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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. June 28, 2017]

UNIWIDE SALES WAREHOUSE CLUB, INC., *petitioner, vs.* **CITY OF PASIG and MUNICIPALITY OF CAINTA,** *respondents.*

SYLLABUS

1. TAXATION; LOCAL GOVERNMENT CODE; *SITUS* OF TAXATION; LOCAL BUSINESS TAXES AND REALTY TAXES ARE TO BE COLLECTED BY THE LOCAL GOVERNMENT UNIT WHERE THE BUSINESS IS CONDUCTED OR THE REAL PROPERTY IS LOCATED. — 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. Section 150 therein provides the *situs* of taxation, x x x For real property taxes, Presidential Decree (PD) 464 or the Real Property Tax Code provides that collection is vested in the locality where the property is situated, x x x This is affirmed by Sections 201 and 247 of the LGC, *viz.*: Sec. 201. *Appraisal of Real Property.* All real property, whether taxable or exempt, shall be appraised at the current and fair market value prevailing **in the locality where the property is situated**. x x x Sec. 247. *Collection of Tax.* — x x x shall be the **responsibility of the city or municipal treasurer concerned**. x x x [I]t is clear that local business taxes and realty taxes are to be collected by the local government unit where the business is conducted or the real property is located.

2. ID.; ID.; ID.; REALTY TAX; THE COURT HELD THAT THE LOCATION STATED IN THE CERTIFICATE OF TITLE SHOULD BE FOLLOWED UNTIL AMENDED

THROUGH PROPER JUDICIAL PROCEEDINGS; RATIONALE.— This Court holds that the location stated in the certificate of title should be followed until amended through proper judicial proceedings. PD 1529, or the Property Registration Decree *(PRD)*, is an update of the Land Registration Act (Act 496) and relates to the registration of real property. Section 31 thereof provides that a decree of registration, once issued, binds the land and quiets title thereto, and it is conclusive upon and against all persons, including the National Government and all branches thereof. x x x The same section requires every decree of registration to contain a description of the land, as finally determined by the court. Such final determination is obtained by requiring the applicant to file a sworn application containing, among others, a description of the land sought to be registered, together with all original muniments of title or copies thereof and a survey plan of the land approved by the Bureau of Lands. The import of these provisions is that the land registration court, in confirming the applicant's title, necessarily passes upon the technical description of the land and consequently its location, based on proof submitted by the applicant and reports by the Commissioner of Land Registration and Director of Lands. There is thus basis to presume correct the location stated in the Certificate of Title and to rely thereon for purposes of determining the *situs* of local taxation, until it is cancelled or amended.

3. REMEDIAL LAW; CIVIL PROCEDURE; ACTIONS; FORUM SHOPPING, WHEN PRESENT; ELEMENTS.— There was no *litis pendentia* or forum shopping as would justify the dismissal of the tax collection case. The test to determine the existence of forum shopping is whether the elements of *litis pendentia* are present, or whether a final judgment in one case amounts to res judicata in the other. Thus, there is forum shopping when the following elements are present, namely: (a) identity of parties, or at least such parties as represent the same interests in both actions; (b) identity of rights asserted and reliefs prayed for, the relief being founded on the same facts; and (c) the identity of the two preceding particulars, such that any judgment rendered in the other action will, regardless of which party is successful, amount to res judicata in the action under consideration.

4. TAXATION; LOCAL GOVERNMENT CODE; BUSINESS TAXES; THE LAW PROVIDES THAT THE TAX ON A

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BUSINESS MUST BE PAID BY THE PERSON CONDUCTING THE SAME.— There is also no merit to Uniwide's contention that Pasig should directly recover from Cainta the tax payments under consideration, as a matter of expediting and inexpensively settling the tax liabilities. Section 146 of the LGC expressly provides that the tax on a business must be paid by the person conducting the same, x x x It is undisputed that Uniwide is the person conducting the business under consideration. Thus, it is the person against whom Pasig may properly pursue for payment of local business taxes.

5. **CIVIL LAW; HUMAN RELATIONS; PRINCIPLE AGAINST UNJUST ENRICHMENT; TWO CONDITIONS REQUIRED; PRESENT IN CASE AT BAR.—** Cainta, on the other hand, is obligated to return the taxes erroneously paid to it by Uniwide pursuant to the principle against unjust enrichment. The principle of unjust enrichment has two conditions. First, a person must have been benefited without a real or valid basis or justification. Second, the benefit was derived at another person's expense or damage. As previously discussed, prior to final adjudication by the RTC–Antipolo on the boundary dispute case and necessary amendment to the TCTs, Cainta has no apparent right to collect the taxes on the subject properties. Thus, when Uniwide paid taxes to it, Cainta was benefited without real or valid basis, which benefit was derived at the expense of both Uniwide and Pasig.

6. **ID.; DAMAGES; ATTORNEY'S FEES; AS THE AWARD OF ATTORNEY'S FEES IS THE EXCEPTION RATHER THAN THE GENERAL RULE, IT IS NECESSARY FOR THE TRIAL COURT TO MAKE FINDINGS OF FACT AND LAW THAT WOULD BRING THE CASE WITHIN THE EXCEPTION AND JUSTIFY THE GRANT OF SUCH AWARD.—** The award of attorney's fees is the exception rather than the general rule. As such, it is necessary for the trial court to make findings of fact and law that would bring the case within the exception and justify the grant of such award. The matter of attorney's fees cannot be mentioned only in the dispositive portion of the decision. They must be clearly explained and justified by the trial court in the body of its decision. On appeal, the CA is precluded from supplementing the bases for awarding attorney's fees when the trial court failed to discuss in its decision the reasons for awarding the same. Consequently, the award of attorney's fees should be deleted.

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APPEARANCES OF COUNSEL

Balgos & Perez for Uniwide Sales Warehouse Club, Inc.

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]

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[1] *Rollo* (G.R. No. 176721), pp. 62-82; Penned by Associate Justice Eliezer R. De Los Santos and concurred in by Associate Justices Fernanda Lampas Peralta and Myrna Dimaranan-Vidal.

[2] *Id.* at 32; Penned by Associate Justice Fernanda Lampas Peralta and concurred in by Associate Justices Martin S. Villarama, Jr. and Associate Justice Myrna Dimaranan-Vidal.

[3] *Id.* at 128-138.

[4] *Rollo* (G.R. No. 176703), pp. 22-61.

[5] *Rollo* (G.R. No. 176721), pp. 36-59.

[6] Records, Vol. II, pp. 1108-1113.

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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 ₱500,000.00 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 ₱500,000.00 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:

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(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 ₱500,000.00 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 ₱100,000.00, 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 ₱100,000.00. 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:

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[7] *Rollo* (G.R. No. 176721), p. 138.

[8] *Id.* at 30.

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

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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:

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[9] *Rollo* (G.R. No. 176703), pp. 29-30.

[10] *Rollo* (G.R. No. 176721), p. 41.

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 such branch or sales outlet in the city or municipality where the sale or transaction is made, the sale shall be duly recorded in the principal office and the taxes due shall accrue and shall be paid to such city or municipality. (emphasis and underlining supplied)

For real property taxes, Presidential Decree (PD) 464 or the Real Property Tax Code provides that collection is vested in the locality where the property is situated, to wit:

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[11] LGC, Sec. 146.

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Sec. 5. *Appraisal of Real Property*. All real property, whether taxable or exempt, shall be appraised at the current and fair market value prevailing in the locality **where the property is situated**.

x x x x x x x x x

Sec. 57. *Collection of tax to be the responsibility of treasurers*. The collection of the real property tax and all penalties accruing thereto, and the enforcement of the remedies provided for in this Code or any applicable laws, shall be the responsibility of the treasurer of the province, city or municipality **where the property is situated.** (emphases and underlining supplied)

This is affirmed by Sections 201 and 247 of the LGC, *viz.*:

Sec. 201. *Appraisal of Real Property.* All real property, whether taxable or exempt, shall be appraised at the current and fair market value prevailing **in the locality where the property is situated**. The Department of Finance shall promulgate the necessary rules and regulations for the classification, appraisal, and assessment of real property pursuant to the provisions of this Code.

x x x x x x x x x

Sec. 247. *Collection of Tax.* — The collection of the real property tax with interest thereon and related expenses, and the enforcement of the remedies provided for in this Title or any applicable laws, shall be the **responsibility of the city or municipal treasurer concerned**. (emphases and underlining supplied)

Since it is clear that local business taxes and realty taxes are to be collected by the local government unit where the business is conducted or the real property is located, the primordial question presented before this Court is: how is location determined for purposes of identifying the LGU entitled to collect taxes.

This Court holds that the location stated in the certificate of title should be followed until amended through proper judicial proceedings.

PD 1529, or the Property Registration Decree *(PRD)*, is an update of the Land Registration Act (Act 496) and relates to the registration of real property. Section 31 thereof provides that a decree of registration, once issued, binds the land and

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quiets title thereto, and it is conclusive upon and against all persons, including the National Government and all branches thereof.[12]

The same section requires every decree of registration to contain a description of the land, as finally determined by the court. Such final determination is obtained by requiring the applicant to file a sworn application containing, among others, a description of the land sought to be registered,[13] together with all original muniments of title or copies thereof and a survey plan of the land approved by the Bureau of Lands.[14] A copy of the application and all its annexes must also be furnished to the Director of Lands.[15] The law also requires the applicant to attach to his application the plan and technical description showing the boundaries and location of the land.[16] The land registration court shall thereafter render judgment confirming

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[12] Section 31. *Decree of registration.* Every decree of registration issued by the Commissioner shall bear the date, hour and minute of its entry, and shall be signed by him. It shall state whether the owner is married or unmarried, and if married, the name of the husband or wife: Provided, however, that if the land adjudicated by the court is conjugal property, the decree shall be issued in the name of both spouses. If the owner is under disability, it shall state the nature of disability, and if a minor, his age. It shall contain a description of the land as finally determined by the court, and shall set forth the estate of the owner, and also, in such manner as to show their relative priorities, all particular estates, mortgages, easements, liens, attachments, and other encumbrances, including rights of tenant-farmers, if any, to which the land or owner's estate is subject, as well as any other matters properly to be determined in pursuance of this Decree.

The decree of registration shall bind the land and quiet title thereto, subject only to such exceptions or liens as may be provided by law. It shall be conclusive upon and against all persons, including the National Government and all branches thereof, whether mentioned by name in the application or notice, the same being included in the general description "To all whom it may concern." (emphasis and underlining supplied)

[13] Property Registration Decree (PD 1529), Section 15.

[14] Property Registration Decree (PD 1529), Section 17.

[15] *Id*.

[16] Property Registration Decree (PD 1529), Section 31.

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the title of the applicant if it finds that the applicant has sufficient title proper for registration, after considering the evidence and reports of the Commissioner of Land Registration and Director of Lands.[17]

The import of these provisions is that the land registration court, in confirming the applicant's title, necessarily passes upon the technical description of the land and consequently its location, based on proof submitted by the applicant and reports by the Commissioner of Land Registration and Director of Lands. There is thus basis to presume correct the location stated in the Certificate of Title and to rely thereon for purposes of determining the *situs* of local taxation, until it is cancelled or amended.

Said reliance is further demanded by Section 31 of the PRD when it mandated that a decree of registration, which necessarily includes the registered location of the land, is conclusive upon all persons, including the National Government and all branches thereof. In *Odsique v. Court of Appeals*,[18] the Supreme Court held that a certificate of title is conclusive not only of ownership of the land but also its location.

In the case at bar, it is undisputed that the subject properties are covered by TCTs which show on their faces that they are situated in Pasig;[19] that Uniwide's business establishment is situated within the subject properties; that the stated location has remained unchanged since their issuance; that prior payments of the subject taxes, fees, and charges have been made by Uniwide to Pasig;[20] and that there is no court order directing the amendment

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[17] Section 29. *Judgment confirming title.* All conflicting claims of ownership and interest in the land subject of the application shall be determined by the court. If the court, after considering the evidence and the reports of the Commissioner of Land Registration and the Director of Lands, finds that the applicant or the oppositor has sufficient title proper for registration, judgment shall be rendered confirming the title of the applicant, or the oppositor, to the land or portions thereof.

[18] 305 Phil. 25, 30 (1994).

[19] Records, pp. 1108-1113.

[20] *Rollo* (G.R. No. 176721), p. 74.

of the subject TCTs with regard to the location stated therein.[21] This gives Pasig the apparent right to levy and collect realty taxes on the subject properties and business taxes on the businesses conducted therein.

The evidence presented by Cainta (i.e., Cadastral Survey and Maps, Certification from the DENR) to sustain its claim that the subject properties fall within its territorial jurisdiction are more properly submitted for the appreciation of the RTC–Antipolo, where the boundary dispute case is pending. The RTC–Antipolo would be able to best ascertain the extent and reach of Pasig and Cainta's respective territories.

Without the adjudication of the RTC–Antipolo finally determining the precise territorial jurisdiction of these local government units *(LGU)*, these documents alone cannot automatically effect a modification or amendment to the stated location in the TCTs for the purpose of exacting tax compliance, as the taxpayer is entitled to rely on the location clearly reflected in the certificate of title covering the properties. To hold otherwise would subject taxpayers to the vagaries of boundary disputes, to their prejudice and inconvenience and to the detriment of proper tax administration. Such scenario is contrary to the canons of a sound tax system. Administrative feasibility is one of the canons of a sound tax system. It simply means that the tax system should be capable of being effectively administered and enforced with the least inconvenience to the taxpayer.[22]

Moreover, the Implementing Rules and Regulations *(IRR)* of the LGC provides that in case of a boundary dispute, the status of the affected area prior to the dispute shall be maintained and continued for all purposes.[23] It is not controverted that the stated location in the TCTs has remained unchanged since their issuance and that Uniwide has faithfully paid its local business taxes, fees, and other charges to Pasig since 1989, prior to the

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[21] *Id.*

[22] *Diaz, et al. v. The Secretary of Finance*, *et al.*, 669 Phil. 371, 393 (2011).

[23] Implementing Rules and Regulations of the LGC, Art. 18.

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institution of the boundary dispute case. This status should be maintained until final judgment is rendered and the necessary amendments to the TCTs, if any, are made.

Notably, Section 108 of the PRD provides for the proper procedure in case of amendments to a certificate of title, wherein a registered owner or other person having an interest in registered property may apply by petition to the court on the ground that an omission or error was made in entering a certificate or any memorandum thereon, or upon any other reasonable ground, to wit:

> Section 108. *Amendment and alteration of certificates.* No erasure, alteration, or amendment shall be made upon the registration book after the entry of a certificate of title or of a memorandum thereon and the attestation of the same be Register of Deeds, except by order of the proper Court of First Instance. A **registered owner of other person having an interest in registered property**, or, in proper cases, the Register of Deeds with the approval of the Commissioner of Land Registration, may apply by petition to the court **upon the ground that the registered interests of any description, whether vested, contingent, expectant or inchoate appearing on the certificate, have terminated and ceased; or that new interest not appearing upon the certificate have arisen or been created; or that an omission or error was made in entering a certificate or any memorandum thereon, or, on any duplicate certificate; or that the same or any person on the certificate has been changed; or that the registered owner has married, or, if registered as married, that the marriage has been terminated and no right or interests of heirs or creditors will thereby be affected; or that a corporation which owned registered land and has been dissolved has not convened the same within three years after its dissolution; or upon any other reasonable ground; and the court may hear and determine the petition after notice to all parties in interest, and may order the entry or cancellation of a new certificate, the entry or cancellation of a memorandum upon a certificate, or grant any other relief upon such terms and conditions, requiring security or bond if necessary, as it may consider proper**; Provided, however, That this section shall not be construed to give the court authority to reopen the judgment or decree of registration, and that nothing shall be done or ordered by the court which shall impair the title or other interest of a purchaser holding a certificate for value

and in good faith, or his heirs and assigns, without his or their written consent. Where the owner's duplicate certificate is not presented, a similar petition may be filed as provided in the preceding section.

All petitions or motions filed under this Section as well as under any other provision of this Decree after original registration shall be filed and entitled in the original case in which the decree or registration was entered. (emphasis and underlining supplied)

Thus, in the event that the RTC–Antipolo renders judgment finding that the subject properties are within the territorial jurisdiction of Cainta, Cainta may be considered a "person having an interest in registered property" for the purpose of applying for amendment to Uniwide's TCTs to reflect the proper locational entry based on a final judgment. Until then, however, the location stated in the TCTs shall be presumed correct and subsisting for the purpose of determining which LGU has taxing jurisdiction over the subject properties.

All told, considering that the TCTs show that the subject properties are located in Pasig, Pasig is deemed the LGU entitled to collect local business taxes and realty taxes, as well as relevant fees and charges until an amendment, if any, to the location stated therein is ordered by the land registration court after proper proceedings.

The action for tax collection can proceed despite the pendency of the boundary dispute case before the RTC–Antipolo and the petition for certiorari before the CA.

There is no merit to Cainta's contention that the RTC–Pasig should have dismissed or suspended the proceedings for tax collection on the ground of *litis pendentia*/forum shopping or the existence of a prejudicial question, respectively, in view of the pending boundary dispute case before the RTC–Antipolo.

There was no *litis pendentia* or forum shopping as would justify the dismissal of the tax collection case. The test to determine the existence of forum shopping is whether the elements of *litis pendentia* are present, or whether a final

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judgment in one case amounts to res judicata in the other. Thus, there is forum shopping when the following elements are present, namely: (a) identity of parties, or at least such parties as represent the same interests in both actions; (b) identity of rights asserted and reliefs prayed for, the relief being founded on the same facts; and (c) the identity of the two preceding particulars, such that any judgment rendered in the other action will, regardless of which party is successful, amount to res judicata in the action under consideration.[24]

As correctly found by the RTC–Pasig and affirmed by the CA, the first and second requisites are wanting. Uniwide is not a party to the boundary dispute case between Cainta and Pasig, and the first action is for settlement of boundary dispute while the second action is for collection of tax.

Moreover, the third requisite is also wanting, because regardless of which party is successful, a judgment in the boundary dispute case will not amount to res judicata in the tax collection case. As discussed above, the basis for determining which LGU has the apparent right to collect local taxes is the location as appearing on the certificate of title, unless an amendment thereto is duly made. It must be noted that during the subject years, the TCTs show that the subject properties are situated in Pasig, giving the latter the apparent right to collect taxes thereon, which is precisely the subject of the action under consideration. For this same reason, the Court cannot sustain Cainta's contention that the boundary dispute case presented a prejudicial question warranting the suspension of the tax collection case.

There is also no merit to the contention that it was erroneous for the RTC–Pasig to proceed with the tax collection case despite Cainta's filing of a petition for certiorari with the CA. A special civil action for certiorari under Rule 65 is an original or independent action.[25] An independent action does not interrupt

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[24] *Heirs of Marcelo Sotto v. Palicte*, 726 Phil. 651, 654 (2014).

[25] *Province of Leyte v. Energy Development Corporation*, G.R. No. 203124, 22 June 2015, 760 SCRA 149, 153; *Republic of the Philippines v. Bayao*, 710 Phil. 279, 286 (2013).

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the course of the case unless there be a writ of injunction stopping it.[26] Although Cainta's petition for certiorari sought the issuance of a temporary restraining order and/or preliminary injunction, none was issued by the CA.[27] In any case, said petition had already been decided by the CA against Cainta on 30 September 2004,[28] which became final and executory on 28 October 2004.[29]

Uniwide must pay the applicable taxes and fees to Pasig for the subject years; and Cainta must reimburse to Uniwide the taxes that the latter paid for said period.

There is also no merit to Uniwide's contention that Pasig should directly recover from Cainta the tax payments under consideration, as a matter of expediting and inexpensively settling the tax liabilities.

Section 146 of the LGC expressly provides that the tax on a business must be paid by the person conducting the same, to wit:

Section 146. *Payment of Business Taxes.* —

(a) The taxes imposed under Section 143 shall be payable for every separate or distinct establishment or place where business subject to the tax is conducted and one line of business does not become exempt by being conducted with some other business for which such tax has been paid. **The tax on a business must be paid by the person conducting the same**. (emphasis and underlining supplied)

It is undisputed that Uniwide is the person conducting the business under consideration. Thus, it is the person against whom Pasig may properly pursue for payment of local business taxes.

However, it was erroneous for the CA to sustain the RTC–Pasig's decision directing Uniwide to also pay real estate taxes

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[26] *Mortel v. Judge Leido, Jr.*, 297 Phil. 198, 204 (1993), citing *Palomares, et al. v. Jimenez*, 90 Phil. 773, 776 (1952).

[27] *Rollo* (G.R. No. 176721), p. 79.

[28] *Rollo* (G.R. No. 176703), pp. 99-104.

[29] *Id.* at 105.

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to Pasig for the applicable years. In its complaint,[30] Pasig only alleged that Uniwide did not pay the fees for Mayor's Permit, business taxes, and other incidental fees and charges (i.e., sanitary and garbage fees, other miscellaneous charges) and consequently prayed for the payment thereof. It did not allege that Uniwide is also liable for payment of real estate taxes.

In fact, as alleged by Pasig[31] and admitted by Uniwide in its answer,[32] the realty taxes for the subject properties are paid by their registered owner. Both the CA and the RTC–Pasig found that the subject TCTs are registered under the name of Uniwide Sales Realty and Resources Corporation ("USRRC"), an affiliate of Uniwide,[33] and a corporation with separate and distinct personality from the latter which is not a party to the case at bar. Moreover, the RTC–Pasig even found that Uniwide paid to Pasig realty taxes for the subject properties amounting to ₱2,200,000.00 for the years 1996 to the first quarter of 1999, evidenced by an official receipt dated 22 June 1999.[34] The foregoing creates doubt as to Uniwide's liability for real estate taxes "beginning the year 1997 up to present," as directed by the RTC–Pasig, further considering that the subject properties had already been conveyed to Robinsons Land Corporation on 6 May 1999.[35]

In fine, for lack of sufficient proof to hold Uniwide liable for real estate taxes, it must only be liable to pay local business taxes to Pasig for the applicable years.

Cainta, on the other hand, is obligated to return the taxes erroneously paid to it by Uniwide pursuant to the principle against unjust enrichment.[36] The principle of unjust enrichment

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[30] *Rollo* (G.R. No. 176721), pp. 85-92.

[31] *Id.* at 86.

[32] *Id*. at 96.

[33] *Id.* at 71.

[34] *Id.* at 131; Records, Vol. II, p. 1137.

[35] *Id.*

[36] CIVIL CODE, Art. 2154-2155.

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has two conditions. First, a person must have been benefited without a real or valid basis or justification. Second, the benefit was derived at another person's expense or damage.[37]

As previously discussed, prior to final adjudication by the RTC–Antipolo on the boundary dispute case and necessary amendment to the TCTs, Cainta has no apparent right to collect the taxes on the subject properties. Thus, when Uniwide paid taxes to it, Cainta was benefited without real or valid basis, which benefit was derived at the expense of both Uniwide and Pasig.

The award of attorney's fees is not proper.

The award of attorney's fees is improper because the RTC–Pasig automatically awarded the same in the dispositive portion of its decision without stating the factual or legal basis therefor in the body of the decision.

The award of attorney's fees is the exception rather than the general rule. As such, it is necessary for the trial court to make findings of fact and law that would bring the case within the exception and justify the grant of such award. The matter of attorney's fees cannot be mentioned only in the dispositive portion of the decision. They must be clearly explained and justified by the trial court in the body of its decision. On appeal, the CA is precluded from supplementing the bases for awarding attorney's fees when the trial court failed to discuss in its decision the reasons for awarding the same. Consequently, the award of attorney's fees should be deleted.[38]

WHEREFORE, the petitions are **DENIED**. The 12 July 2006 decision and the 14 February 2007 resolution of the Court of Appeals in CA-G.R. CV No. 81806 are **AFFIRMED** in so far only as it sustains the payment of the local business taxes to the City of Pasig and the consequent reimbursement by the

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[37] *Loria v. Munoz, Jr.*, 745 Phil. 506, 517 (2014).

[38] *S.C. Megaworld Construction and Development Corporation v. Parada*, 717 Phil. 752, 774-775 (2013), citing *Frias v. San Diego-Sison*, 549 Phil. 49, 64 (2007).

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Municipality of Cainta to Uniwide Sales Warehouse Club, Inc. The award of attorney's fees is **DELETED**.

SO ORDERED.

Mendoza (Acting Chairperson), Leonen, and *Caguioa,*[*] *JJ.,* concur.

Carpio (Chairperson), J., on official leave.

SECOND DIVISION

[G.R. No. 198583. June 28, 2017]

ARLYN ALMARIO-TEMPLONUEVO, *petitioner, vs.* **OFFICE OF THE OMBUDSMAN, THE HONORABLE SECRETARY, DEPARTMENT OF INTERIOR AND LOCAL GOVERNMENT and CHITO M. OYARDO,** *respondents.*

SYLLABUS

1. REMEDIAL LAW; SPECIAL CIVIL ACTIONS; *CERTIORARI*; A MOTION FOR RECONSIDERATION IS A CONDITION *SINE QUA NON* FOR THE FILING OF A PETITION FOR *CERTIORARI*; EXCEPTIONS.— The settled rule is that a motion for reconsideration is a condition *sine qua non* for the filing of a petition for *certiorari*. Its purpose is to grant an opportunity for the court to correct any actual or perceived error attributed to it by re-examination of the legal and factual circumstances of the case. This rule, however, admits well-defined exceptions, such as (a) where the order is a patent nullity, as where the court *a quo* has no jurisdiction; (b) where the questions raised in the *certiorari* proceedings have been duly

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[*] Designated additional member per Raffle dated 14 September 2016.