) dated 04 May 2021, praying that the Court grant leave of Court and admit the attached reply brief;

⁶⁹ *Rollo*, p. 18.

⁷⁰ *Id.* at 19.

⁷¹ *Buencamino v. People*, G.R. Nos. 216745-46, 10 November 2020 [Per J. Caguioa].

3. **NOTE** aforesaid appellant's reply brief (with motion for leave of Court to file attached affidavits) dated 04 May 2021; and

4. **NOTE** the compliance and manifestation dated 02 September 2021 of counsel for accused-appellant, stating that in compliance with the Resolution dated 02 September 2021, accused-appellant is hereby resending the soft copy of the appellant's brief pursuant to A.M. Nos. 10-3-7-SC and 11-9-4-SC.

SO ORDERED.”

By authority of the Court:

TERESITA AQUINO TUAZON
Division Clerk of Court

By:



MA. CONSOLACION GAMINDE-CRUZADA
Deputy Division Clerk of Court *7/13*

13 JUL 2022

SOLIS MEDINA FAJARDO & MALILONG
LAW OFFICES (reg)
Accused-Appellant
11th Floor, East Tower
Philippine Stock Exchange Center
Exchange Road, Ortigas Business Center
Pasig City

SANDIGANBAYAN (reg)
5/F Sandiganbayan Centennial Building
COA Compound, Commonwealth Avenue
Cor. Batasan Road, 1126 Quezon City
(SB-17-CRM-0119)

OFFICE OF THE SPECIAL PROSECUTOR (reg)
4th Floor, Ombudsman Building
Agham Road, Diliman, Quezon City

JUDGMENT DIVISION (x)
Supreme Court, Manila

PUBLIC INFORMATION OFFICE (x)
LIBRARY SERVICES (x)
[For uploading pursuant to A.M. No. 12-7-SC]

OFFICE OF THE CHIEF ATTORNEY (x)
OFFICE OF THE REPORTER (x)
PHILIPPINE JUDICIAL ACADEMY (x)
Supreme Court, Manila

Please notify the Court of any change in your address.
GR252034. 02/23/2022(267)URES(a)