

THIRD DIVISION

[G.R. No. 197561, April 07, 2014]

COCA-COLA BOTTLERS PHILIPPINES, INC., PETITIONER, VS. CITY OF MANILA; LIBERTY M. TOLEDO, IN HER CAPACITY AS OFFICER-IN-CHARGE (OIC), TREASURER OF THE CITY OF MANILA; JOSEPH SANTIAGO, IN HIS CAPACITY AS OIC, CHIEF LICENSE DIVISION OF THE CITY OF MANILA; REYNALDO MONTALBO, IN HIS CAPACITY AS CITY AUDITOR OF THE CITY OF MANILA, RESPONDENTS.

D E C I S I O N

PERALTA, J.:

Before the Court is a petition for review on *certiorari* under Rule 45 of the Rules of Court seeking to reverse and set aside the Orders^[1] dated December 22, 2010 and June 21, 2011, respectively, of the Regional Trial Court of Manila (*RTC-Manila*) in Civil Case No. 00-97081.

The factual and procedural antecedents follow:

This case springs from the Decision^[2] rendered by the RTC-Manila, dated September 28, 2001, in the case entitled *Coca-Cola Bottlers Philippines, Inc. v. City of Manila, et al.*, docketed as Civil Case No. 00-97081, granting petitioner's request for tax refund or credit assessed under Section 21^[3] of the Revenue Code of Manila upon finding that there was double taxation in the imposition of local business taxes. The dispositive portion of said Decision reads:

WHEREFORE, premises considered, judgment is hereby rendered ordering defendants to either refund or credit the tax assessed under Section 21 of the Revenue Code of Manila and paid for by plaintiff on the first quarter of year 2000 in the amount of P3,036,887.33.

The defendants City of Manila, etc. are enjoined from collecting the tax from plaintiff Coca-Cola Bottlers Phils., Inc. under Section 21 of the Revenue Code of Manila. The counterclaims [sic] of respondents is hereby DENIED for lack of merit.

Accordingly, the Injunction bond posted by petitioner is hereby CANCELLED.

SO ORDERED.^[4]

Aggrieved by the foregoing, respondents herein appealed to the Court of Appeals *via*

an ordinary appeal.^[5] On April 9, 2003, the Court of Appeals issued a Resolution dismissing respondents' appeal on the ground that the same was improperly brought to the said Court pursuant to Section 2, Rule 50 of the Revised Rules of Court. Despite respondents' motion for reconsideration, the Court of Appeals affirmed its decision in its Resolution dated February 28, 2005.^[6]

On February 10, 2010, this Court promulgated a Resolution denying the Petition for Review filed by the respondents, the dispositive portion of which reads:

WHEREFORE, the Court DENIES the petition. The Court AFFIRMS the 09 April 2003 and 28 February 2005 Resolutions of the Court of Appeals in CA-G.R. CV No. 74517.

SO ORDERED.^[7]

On May 12, 2010, the Clerk of Court of this Court issued an Entry of Judgment^[8] relative to the aforesaid Resolution and declared the same final and executory on March 10, 2010.

On June 3, 2010, petitioner filed with the RTC-Manila a Motion for Execution for the enforcement of the Decision dated September 28, 2001 and the issuance of the corresponding writ of execution.^[9] Finding merit therein, on June 11, 2010, the RTC-Manila issued an Order^[10] granting petitioner's Motion for Execution and directed the Branch Clerk of Court to issue the corresponding writ of execution to satisfy the judgment.

On June 15, 2010, the Branch Clerk of Court, Branch 21 of the RTC-Manila issued a Writ of Execution directing the Sheriff to cause the execution of the Decision dated September 28, 2001, disposing as follows:

NOW THEREFORE, you are hereby commanded to cause the execution of the aforesaid judgment, including payment in full of your lawful fees for the service of this writ.^[11]

Aggrieved, respondents filed a Motion to Quash Writ of Execution. In response, petitioner filed its Opposition thereto on December 12, 2010.^[12]

On December 22, 2010, the RTC-Manila issued an Order^[13] granting the Motion to Quash Writ of Execution, ruling:

Finding the motion to be prejudicial to the defendants, if implemented, and considering that the projects of the City will be hampered, the same is hereby GRANTED.

WHEREFORE, premises considered, the Motion to Quash the Writ of Execution is hereby GRANTED.

SO ORDERED.^[14]

Herein petitioner filed a Motion for Reconsideration, but the same was denied by the RTC-Manila in its Order dated June 21, 2011, reasoning that both tax refund and tax credit involve public funds. Thus, pursuant to SC Administrative Circular No. 10-2000,^[15] the enforcement or satisfaction of the assailed decision may still be pursued in accordance with the rules and procedures laid down in Presidential Decree (P.D.) No. 1445, otherwise known as the Government Auditing Code of the Philippines.^[16]

Hence, the present Petition for Review on *Certiorari* raising the following assignment of errors:

1. THE HONORABLE COURT A *QUO* SERIOUSLY ERRED WHEN IT FAILED TO CONSIDER THAT THE WRIT OF EXECUTION (FOR SPECIAL JUDGMENT) ISSUED BY THE BRANCH CLERK OF COURT DOES NOT INVOLVE THE LEVY OR GARNISHMENT OF FUNDS AND PROPERTY USED OR BEING USED FOR PUBLIC PURPOSE, ADMINISTRATIVE CIRCULAR NO. 10-2000 HAS THEREFORE NO RELEVANCE IN THIS CASE.
2. THE HONORABLE COURT A *QUO* SERIOUSLY ERRED WHEN IT FAILED TO CONSIDER THAT THE JUDGMENT IN THIS CASE REQUIRES EITHER TAX REFUND (PAYMENT OF SUM OF MONEY) OR TAX CREDIT (ISSUANCE OF TAX CREDIT CERTIFICATE).
3. THE HONORABLE COURT A *QUO* SERIOUSLY ERRED WHEN IT FAILED TO CONSIDER THAT THE DEFENDANTS HAVE BEEN ISSUING TAX CREDIT CERTIFICATES TO OTHER TAXPAYERS FOR ILLEGALLY COLLECTED TAXES EVEN WITHOUT ANY APPROPRIATE MEASURE.
4. THE HONORABLE COURT A *QUO* SERIOUSLY ERRED WHEN IT FAILED TO CONSIDER THAT THE REASON CITED IN THE ORDER IN QUASHING THE WRIT OF EXECUTION IS NOT ONE OF THE GROUNDS LAID DOWN BY LAW. (GUTIERREZ VS. VALIENTE, 557 SCRA 211)
5. THE HONORABLE COURT A *QUO* SERIOUSLY ERRED WHEN IT FAILED TO CONSIDER THAT ITS ASSAILED ORDER HAS IN EFFECT REVERSED THE JUDGMENT IN THIS CASE, THUS, DEPRIVING PETITIONER THE FRUITS OF ITS LABOR BEFORE THE COURTS.^[17]

At the onset, it bears stressing that while petitioner lays down various grounds for the allowance of the petition, the controversy boils down to the propriety of the issuance of the writ of execution of the judgment ordering respondents either to refund or credit the tax assessed under Section 21^[18] of the Revenue Code of Manila in the amount of Php3,036,887.33.

After careful consideration of the facts and laws obtaining in this case, we find that the issuance of the Writ of Execution was superfluous, given the clear directive of

the RTC-Manila in its Decision dated September 28, 2001. We do not, however, agree with respondents' view that Administrative Circular No. 10-2000 is applicable to the instant case for reasons discussed hereinbelow.

In its first assigned error, petitioner argues that the writ of execution issued by the Branch Clerk of Court does not involve the levy or garnishment of funds and property used or being used for public purpose given that the writ was issued "For: Special Judgment." Thus, Administrative Circular No. 10-2000 has no relevance in the instant case.

In its Decision dated September 28, 2001, the RTC-Manila directs respondents to either refund or credit the tax under Section 21 of the Revenue Code of Manila, which was improperly assessed but nevertheless paid for by petitioner on the first quarter of year 2000 in the amount of P3,036,887.33. The judgment does not actually involve a monetary award or a settlement of claim against the government.

Under the first option, any tax on income that is paid in excess of the amount due the government may be refunded, provided that a taxpayer properly applies for the refund.^[19] On the other hand, the second option works by applying the refundable amount against the tax liabilities of the petitioner in the succeeding taxable years.^[20]

Hence, instead of moving for the issuance of a writ of execution relative to the aforesaid Decision, petitioner should have merely requested for the approval of the City of Manila in implementing the tax refund or tax credit, whichever is appropriate. In other words, no writ was necessary to cause the execution thereof, since the implementation of the tax refund will effectively be a return of funds by the City of Manila in favor of petitioner while a tax credit will merely serve as a deduction of petitioner's tax liabilities in the future.

In fact, Section 252 (c) of the Local Government Code of the Philippines is very clear that "[i]n the event that the protest is finally decided in favor of the taxpayer, the amount or portion of the tax protested shall be refunded to the protestant, or applied as tax credit against his existing or future tax liability." It was not necessary for petitioner to move for the issuance of the writ of execution because the remedy has already been provided by law.

Thus, under Administrative Order No. 270 prescribing rules and regulations implementing the Local Government Code, particularly Article 286 thereof, the tax credit granted a taxpayer shall be applied to future tax obligations of the same taxpayer for the same business, to wit:

ARTICLE 286. *Claim for Refund or Tax Credit.* — All taxpayers entitled to a refund or tax credit provided in this Rule shall file with the local treasurer a claim in writing duly supported by evidence of payment (e.g., official receipts, tax clearance, and **such other proof evidencing overpayment**) within two (2) years from payment of the tax, fee, or charge. No case or proceeding shall be entertained in any court without this claim in writing, and after the expiration of two (2) years from the date of payment of such tax, fee, or charge, or from the date the taxpayer is entitled to a refund or tax credit.

The tax credit granted a taxpayer shall not be refundable in cash but shall only be applied to future tax obligations of the same taxpayer for the same business. If a taxpayer has paid in full the tax due for the entire year and he shall have no other tax obligation payable to the LGU concerned during the year, his tax credits, if any, shall be applied in full during the first quarter of the next calendar year on the tax due from him for the same business of said calendar year.

Any unapplied balance of the tax credit shall be refunded in cash in the event that he terminates operation of the business involved within the locality.^[21]

Accordingly, while we find merit in petitioner's contention that there are two (2) ways by which respondents may satisfy the judgment of the RTC-Manila: (1) to pay the petitioner the amount of Php3,036,887.33 as tax refund; or (2) to issue a tax credit certificate in the same amount which may be credited by petitioner from its future tax liabilities due to the respondent City of Manila,^[22] the issuance of the Writ of Execution relative thereto was superfluous, because the judgment of the RTC-Manila can neither be considered a judgment for a specific sum of money susceptible of execution by levy or garnishment under Section 9,^[23] Rule 39 of the Rules of Court nor a special judgment under Section 11,^[24] Rule 39 thereof.

Moreover, given that Presidential Decree No. 1445 and Administrative Circular No. 10-2000 involve a settlement of a claim against a local government unit, the same finds no application in the instant case wherein no monetary award is actually awarded to petitioner but a mere return or restoration of petitioner's money, arising from an excessive payment of tax erroneously or illegally imposed and received.

It could not have been the intention of the law to burden the taxpayer with going through the process of execution under the Rules of Civil Procedure before it may be allowed to avail its tax credit as affirmed by a court judgment. If at all, the City of Manila Local Treasury may be allowed to verify documents and information relative to the grant of the tax refund or tax credit (*i.e.*, determine the correctness of the petitioner's returns, and the tax amount to be credited), in consonance with the ruling in *San Carlos Milling Co., Inc. v. Commissioner of Internal Revenue*,^[25] which may be applied by analogy to the case at bar, to wit:

It is difficult to see by what process of ratiocination petitioner insists on the literal interpretation of the word "automatic." Such literal interpretation has been discussed and precluded by the respondent court in its decision of 23 December 1991 where, as aforesaid, it ruled that "once a taxpayer opts for either a refund or the automatic tax credit scheme, and signified his option in accordance with the regulation, this does not ipso facto confer on him the right to avail of the same immediately. An investigation, as a matter of procedure, is necessary to enable the **Commissioner to determine the correctness of the petitioner's returns, and the tax amount to be credited.**