



Republic of the Philippines  
**Supreme Court**  
Manila

**THIRD DIVISION**

**NOTICE**

Sirs/Mesdames:

*Please take notice that the Court, Third Division, issued a Resolution dated **January 11, 2023**, which reads as follows:*

**“G.R. No. 252368 – UCPB LEASING AND FINANCE CORPORATION (ULFC), *Petitioner*, v. CAGAYAN DE ORO CITY AND GLENN C. BAÑEZ (IN HIS CAPACITY AS OIC-CITY TREASURER OF CAGAYAN DE ORO CITY), *Respondent*.**

After a review of the Petition for Review on *Certiorari*,<sup>1</sup> including the assailed Decision,<sup>2</sup> dated December 9, 2019, and Resolution,<sup>3</sup> dated March 9, 2020, both of the Court of Tax Appeals (CTA), in CTA EB No. 1933, and the Orders, dated February 4, 2016,<sup>4</sup> and May 10, 2016,<sup>5</sup> both of the Regional Trial Court of Makati City, Branch 146 (RTC) in Civil Case No. 15-1070, the Court resolves to **DENY** the same for failure of the petitioner UCPB Leasing and Finance Corporation (ULFC) to sufficiently show that the CTA committed a reversible error to warrant the exercise of the Court’s discretionary appellate jurisdiction.

*ULFC availed of the proper remedy to appeal the denial of its protest against the Notice of Assessment issued by the local city treasurer*

First, the Court must examine whether ULFC availed of the proper remedy to appeal the denial of its protest against the Notice of Assessment issued by the City Treasurer of Cagayan de Oro City (**City Treasurer**). Section 195 of Republic Act (R.A.) No. 7160, otherwise known as the Local

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<sup>1</sup> *Rollo*, pp. 14-39.

<sup>2</sup> *Id.* at 40-59. Penned by Associate Justice Cielito N. Mindaro-Grulla and concurred in by Associate Justices Juanito C. Castañeda, Jr., Erlinda P. Uy, Esperanza R. Fabon-Victorino, Ma. Belen M. Ringpis-Liban, Jean Marie A. Bacorro-Villena.

<sup>3</sup> *Id.* at 69-78. Penned by Associate Justice Cielito N. Mindaro-Grulla and concurred in by Associate Justices Juanito C. Castañeda, Jr., Erlinda P. Uy, Esperanza R. Fabon-Victorino, Ma. Belen M. Ringpis-Liban, Jean Marie A. Bacorro-Villena.

<sup>4</sup> *Id.* at 221-223.

<sup>5</sup> *Id.* at 228.

Government Code of 1991 (LGC), provides the procedure for protesting an assessment issued by the local city treasurer:

SEC. 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 cancelling 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 prescribe herein within which to appeal with the court of competent jurisdiction otherwise the assessment becomes conclusive and unappealable.

ULFC's Petition filed with the RTC was clearly an appeal from the denial of its protest against the Notice of Assessment issued by the City Treasurer. In *Yamane v. BA Lepanto Condominium Corporation*,<sup>6</sup> the Court ruled that the remedy to be pursued by the taxpayer under Section 195 of the LGC is one cognizable by the RTC in the exercise of its original jurisdiction.

Contrary to the finding of the RTC, the prayer for injunction was merely corollary or ancillary to the main petition, which was clearly an appeal from the denial of its protest, as pointed out by the CTA. Therefore, it is clear that ULFC availed of the correct remedy by filing a petition with the RTC to protest the assessment, pursuant to Section 195 of the LGC.

*An appeal from the denial of a protest against a Notice of Assessment issued by a local city treasurer is an action in personam*

For a proper perspective, it is crucial to underscore the necessity of determining first whether the action subject of this appeal is *in personam*, *in rem*, or *quasi in rem*, since the nature of the action determines the court of competent jurisdiction to handle an appeal from the denial of a protest against the assessment of a local city treasurer.

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<sup>6</sup> 510 Phil. 750 (2005).

The distinction was explained by the Court in the case of *Frias v. Alcayde*:<sup>7</sup>

An action *in personam* is a proceeding to enforce personal rights and obligations brought against the person and is based on the jurisdiction of the person, although it may involve his right to, or the exercise of ownership of, specific property, or seek to compel him to control or dispose of it in accordance with the mandate of the court. Its purpose is to impose, through the judgment of a court, some responsibility or liability directly upon the person of the defendant. Of this character are suits to compel a defendant to specifically perform some act or actions to fasten a pecuniary liability on him. The following are some of the examples of actions *in personam*: action for collection of sum of money and damages; action for unlawful detainer or forcible entry; action for specific performance; action to enforce a foreign judgment in a complaint for a breach of contract.

Actions *in rem* are actions against the thing itself. They are binding upon the whole world. The phrase, “against the thing,” to describe *in rem* actions is a metaphor. It is not the “thing” that is the party to an *in rem* action; only legal or natural persons may be parties even in *in rem* actions. The following are some of the examples of actions *in rem*: petitions directed against the “thing” itself or the *res* which concerns the status of a person, like a petition for adoption, correction of entries in the birth certificate; or annulment of marriage; nullity of marriage; petition to establish illegitimate filiation; registration of land under the Torrens system; and forfeiture proceedings.

A proceeding *quasi in rem* is one brought against persons seeking to subject the property of such persons to the discharge of the claims assailed. In an action *quasi in rem*, an individual is named as defendant and the purpose of the proceeding is to subject his interests therein to the obligation or loan burdening the property. In an action *quasi in rem*, an individual is named as defendant. But, unlike suits *in rem*, a *quasi in rem* judgment is conclusive only between the parties. The following are some of the examples of actions *quasi in rem*: suits to quiet title; actions for foreclosure; and attachment proceedings.

In actions *in personam*, the judgment is for or against a person directly. Jurisdiction over the parties is required in actions *in personam* because they seek to impose personal responsibility or liability upon a person. “*In a proceeding in rem or quasi in rem, jurisdiction over the person of the defendant is not a prerequisite to confer jurisdiction on the court, provided that the latter has jurisdiction over the res. Jurisdiction over the res is acquired either (a) by the seizure of the property under legal process, whereby it is brought into actual custody of the law; or (b)*

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<sup>7</sup> 826 Phil. 713 (2018).

*as a result of the institution of legal proceedings, in which the power of the court is recognized and made effective.*"<sup>8</sup>

The Court has consistently ruled that any remedy for the collection of taxes should be directed against the "taxable person," the same being an action *in personam*.<sup>9</sup> It follows, therefore, that an appeal from the denial of a protest against a Notice of Assessment issued by a local city treasurer, which effectively enforces a decision to collect taxes, is an action *in personam*. It is a proceeding to enforce personal rights and obligations brought against a person. The judgment in such appeal imposes direct personal and pecuniary liability upon the party against whom the judgment is directed.

*The RTC of Makati City had no jurisdiction to entertain the appeal from the denial of ULFC's protest against the notice of assessment issued by the City Treasurer of Cagayan de Oro City*

The next question that must be resolved is whether ULFC's Petition was properly filed with the RTC of Makati City.

Jurisdiction is defined as the power and authority of a court to hear, try, and decide a case. In order for the court or an adjudicative body to have authority to dispose of the case on the merits, it must acquire, among others, jurisdiction over the subject matter.<sup>10</sup> Jurisdiction over the subject matter of a case is conferred by law.<sup>11</sup>

Section 7(a)(3) of R.A. No. 1125,<sup>12</sup> as amended by R.A. No. 9282, specifies the jurisdiction of the CTA on local tax cases:

SEC. 7. Jurisdiction. – The CTA shall exercise:

a. Exclusive appellate jurisdiction to review by appeal, as herein provided:

<sup>8</sup> *Id.* at 730-731. Emphasis in the original, citations omitted.

<sup>9</sup> *Unimasters Conglomeration Incorporated v. Tacloban City Government*, G.R. No. 214195, March 23, 2022, citing *Philippine Heart Center v. Local Government of Quezon City*, 935 SCRA 452 (2020).

<sup>10</sup> *City of Iloilo v. Philippine Ports Authority and Development Bank of the Philippines*, G.R. No. 233861, January 12, 2021, citing *Ignacio v. Office of the City Treasurer of Quezon City*, 817 Phil. 1133 (2017).

<sup>11</sup> *Id.*

<sup>12</sup> AN ACT CREATING THE COURT OF TAX APPEALS (1954).

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3. Decisions, orders or resolutions of the Regional Trial Courts in local tax cases originally decided or resolved by them in the exercise of their original or appellate jurisdiction.

The CTA exercises exclusive appellate jurisdiction to review, by appeal, rulings of the RTCs in local tax cases. In general, RTCs have jurisdiction to take cognizance of actions assailing the decision or inaction to the local treasurer on local tax protests. However, this is tempered by Section 17 of Batas Pambansa (B.P.) Blg. 129,<sup>13</sup> as amended, which provides that the exercise of jurisdiction of the RTCs and their judges is intrinsically regional in scope.<sup>14</sup> Further, under Section 18 of B.P. Blg. 129, the exercise of jurisdiction may be limited to the territorial area of the branch in which the judge sits.<sup>15</sup> As explained by the Court in the case of *Malaloan v. Court of Appeals*:<sup>16</sup>

Jurisdiction is conferred by substantive law, in this case Batas Pambansa Blg. 129, not by a procedural law and, much less, by an administrative order or circular. **The jurisdiction conferred by said Act on regional trial courts and their judges is basically regional in scope.** Thus, Section 17 thereof provides that “(e)very Regional Trial Judge shall be appointed to a region which shall be his permanent station,” and he “may be assigned by the Supreme Court to any branch or city or municipality within the same region as public interest may require, and such assignment shall not be deemed an assignment to another station xxx” which, otherwise, would necessitate a new appointment for the judge.<sup>17</sup>

In this case, the CTA *En Banc* correctly ruled that the authority of the RTC to exercise jurisdiction to review local tax cases depends, not only on the amount of the claim, but also the court’s territorial jurisdiction. Considering that the facts which gave rise to the disputed assessment occurred outside the territorial jurisdiction of the RTC, the CTA *En Banc* correctly affirmed the CTA Third Division in finding that the appeal on the

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<sup>13</sup> THE JUDICIARY REORGANIZATION ACT OF 1990 (1981).

<sup>14</sup> *Malaloan v. Court of Appeals*, 302 Phil. 273 (1994).

<sup>15</sup> Sec. 18. Authority to define territory appurtenant to each branch. – The Supreme Court shall define the territory over which a branch of the Regional Trial Court shall exercise its authority. The territory thus defined shall be deemed to be the territorial area of the branch concerned for purposes of determining the venue of all suits, proceedings or actions, whether civil or criminal, as well as determining the Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts over which the said branch may exercise appellate jurisdiction.

<sup>16</sup> *Supra*.

<sup>17</sup> *Id.* at 290.



decision or inaction of the City Treasurer over ULFC's protest should have been brought instead to the RTC of Cagayan de Oro City.

*The RTC of Makati City has no jurisdiction to grant the prayer for a temporary restraining order or a writ of preliminary injunction against respondents who are holding office in Cagayan de Oro City*

Section 21 of B.P. Blg. 129 confers jurisdiction on the RTCs to issue injunctive writs limited to acts committed or about to be committed within their judicial region:

Section 21. Original jurisdiction in other cases. – Regional Trial Courts shall exercise original jurisdiction:

(1) In the issuance of writs of certiorari, prohibition, mandamus, quo warranto, habeas corpus and injunction **which may be enforced in any part of their respective regions**; and

(2) In actions affecting ambassadors and other public ministers and consuls.<sup>18</sup>

As the injunctive writ was sought to be enforced against the respondents, who hold office in Cagayan de Oro City, outside the territorial jurisdiction of the RTC of Makati City, the latter has no authority to issue the writ of injunction prayed for by ULFC.

In view of the foregoing, the Court finds no compelling reason to reverse the findings of the CTA *En Banc*.

**WHEREFORE**, the Petition for Review on *Certiorari* filed by the petitioner UCPB Leasing and Finance Corporation is **DENIED**. The Decision, dated December 9, 2019, of the Court of Tax Appeals in CTA EB No. 1933 is **AFFIRMED**.

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<sup>18</sup> Supra note 15, sec. 21. Emphasis supplied.

**SO ORDERED.”**

By authority of the Court:

*MisDCLD-H*  
**MISAEAL DOMINGO C. BATTUNG III**  
*Division Clerk of Court* *2/11/23*

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**G.R. No. 252368**

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