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REPORT OF CASES

DETERMINED IN THE

SUPREME COURT OF THE PHILIPPINES

THIRD DIVISION

[G.R. No. 199290. February 3, 2020]

MUNICIPALITY OF CAINTA, RIZAL, *petitioner, vs.* **SPOUSES ERNESTO E. BRAÑA and EDNA C. BRAÑA and CITY OF PASIG,** *respondents.*

SYLLABUS

1. REMEDIAL LAW; CIVIL PROCEDURE; APPEALS; RULE 41 PETITION; A PARTY IS ALLOWED TO QUESTION THE DECISION OF THE REGIONAL TRIAL COURT DIRECTLY TO THE SUPREME COURT ON PURE QUESTIONS OF LAW; STRICT OBSERVANCE OF THE PRINCIPLE OF HIERARCHY OF COURTS CAN BE EXCUSED WHERE THE COURT'S RESOLUTION OF THE CASE DOES NOT INVOLVE THE EXAMINATION OR THE CALIBRATION OF THE EVIDENCE PRESENTED BY THE PARTIES, BUT INVOLVES ONLY A PURE QUESTION OF LAW; QUESTION OF LAW AND QUESTION OF FACT, DISTINGUISHED. — We notice that the Municipality of Cainta directly filed this petition before this Court. The established policy is to strictly observe the judicial hierarchy of courts. However, as provided under Section 2(c), Rule 41 of the Rules of Court, it allows a party to question the decision of the RTC directly to this Court on pure questions of law. A question of law exists when the doubt or controversy concerns the correct application of law or jurisprudence to a certain set of facts; or when the issue does not call for the examination of the probative value of the evidence presented, the truth or falsity of facts being admitted. A question of fact

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exists when the doubt or difference arises as to the truth or falsehood of facts or when the query invites calibration of the whole evidence. If the appellate court can determine the issue raised without reviewing or evaluating the evidence, that is a question of law; otherwise it is a question of fact. Here, the Municipality of Cainta raised the issue that the RTC of Pasig interfered with the jurisdiction of the RTC of Antipolo when the former ruled that Sps. Braña should pay the real estate taxes to the City of Pasig despite the fact that the RTC of Antipolo earlier issued an Injunction order restraining the City of Pasig from further collecting taxes from among the disputed areas under litigation in the boundary case. This Court's resolution of the instant case does not involve the examination or the calibration of the evidence presented by the parties. As such, what is involved in the present case is a pure question of law. Therefore, strict observance to the principle of hierarchy of courts can be excused.

2. POLITICAL LAW; LOCAL GOVERNMENT CODE (REPUBLIC ACT NO. 7160); REAL PROPERTY TAX; THE LOCAL GOVERNMENT UNIT WHERE THE PROPERTY IS SITUATED HAS THE RIGHT TO COLLECT TAXES THEREFROM; THE REGIONAL TRIAL COURT, WHICH HAS JURISDICTION OVER THE BOUNDARY DISPUTE CASE, IS THE BEST FORUM TO DETERMINE THE PRECISE METES AND BOUNDS OF THE RESPECTIVE TERRITORIAL JURISDICTION OF THE CONTENDING LOCAL GOVERNMENT UNITS AND THE EXTENT OF EACH LOCAL GOVERNMENT UNIT'S POWER TO ASSESS AND COLLECT REAL ESTATE TAXES. — Under the Real Property Tax Code, it is provided that the local government unit where the property is located has the authority to assess or appraise the current and fair market value of the property and to collect the taxes due thereon, x x x. The import of these provisions show that the local government unit where the property is situated has the right to collect taxes therefrom. Thus, to determine who has the right to collect taxes from Sps. Braña, it is necessary to determine the location of the property. However, this Court cannot make any definitive ruling on the location of the property due to the pending boundary dispute case between the City of Pasig and the Municipality of Cainta. While it is true that Pasig is the location indicated in the TCTs, the Municipality of Cainta have long assessed the same for tax purposes and

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Sps. Braña were paying the real estate taxes to the Municipality of Cainta. It was only in 1997 that the City of Pasig assessed the properties for real estate tax purposes. Thus, while the TCTs state that the location is in Pasig, the same cannot be relied in this case because the location of the property is precisely in dispute. The RTC of Antipolo, which has jurisdiction over the boundary dispute case, would be the best forum to determine the precise metes and bounds of the City of Pasig's and the Municipality of Cainta's respective territorial jurisdiction, as well as the extent of each local government unit's authority, such as its power to assess and collect real estate taxes.

3. ID.; ID.; ID.; ID.; THE PAYMENT OF REAL ESTATE TAXES MUST CONTINUE NOTWITHSTANDING THE BOUNDARY DISPUTE CASE; THE SUCCEEDING PAYMENT OF REAL ESTATE TAXES DUE ON THE SUBJECT PROPERTIES MUST BE DEPOSITED IN AN ESCROW ACCOUNT, AND THE PROCEEDS OF THE SAME WILL BE RELEASED TO THE LOCAL GOVERNMENT ADJUDGED BY VIRTUE OF A FINAL JUDGMENT ON THE ISSUE OF TERRITORIAL JURISDICTION OVER THE DISPUTED AREAS. — The obligation of Sps. Braña to pay real estate taxes on the properties cannot be questioned. Payment of real estate taxes must continue notwithstanding the boundary dispute case. However, ordering Sps. Braña to pay real estate taxes to the City of Pasig simply because of the locational entries in the TCTs would be counter-productive considering that the RTC of Antipolo has not yet rendered a definitive ruling as to the precise territorial jurisdiction of the City of Pasig and the Municipality of Cainta. Thus, it would be more prudent to avoid any further animosity between the two local government units. Sps. Braña are ordered to deposit the succeeding payment of real estate taxes due on the subject properties in an account with the Land Bank of the Philippines in escrow for the City of Pasig/the Municipality of Cainta. The proceeds of the same will be released to the local government adjudged by virtue of a final judgment on the issue of territorial jurisdiction over the disputed areas.

APPEARANCES OF COUNSEL

The Municipal Legal Office for petitioner.
Osias V. Recio for respondents Sps. Braña.
Office of the Legal Officer for respondent City of Pasig.

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D E C I S I O N

CARANDANG, *J.*:

Before Us is a Petition for Review on *Certiorari*[1] assailing the Decision[2] dated June 23, 2008 of the Regional Trial Court of Pasig City, Branch 157 (RTC of Pasig) in SCA No. 1624. Spouses Ernesto E. Braña and Edna C. Braña (collectively, Sps. Braña) filed an action for interpleader against the Municipality of Cainta, Rizal and the City of Pasig on June 26, 1998. The RTC of Pasig ordered Sps. Braña to pay the real estate taxes over their properties to the City of Pasig from the year 1996 up to the present.

The Antecedents

Sps. Braña are the registered owners of six parcels of land located at Phase 9, Pasig Green Park, Cainta Rizal covered by Transfer Certificate of Title (TCT) Nos. 47350, 47351, 47352, 47353, 46600 and 46601[3] (subject properties). Sps. Braña religiously paid real estate taxes on the subject properties to the Municipality of Cainta from 1994 to 1996. Sometime in 1997, the City of Pasig filed a civil case for the collection of unpaid taxes against Sps. Braña docketed as Civil Case No. 5525. The City of Pasig claimed that the subject properties were all geographically located in Pasig City, as such, Sps. Braña should pay real estate taxes over the said subject properties to the City of Pasig.[4] Sps. Braña, thereafter, deposited two checks representing the real estate taxes for the years 1995 to 1998 with the Metropolitan Trial Court (MTC) of Pasig City, Branch 70, where Civil Case No. 5525 is pending.

However, the Municipality of Cainta continued to demand from Sps. Braña payment of real estate taxes over the same

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[1] *Rollo*, pp. 31-38.

[2] Penned by Judge Esperanza Fabon-Victorino; *id.* at 8-27.

[3] *Id.* at 9.

[4] *Id.* at 8-10.

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properties. As such, Sps. Braña filed an action for interpleader to compel the Municipality of Cainta and the City of Pasig to litigate with each other; as a pre-emptive measure to another possible tax collection case that the Municipality of Cainta might file against Sps. Braña.[5]

Meanwhile, on January 30, 1994, the Municipality of Cainta filed a petition for the settlement of boundary dispute against the City of Pasig with the Regional Trial Court of Antipolo City, Branch 74 (RTC of Antipolo), docketed as Civil Case No. 94-3006. Among the territories disputed in the aforesaid boundary dispute case are the subject properties.[6]

On December 16, 2002, the RTC of Antipolo in Civil Case No. 94-3006, issued an Injunction Order[7] enjoining and restraining the City of Pasig from: (1) further collecting taxes from the disputed areas under litigation; (2) from pursuing the threatened auction sale of the affected lots; (3) making pronouncements of jurisdictional title right over the disputed areas under litigation; and (4) to reimburse in full the taxes it had received from the paying residents.

In its Answer[8] to the action for interpleader filed by Sps. Braña, the Municipality of Cainta claims that it is entitled to the payment of real estate taxes on the ground that the subject properties are situated in Brgy. San Isidro, Cainta Rizal, which is within the geographical jurisdiction of Cainta under the Progress Map of CAD-688-D or the Cainta-Taytay Cadastral Survey.[9] Further, the subject properties have long been registered for tax purposes in Cainta, before the City of Pasig assessed the same in 1997.[10]

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[5] *Id.* at 36.

[6] *Id.* at 12.

[7] *Id.* at 80-81.

[8] *Id.* at 62-70.

[9] *Id.* at 66.

[10] *Id.* at 9-10.

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For its part, the City of Pasig claims that the locational entries in the TCTs state that the properties are located in Brgy. Santolan, Municipality of Pasig. The payment of taxes to the Municipality of Cainta is, therefore, erroneous. Further, the Department of Finance (DOF) has consistently ruled that the location of the property as indicated in the certificate of title is controlling as to the venue of payment of real estate taxes.[11]

On June 20, 2016, this Court issued a Resolution[12] ordering the parties to move in the premises by: (1) informing the Court as to the status of Civil Case No. 94-3006, the boundary dispute case and Civil Case No. 5525, the tax collection case filed by the City of Pasig against Sps. Braña; (2) the actual status of the payment of real estate taxes on the subject properties; and (3) any supervening event that may be of help to this Court.

On August 15, 2016, Sps. Braña filed a Manifestation and Compliance[13] stating that they paid the real estate taxes for the period of 1995 up to the year 2016 to the City of Pasig. Further, on September 18, 2017, the Municipality of Cainta filed its Compliance[14] stating that Civil Case No. 94-3006 (boundary dispute case) is already submitted for decision, while Civil Case No. 5525 (tax collection case) was archived pending the resolution of the boundary dispute case.

RTC Ruling

On June 23, 2008, the RTC of Pasig issued its Decision[15] in the interpleader case ordering Sps. Braña to pay the real estate taxes from the year 1996 up to the present to the City of Pasig.[16] The RTC of Pasig ruled that while it is improper for the court to declare any finding as to the actual location of the

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[11] *Id.* at 10.

[12] *Id.* at 125-126.

[13] *Id.* at 127-129.

[14] *Id.* at 158-160.

[15] *Supra* note 2.

[16] *Rollo*, p. 26.

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subject properties, since the same is within the jurisdiction of the RTC of Antipolo City, the court is still bound by the locational entries appearing on the TCTs. Thus, unless corrected by competent authority, the locational entries in the TCTs, that the properties are situated in Brgy. Santolan, Municipality of Pasig, is controlling.[17] The dispositive portion of the Decision, reads:

> WHEREFORE, judgment is hereby rendered in favor of defendant City of Pasig and against defendant Cainta, ordering plaintiffs to immediately pay defendant Pasig all the unpaid realty taxes assessed and levied upon their properties covered by TCT Nos. 46600, 46601, 47350, 47351, 47352, and 47353 under Tax Declaration Nos. E-010-03274, E-010-03273, D-010-05247, D-010-05248, D-010-05256 and D-010-05257, respectively, from 1996 to the present.
>
> There being no legal basis, the claim for attorney's fees and litigation expenses by all the parties is hereby DENIED.
>
> SO ORDERED.[18]

Aggrieved, the Municipality of Cainta directly filed before Us a Petition for Review on *Certiorari*[19] alleging that:

> 1. The RTC, Branch 157 of Pasig City erroneously asserted and assumed jurisdiction when it adjudicated the territorial and jurisdictional rights of petitioner Cainta and respondent Pasig by granting the claim of the latter to the payment of respondent spouses Braña's real property taxes despite that the jurisdiction to determine said issue belongs to the Antipolo RTC, Branch 74; and
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> 2. The RTC, Branch 157 of Pasig City erroneously asserted jurisdiction by issuing a *status quo* ruling notwithstanding and in contravention of the Injunction Order dated December 16, 2002 issued by the Antipolo Regional Trial Court, Branch 74.[20]

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[17] *Id.* at 24-26.

[18] *Id.* at 26-27.

[19] *Id.* at 31-38.

[20] *Id.* at 33.

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Municipality of Cainta's Arguments

The Municipality of Cainta argues that the Decision of the RTC of Pasig in the interpleader case renders meaningless the Injunction Order issued by the RTC of Antipolo in the boundary dispute case. As such, the Decision of the RTC of Pasig constitutes under interference with the processes and proceedings undertaken by the RTC of Antipolo. The Municipality of Cainta prays that a *status quo* be maintained and spouses Braña should continue paying their real estate taxes to the Municipality of Cainta until final resolution of the boundary dispute in Civil Case No. 94-3006.

City of Pasig's Arguments

The City of Pasig claims that the issue before the instant interpleader case is which local government is entitled to collect real property taxes on a real property, whose locational entries in the titles state Brgy. Santolan, Municipality of Pasig. Thus, the ruling of the court conforms with the Implementing Rules and Regulations[21] of the Local Government Code[22] (LGC) that "pending final resolution of the dispute, the status of the affected area prior to the dispute shall be maintained and continued for all legal purposes."[23]

The City of Pasig further alleges that the pendency of a boundary dispute case does not suspend applicable rules of taxation. The titles of the said properties are conclusive as to the location stated therein. In fact, the DOF stated in its fifth Indorsement that "for purposes of the issuance of a Tax Declaration of a registered land, the location stated in the certificate of title shall be followed unless corrected by competent authority."[24]

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[21] Administrative Order No. 270 — Prescribing the Implementing Rules and Regulations of the Local Government Code.

[22] Republic Act No. 7160.

[23] Administrative Order No. 270, Rule III, Article 18.

[24] *Rollo*, p. 96.

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Issue

For resolution is the question of whether the real estate taxes due upon the subject properties owned by Sps. Braña should be paid to the City of Pasig, as ruled by the RTC of Pasig in the interpleader case.

The Court's Ruling

At the outset, We notice that the Municipality of Cainta directly filed this petition before this Court. The established policy is to strictly observe the judicial hierarchy of courts. However, as provided under Section 2(c),[25] Rule 41 of the Rules of Court, it allows a party to question the decision of the RTC directly to this Court on pure questions of law.

A question of law exists when the doubt or controversy concerns the correct application of law or jurisprudence to a certain set of facts; or when the issue does not call for the examination of the probative value of the evidence presented, the truth or falsity of facts being admitted. A question of fact exists when the doubt or difference arises as to the truth or falsehood of facts or when the query invites calibration of the whole evidence. If the appellate court can determine the issue raised without reviewing or evaluating the evidence, that is a question of law; otherwise it is a question of fact.[26]

Here, the Municipality of Cainta raised the issue that the RTC of Pasig interfered with the jurisdiction of the RTC of Antipolo when the former ruled that Sps. Braña should pay the real estate taxes to the City of Pasig despite the fact that the

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[25] Rule 41

Appeal from the Regional Trial Court

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Section 2. *Modes of Appeal*.–

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c) Appeal by *certiorari*. – In all cases where only questions of law are raised or involved, the appeal shall be to the Supreme Court by petition for review on *certiorari* in accordance with Rule 45.

[26] *Dio v. Subic Bay Marine Exploratorium, Inc.*, 736 Phil. 216, 224 (2014).

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RTC of Antipolo earlier issued an Injunction order restraining the City of Pasig from further collecting taxes from among the disputed areas under litigation in the boundary case. This Court's resolution of the instant case does not involve the examination or the calibration of the evidence presented by the parties. As such, what is involved in the present case is a pure question of law. Therefore, strict observance to the principle of hierarchy of courts can be excused.

Be it noted that the present case stemmed from an action for interpleader filed by Sps. Braña against the Municipality of Cainta and City of Pasig to compel them to interplead and to litigate with each other their claims to the real estate taxes levied over the disputed subject properties. Thus, facts as to whether the City of Pasig participated in the preparation of the CAD-688-D or the Cainta-Tagaytay Cadastral Survey and whether the subject properties are within the geographical location of the Municipality of Cainta cannot be decided by this Court in this present case, since the resolution of the same is lodged with the RTC of Antipolo resolving the boundary dispute case between the Municipality of Cainta and the City of Pasig. At present, the boundary dispute case docketed as Civil Case No. 94-3006 is still pending resolution.

The parties admitted that the locational entries in the TCTs of the subject properties of Sps. Braña indicate "Barrio of Santolan, Municipality of Pasig, Metro Manila."[27] It is undisputed that the locational entries were not modified or corrected by any competent authority. Neither did the Municipality of Cainta file any action for the correction or alteration of the indicated location.

Under the Real Property Tax Code,[28] it is provided that the local government unit where the property is located has the authority to assess or appraise the current and fair market value of the property and to collect the taxes due thereon, thus:

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[27] *Rollo*, p. 11.

[28] Presidential Decree No. 464.

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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**.

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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. (Emphasis supplied.)

Also, the LGC reiterated the same, to wit:

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.

The import of these provisions show that the local government unit where the property is situated has the right to collect taxes therefrom. Thus, to determine who has the right to collect taxes from Sps. Braña, it is necessary to determine the location of the property. However, this Court cannot make any definitive ruling on the location of the property due to the pending boundary dispute case between the City of Pasig and the Municipality of Cainta.

While it is true that Pasig is the location indicated in the TCTs, the Municipality of Cainta have long assessed the same for tax purposes and Sps. Braña were paying the real estate taxes to the Municipality of Cainta. It was only in 1997 that the City of Pasig assessed the properties for real estate tax purposes. Thus, while the TCTs state that the location is in Pasig, the

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same cannot be relied in this case because the location of the property is precisely in dispute. The RTC of Antipolo, which has jurisdiction over the boundary dispute case, would be the best forum to determine the precise metes and bounds of the City of Pasig's and the Municipality of Cainta's respective territorial jurisdiction, as well as the extent of each local government unit's authority, such as its power to assess and collect real estate taxes.

The obligation of Sps. Braña to pay real estate taxes on the properties cannot be questioned. Payment of real estate taxes must continue notwithstanding the boundary dispute case. However, ordering Sps. Braña to pay real estate taxes to the City of Pasig simply because of the locational entries in the TCTs would be counter-productive considering that the RTC of Antipolo has not yet rendered a definitive ruling as to the precise territorial jurisdiction of the City of Pasig and the Municipality of Cainta. Thus, it would be more prudent to avoid any further animosity between the two local government units. Sps. Braña are ordered to deposit the succeeding payment of real estate taxes due on the subject properties in an account with the Land Bank of the Philippines in escrow for the City of Pasig/the Municipality of Cainta. The proceeds of the same will be released to the local government adjudged by virtue of a final judgment on the issue of territorial jurisdiction over the disputed areas.

WHEREFORE, the instant petition is **PARTIALLY GRANTED**. The Decision dated June 23, 2008 of the Regional Trial Court of Pasig City, Branch 157 in SCA No. 1624 is hereby **REVERSED** and **SET ASIDE**. The City of Pasig and the Municipality of Cainta are both directed to await the final judgment of their boundary dispute case in Civil Case No. 94-3006. In the meantime, Spouses Ernesto E. Braña and Edna C. Braña are **ORDERED** to deposit the succeeding real estate taxes due on the lots and improvements covered by Transfer Certificate of Title Nos. 47350, 47351, 47352, 47353, 46600, and 46601 in an escrow account with the Land Bank of the Philippines in trust for the City of Pasig/the Municipality of Cainta. The proceeds of the escrow account will be released

upon final judgment of the decision in Civil Case No. 94-3006 as to which local government unit has territorial jurisdiction over the disputed areas.

The Regional Trial Court of Antipolo, Branch 74 is **ORDERED** to resolve the Civil Case No. 94-3006 with dispatch.

SO ORDERED.

Leonen (Chairperson), Gesmundo, Zalameda, and *Gaerlan, JJ.*, concur.

THIRD DIVISION

[G.R. No. 208845. February 3, 2020]

ALLAN MAÑAS, joined by wife LENA ISABELLE Y. MAÑAS, *petitioners, vs.* **ROSALINA ROCA NICOLASORA, JANET NICOLASORA SALVA, ANTHONY NICOLASORA, and MA. THERESE ROSELLE UY-CUA,** *respondents.*

SYLLABUS

1. CIVIL LAW; LEASE; CONTRACT STIPULATION WHICH IS UNRELATED TO THE LESSEE'S CONTINUED USE AND ENJOYMENT OF THE LEASED PROPERTY, SUCH AS THE RIGHT OF FIRST REFUSAL, CANNOT BE PRESUMED INCLUDED IN THE IMPLIED CONTRACT RENEWAL; WITHOUT ANY EXPRESS CONTRACT RENEWAL, THE COURT CANNOT PRESUME THAT BOTH PARTIES AGREED TO REVIVE ALL THE TERMS IN THE ORIGINAL LEASE CONTRACT. — Based on the terms of the Lease Contract, renewal would be at the option of the lessee. However, petitioners did not appear to have expressly informed the lessor of their intent to renew. Instead, after the original Lease Contract had expired, they continued to pay rentals to the lessor. This constitutes an implied lease contract renewal,