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at 150% for regular working hours in accordance with the POEA-certified contract;

4. US$550.00 or its Philippine peso equivalent in unused vacation and sick leave credits;
5. SR1,200 or its Philippine peso equivalent in reimbursement of monthly deductions for board and lodging;
6. SR 3,000.00 or its Philippine peso equivalent in reimbursement of vacation leave bond;
7. SR 1,500.00 or its Philippine peso equivalent in reimbursement of placement fee;
8. ₱50,000.00 in moral damages;
9. ₱50,000.00 in exemplary damages; and
10. Ten percent (10%) attorney's fees.

SO ORDERED.

Carpio (Chairperson), del Castillo, Perez, and *Perlas-Bernabe, JJ.,* concur.

FIRST DIVISION

[G.R. No. 197192. June 4, 2014]

COMMISSIONER OF INTERNAL REVENUE, *petitioner, vs.* **THE INSULAR LIFE ASSURANCE CO., LTD.,** *respondent.*

SYLLABUS

1. CIVIL LAW; EFFECT AND APPLICATION OF LAWS; DOCTRINE OF *STARE DECISIS*; APPLICABLE WHEN

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THE FACTUAL CIRCUMSTANCES OBTAINING IN A PREVIOUS CASE AND THE PRESENT CASE ARE SUBSTANTIALLY THE SAME.— The Court has pronounced in *Republic of the Philippines v. Sunlife Assurance Company of Canada* that "[u]nder the Tax Code although respondent is a cooperative, registration with the CDA is not necessary in order for it to be exempt from the payment of both percentage taxes on insurance premiums, under Section 121; and documentary stamp taxes on policies of insurance or annuities it grants, under Section 199." x x x As regards the applicability of *Sunlife* to the case at bar, the CTA, through records, has established the following similarities between the two which call for the application of the doctrine of *stare decisis*: 1. Sunlife Assurance Company of Canada and the respondent are both engaged in mutual life insurance business in the Philippines; 2. The structures of both corporations were converted from stock life insurance corporation to non-stock mutual life insurance for the benefit of its policyholders pursuant to Section 266, Title 17 of the Insurance Code of 1978 and they were made prior to the effectivity of Republic Act (R.A.) No. 6938, otherwise known as the "Cooperative Code of the Philippines"; 3. Both corporations claim to be a purely cooperative corporation duly licensed to engage in mutual life insurance business; 4. Both corporations claim exemption from payment of the documentary stamp taxes (DST) under Section 199(1) of the Tax Code (now Section 199[a] of the NIRC of 1997, as amended); and 5. Petitioner CIR requires registration with the CDA before it grants tax exemptions under the Tax Code. The CTA observed that the factual circumstances obtaining in *Sunlife* and the present case are substantially the same. Hence, the CTA based its assailed decision on the doctrine enunciated by the Court in the said case.

2. TAXATION; NATIONAL REVENUE CODE OF 1997; COOPERATIVE COMPANY; A COMPANY OR ASSOCIATION IS DEEMED A COOPERATIVE INSOFAR AS TAXATION IS CONCERNED WHEN IT IS MANAGED BY THE MEMBERS, OPERATED WITH MONEY COLLECTED FROM AMONG THEMSELVES AND SOLELY FOR THEIR OWN PROTECTION AND NOT FOR PROFIT.— The NIRC of 1997 defined a cooperative company or association as "conducted by the members thereof with the money collected from among themselves and solely

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for their own protection and not for profit." Consequently, as long as these requisites are satisfied, a company or association is deemed a cooperative insofar as taxation is concerned. In this case, the respondent has sufficiently established that it conforms with the elements of a cooperative as defined in the NIRC of 1997 in that it is managed by members, operated with money collected from the members and has for its main purpose the mutual protection of members for profit.

3. ID.; ID.; DOCUMENTARY STAMP TAX; REGISTRATION WITH THE COOPERATIVE DEVELOPMENT AUTHORITY IS NOT REQUIRED FOR COOPERATIVES TO CLAIM EXEMPTION FROM THE PAYMENT THEREOF.— The Court presented three justifications in *Sunlife* why registration with the CDA is not necessary for cooperatives to claim exemption from DST. *First*, the NIRC of 1997 does not require registration with the CDA. No tax provision requires a mutual life insurance company to register with that agency in order to enjoy exemption from both percentage and DST. Although a provision of Section 8 of the Revenue Memorandum Circular (RMC) No. 48-91 requires the submission of the Certificate of Registration with the CDA before the issuance of a tax exemption certificate, that provision cannot prevail over the clear absence of an equivalent requirement under the Tax Code. x x x This absence of the registration requirement under Section 199 clearly manifests the intention of the Legislative branch of the government to do away with registration before the CDA for a cooperative to benefit from the DST exemption under this particular section. *Second*, the provisions of the Cooperative Code of the Philippines do not apply. The history of the Cooperative Code was amply discussed in *Sunlife* where it was noted that cooperatives under the old law, Presidential Decree (P.D.) No. 175 "referred only to an organization composed primarily of small producers and consumers who voluntarily joined to form a business enterprise that they themselves owned, controlled, and patronized. The Bureau of Cooperatives Development — under the Department of Local Government and Community Development (later Ministry of Agriculture) — had the authority to register, regulate and supervise only the following cooperatives: (1) *barrio* associations involved in the issuance of certificates of land transfer; (2) local or primary cooperatives composed of natural persons and/or *barrio* associations; (3) federations composed

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of cooperatives that may or may not perform business activities; and (4) unions of cooperatives that did not perform any business activities. Respondent does not fall under any of the abovementioned types of cooperatives required to be registered under [P.D. No.] 175." Thus, when the subsequent law, R.A. No. 6939, concerning cooperatives was enacted, the respondent was not covered by said law and was not required to be registered x x x. "The distinguishing feature of a cooperative enterprise is the mutuality of cooperation among its member-policyholders united for that purpose. So long as respondent meets this essential feature, it does not even have to use and carry the name of a cooperative to operate its mutual life insurance business. *Gratia argumenti* that registration is mandatory, it cannot deprive respondent of its tax exemption privilege merely because it failed to register. The nature of its operations is clear; its purpose well-defined. Exemption when granted cannot prevail over administrative convenience." *Third*, the Insurance Code does not require registration with the CDA. "The provisions of this Code primarily govern insurance contracts; only if a particular matter in question is not specifically provided for shall the provisions of the Civil Code on contracts and special laws govern."

4. POLITICAL LAW; ADMINISTRATIVE LAW; ADMINISTRATIVE AGENCIES; HAVE NO AUTHORITY TO LIMIT OR EXPAND THE SCOPE OF THE STATUTE OR MODIFY EXPLICIT PROVISIONS OF THE LAW.— "While administrative agencies, such as the Bureau of Internal Revenue, may issue regulations to implement statutes, they are without authority to limit the scope of the statute to less than what it provides, or extend or expand the statute beyond its terms, or in any way modify explicit provisions of the law. Indeed, a quasi-judicial body or an administrative agency for that matter cannot amend an act of Congress. Hence, in case of a discrepancy between the basic law and an interpretative or administrative ruling, the basic law prevails."

APPEARANCES OF COUNSEL

The Solicitor General for petitioner.
Picazo Buyco Tan Fider & Santos for respondent.

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D E C I S I O N

REYES, *J.*:

"Time and again, the Court has held that it is a very desirable and necessary judicial practice that when a court has laid down a principle of law as applicable to a certain state of facts, it will adhere to that principle and apply it to all future cases in which the facts are substantially the same. *Stare decisis et non quieta movere*. Stand by the decisions and disturb not what is settled. *Stare decisis* simply means that for the sake of certainty, a conclusion reached in one case should be applied to those that follow if the facts are substantially the same, even though the parties may be different. It proceeds from the first principle of justice that, absent any powerful countervailing considerations, like cases ought to be decided alike. Thus, where the same questions relating to the same event have been put forward by the parties similarly situated as in a previous case litigated and decided by a competent court, the rule of *stare decisis* is a bar to any attempt to relitigate the same issue."[1]

The Case

This is a Petition for Review on *Certiorari*[2] under Rule 45 of the Rules of Court filed by the Commissioner of Internal Revenue (petitioner) against The Insular Life Assurance Co., Ltd. (respondent), challenging the Decision[3] dated March 14, 2011 and Resolution[4] dated June 13, 2011 of the Court of Tax Appeals (CTA) *en banc* in CTA EB Case No. 585 (CTA Case No. 7292).

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[1] *Chinese Young Men's Christian Association of the Philippine Islands v. Remington Steel Corporation*, 573 Phil. 320, 337 (2008), citing *Ty v. Banco Filipino Savings & Mortgage Bank*, 511 Phil. 510, 520-521 (2005).

[2] *Rollo*, pp. 8-29.

[3] Penned by Associate Justice Cielito N. Mindaro-Grulla, with Presiding Justice Ernesto D. Acosta, Associate Justices Juanito C. Castañeda, Jr., Lovell R. Bautista, Erlinda P. Uy, Caesar A. Casanova, Olga Palanca-Enriquez, Esperanza R. Fabon-Victorino and Amelia R. Cotangco-Manalastas, concurring; *id.* at 33-52.

[4] *Id*. at 54-58.

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Antecedent Facts

Petitioner Commissioner of Internal Revenue is the official duly authorized under Section 4 of the National Internal Revenue Code (NIRC) of 1997, as amended, to assess and collect internal revenue taxes, as well as the power to decide disputed assessments, subject to the exclusive appellate jurisdiction of this Court.

Respondent The Insular Life Assurance, Co., Ltd. is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office located at IL Corporate Center, Insular Life Drive, Filinvest Corporate City, Alabang, Muntinlupa City. It is registered as a non-stock mutual life insurer with the Securities and Exchange Commission.

On October 7, 2004, respondent received an Assessment Notice with Formal Letter of Demand both dated July 29, 2004, assessing respondent for deficiency DST on its premiums on direct business/ sums assured for calendar year 2002, computed as follows:

Documentary Stamp Tax	
Deficiency Documentary Stamp Tax-Basic	[₱]70,732,389.83
Add: Increments (Interest and Compromise Penalty)	23,201,969.38
Total Amount Due	**[₱]93,934,359.21**

Thereafter, respondent filed its Protest Letter on November 4, 2004, which was subsequently denied by petitioner in a Final Decision, on Disputed Assessment dated April 15, 2005 for lack of factual and legal bases. Apparently, respondent received the aforesaid Final Decision on Disputed Assessment only on June 23, 2005.

On July 15, 2005, respondent filed a Petition for Review before [the CTA].

On April 21, 2009, the former Second Division of the [CTA] rendered a Decision in favor of respondent, thus, granting the Petition for Review and held, among others, that respondent sufficiently established that it is a cooperative company and therefore, it is exempt from the DST on the insurance policies it grants to its members.

Consequently, on May 13, 2009, petitioner filed a Motion for Reconsideration.

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On January 11, 2010, petitioner received a Resolution dated January 4, 2010 of the former Second Division of [the CTA] denying [its] Motion for Reconsideration for lack of merit. It held, among others, that the Supreme Court in *Republic of the Philippines vs. Sunlife Assurance Company of Canada* already laid down the rule that registration with the Cooperative Development Authority is not essential before respondent may avail of the exemptions granted under Section 199 of the 1997 NIRC, as amended.

Undaunted, petitioner filed a Petition for Review before the [CTA] *en banc* on January 26, 2010.[5] (Citations omitted)

On March 14, 2011, the CTA *en banc* denied the petition and rendered the assailed decision, with the dispositive portion as follows:

WHEREFORE, the instant Petition for Review is hereby **DENIED** for lack of merit. The assailed Decision dated April 21, 2009 and Resolution dated January 4, 2010 are **AFFIRMED**.

SO ORDERED.[6]

It is the petitioner's contention that since the respondent is not registered with the Cooperative Development Authority (CDA), it should not be considered as a cooperative company that is entitled to the exemption provided under Section 199(a) of the National Internal Revenue Code (NIRC) of 1997.[7] Thus, the instant petition.

Issue

WHETHER OR NOT THE CTA *EN BANC* ERRED IN RULING THAT RESPONDENT IS A COOPERATIVE AND [IS] THUS[,] EXEMPT FROM DOCUMENTARY STAMP TAX.[8]

Ruling

The Court has pronounced in *Republic of the Philippines v. Sunlife Assurance Company of Canada*[9] that "[u]nder the Tax

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[5] *Id*. at 34-37.

[6] *Id*. at 51.

[7] *Id*. at 24.

[8] *Id*. at 17.

[9] 509 Phil. 707 (2005).

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Code although respondent is a cooperative, registration with the CDA is not necessary in order for it to be exempt from the payment of both percentage taxes on insurance premiums, under Section 121; and documentary stamp taxes on policies of insurance or annuities it grants, under Section 199."[10]

Section 199 of the NIRC of 1997 provides:

Sec. 199. *Documents and Papers Not Subject to Stamp Tax.* – The provisions of Section 173 to the contrary notwithstanding, the following instruments, documents and papers shall be **exempt from the documentary stamp tax**:

(a) Policies of insurance or annuities made or granted **by a fraternal or beneficiary society, order, association or cooperative company**, **operated on the lodge system or local cooperation plan** and **organized and conducted solely by the members thereof for the exclusive benefit of each member and not for profit.**

x x x x x x x x x

(Emphasis ours)

As regards the applicability of *Sunlife* to the case at bar, the CTA, through records, has established the following similarities between the two which call for the application of the doctrine of *stare decisis*:

1. Sunlife Assurance Company of Canada and the respondent are both engaged in mutual life insurance business in the Philippines;

2. The structures of both corporations were converted from stock life insurance corporation to non-stock mutual life insurance for the benefit of its policyholders pursuant to Section 266, Title 17 of the Insurance Code of 1978 and they were made prior to the effectivity of Republic Act (R.A.) No. 6938, otherwise known as the "Cooperative Code of the Philippines";

3. Both corporations claim to be a purely cooperative corporation duly licensed to engage in mutual life insurance business;

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[10] *Id*. at 723.

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4. Both corporations claim exemption from payment of the documentary stamp taxes (DST) under Section 199(1) of the Tax Code (now Section 199[a] of the NIRC of 1997, as amended); and

5. Petitioner CIR requires registration with the CDA before it grants tax exemptions under the Tax Code.[11]

The CTA observed that the factual circumstances obtaining in *Sunlife* and the present case are substantially the same. Hence, the CTA based its assailed decision on the doctrine enunciated by the Court in the said case. On the other hand, the petitioner submitted that the doctrine in *Sunlife* should be reconsidered and not be applied because the same failed to consider Section 3(e) of R.A No. 6939,[12] which provides that CDA has the power to register all cooperatives,[13] to wit:

Section 3. ***Powers, Functions and Responsibilities.*** – The Authority shall have the following powers, functions and responsibilities:

x x x x x x x x x

(e) Register all cooperatives and their federations and unions, including their division, merger, consolidation, dissolution or liquidation. It shall also register the transfer of all or substantially all of their assets and liabilities and such other matters as may be required by the Authority;

x x x x x x x x x

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[11] *Rollo*, pp. 44-45.

[12] AN ACT CREATING THE COOPERATIVE DEVELOPMENT AUTHORITY TO PROMOTE THE VIABILITY AND GROWTH OF COOPERATIVES AS INSTRUMENTS OF EQUITY, SOCIAL JUSTICE AND ECONOMIC DEVELOPMENT, DEFINING ITS POWERS, FUNCTIONS AND RESPONSIBILITIES, RATIONALIZING GOVERNMENT POLICIES AND AGENCIES WITH COOPERATIVE FUNCTIONS, SUPPORTING COOPERATIVE DEVELOPMENT, TRANSFERRING THE REGISTRATION AND REGULATION FUNCTIONS OF EXISTING GOVERNMENT AGENCIES ON COOPERATIVES AS SUCH AND CONSOLIDATING THE SAME WITH THE AUTHORITY, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES (March 10, 1990)

[13] *Rollo*, p. 22.

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The petitioner proposed that considering the foregoing provision, registration with the CDA is necessary for an association to be deemed as a cooperative and to enjoy the tax privileges appurtenant thereto.[14]

A perusal of Section 3(e) of R.A. No. 6939 evidently shows that it is merely a statement of one of the powers exercised by CDA. Neither Section 3(e) of R.A. No. 6939 nor any other provision in the aforementioned statute imposes registration with the CDA as a condition precedent to claiming DST exemption. Even then, R.A. No. 6939 is inapplicable to the case at bar, as will be discussed shortly.

The NIRC of 1997 defined a cooperative company or association as "conducted by the members thereof with the money collected from among themselves and solely for their own protection and not for profit."[15] Consequently, as long as these requisites are satisfied, a company or association is deemed a cooperative insofar as taxation is concerned. In this case, the respondent has sufficiently established that it conforms with the elements of a cooperative as defined in the NIRC of 1997 in that it is managed by members, operated with money collected from the members and has for its main purpose the mutual protection of members for profit.[16]

The Court presented three justifications in *Sunlife* why registration with the CDA is not necessary for cooperatives to claim exemption from DST.

First, the NIRC of 1997 does not require registration with the CDA. No tax provision requires a mutual life insurance company to register with that agency in order to enjoy exemption from both percentage and DST. Although a provision of Section 8 of the Revenue Memorandum Circular (RMC) No. 48-91 requires the submission of the Certificate of Registration with the CDA before the issuance of a tax exemption certificate,

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[14] *Id*. at 23.

[15] Section 123.

[16] *Rollo*, p. 121.

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that provision cannot prevail over the clear absence of an equivalent requirement under the Tax Code.[17]

The respondent correctly pointed out that in other provisions of the NIRC, registration with the CDA is expressly required in order to avail of certain tax exemptions or preferential tax treatment[18] – a requirement which is noticeably absent in Section 199 of the NIRC. Quoted below are examples of cooperatives which are expressly mandated by law to be registered with the CDA before their transactions could be considered as exempted from value added tax:

> Sec. 109. *Exempt Transactions*. – The following shall be exempt from the value-added tax:
>
> x x x x x x x x x
>
> (r) Sales by **agricultural cooperatives duly registered with the Cooperative Development Authority** to their members as well as sale of their produce, whether in its original state or processed form, to non-members; their importation of direct farm inputs, machineries and equipment, including spare parts thereof, to be used directly and exclusively in the production and/or processing of their produce;
>
> (s) Sales by **electric cooperatives duly registered with the Cooperative Development Authority** or National Electrification Administration, relative to the generation and distribution of electricity as well as their importation of machineries and equipment, including spare parts, which shall be directly used in the generation and distribution of electricity;
>
> (t) Gross receipts from lending activities by **credit or multi-purpose cooperatives duly registered with the Cooperative Development Authority** whose lending operation is limited to their members;
>
> (u) Sales by **non-agricultural, non-electric and non-credit cooperatives duly registered with the Cooperative Development**

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[17] *Republic of the Philippines v. Sunlife Assurance Company of Canada*, *supra* note 9.

[18] *Rollo*, p. 127.

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Authority: Provided, That the share capital contribution of each member does not exceed Fifteen thousand pesos ([₱]15,000) and regardless of the aggregate capital and net surplus ratably distributed among the members;

x x x x x x x x x

(Emphasis ours)

This absence of the registration requirement under Section 199 clearly manifests the intention of the Legislative branch of the government to do away with registration before the CDA for a cooperative to benefit from the DST exemption under this particular section.

Second, the provisions of the Cooperative Code of the Philippines do not apply.[19] The history of the Cooperative Code was amply discussed in *Sunlife* where it was noted that cooperatives under the old law, Presidential Decree (P.D.) No. 175[20] "referred only to an organization composed primarily of small producers and consumers who voluntarily joined to form a business enterprise that they themselves owned, controlled, and patronized. The Bureau of Cooperatives Development — under the Department of Local Government and Community Development (later Ministry of Agriculture) — had the authority to register, regulate and supervise only the following cooperatives: (1) *barrio* associations involved in the issuance of certificates of land transfer; (2) local or primary cooperatives composed of natural persons and/or *barrio* associations; (3) federations composed of cooperatives that may or may not perform business activities; and (4) unions of cooperatives that did not perform any business activities. Respondent does not fall under any of the abovementioned types of cooperatives required to be registered under [P.D. No.] 175."[21]

Thus, when the subsequent law, R.A. No. 6939, concerning cooperatives was enacted, the respondent was not covered by said law and was not required to be registered, *viz*:

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[19] *Republic of the Philippines v. Sunlife Assurance Company of Canada*, *supra* note 9, at 724.

[20] Strengthening The Cooperative Movement (April 14, 1973).

[21] *Supra* note 9, at 725.

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When the Cooperative Code was enacted years later, all cooperatives that were registered under PD 175 and previous laws were also deemed registered with the CDA. Since respondent was not required to be registered under the old law on cooperatives, it followed that it was not required to be registered even under the new law.

x x x **Only cooperatives to be formed or organized under the Cooperative Code needed registration with the CDA.** x x x.[22] (Emphasis ours)

"The distinguishing feature of a cooperative enterprise is the mutuality of cooperation among its member-policyholders united for that purpose. So long as respondent meets this essential feature, it does not even have to use and carry the name of a cooperative to operate its mutual life insurance business. *Gratia argumenti* that registration is mandatory, it cannot deprive respondent of its tax exemption privilege merely because it failed to register. The nature of its operations is clear; its purpose well-defined. Exemption when granted cannot prevail over administrative convenience."[23]

Third, the Insurance Code does not require registration with the CDA. "The provisions of this Code primarily govern insurance contracts; only if a particular matter in question is not specifically provided for shall the provisions of the Civil Code on contracts and special laws govern."[24]

There being no cogent reason for the Court to deviate from its ruling in *Sunlife*, the Court holds that the respondent, being a cooperative company not mandated by law to be registered with the CDA, cannot be required under RMC No. 48-91, a mere circular, to be registered prior to availing of DST exemption.

"While administrative agencies, such as the Bureau of Internal Revenue, may issue regulations to implement statutes, they are without authority to limit the scope of the statute to less than what

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[22] *Id*. at 725-726.

[23] *Id*. at 726.

[24] *Id.* at 726-727.

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it provides, or extend or expand the statute beyond its terms, or in any way modify explicit provisions of the law. Indeed, a quasi-judicial body or an administrative agency for that matter cannot amend an act of Congress. Hence, in case of a discrepancy between the basic law and an interpretative or administrative ruling, the basic law prevails."[25]

WHEREFORE, premises considered, the petition is **DENIED**. Accordingly, the Decision dated March 14, 2011 and Resolution dated June 13, 2011 of the Court of Tax Appeals *en banc* in CTA EB Case No. 585 (CTA Case No. 7292) are hereby **AFFIRMED**.

SO ORDERED.

Sereno, C.J. (Chairperson), Leonardo-de Castro, Bersamin, and *Villarama, Jr., JJ.,* concur.

THIRD DIVISION

[G.R. No. 197303. June 4, 2014]

APQ SHIPMANAGEMENT CO., LTD., and APQ CREW MANAGEMENT USA, INC., *petitioners, vs.* **ANGELITO L. CASEÑAS,** *respondent.*

SYLLABUS

1. REMEDIAL LAW; COURTS; SUPREME COURT; NOT A TRIER OF FACTS, AS ITS JURISDICTION IS LIMITED ONLY TO REVIEWING ERRORS OF LAW; EXCEPTION.— [I]t is to be emphasized that the Court is

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[25] *Fort Bonifacio Development Corporation v. Commissioner of Internal Revenue*, G.R. No. 158885, October 2, 2009, 602 SCRA 159, 167.