

SECOND DIVISION

[G.R. No. 122451, October 12, 2000]

**CAGAYAN ROBINA SUGAR MILLING CO., PETITIONER, VS.
COURT OF APPEALS, CENTRAL BOARD OF ASSESSMENT
APPEALS, BOARD OF ASSESSMENT APPEALS, AND THE
PROVINCIAL ASSESSOR OF CAGAYAN, RESPONDENTS.**

DECISION

QUISUMBING, J.:

This petition assails the decision^[1] dated September 26, 1995, of the Court of Appeals in CA-G.R. SP No. 37934, denying petitioner's petition for review of the decision^[2] dated April 30, 1994, of the Central Board of Assessment Appeals (CBAA). Earlier, the CBAA had dismissed petitioner's appeal from the Resolution^[3] of the Local Board of Assessment Appeals (LBAA) dated April 1, 1992, which fixed at P260,327,060.00 the market value of petitioner's properties located in Piat, Cagayan.

The factual antecedents which gave rise to the instant case, are as follows:

In 1990, the Assets Privatization Trust (APT) offered for sale all the assets and properties of the Cagayan Sugar Corporation (CASUCO), which had been foreclosed and transferred to APT by the Development Bank of the Philippines. The APT set the floor bid price for the said properties at three hundred fifty five million pesos (P355,000,000.00). Petitioner, as the highest bidder, acquired the aforesaid properties for a total price of P464,000,000.00.

Among the properties bought by petitioner were sugar mill machineries located at the CASUCO millsite in Sto. Domingo, Piat, Cagayan. The market value of these machineries was pegged at P391,623,520.00 and the assessed value was set at P313,298,820.00 under Tax Declaration No. 5355.

On October 18, 1990, the Provincial Assessor of Cagayan issued a "Notice of Assessment of Real Property" to petitioner covering the machineries installed at the CASUCO millsite (Lots 89-F-1 and 89-F-2 of Psd-2-01-005548) based on the market value of P391,623,520.00 and the assessed value thereof at P313,298,820.00.

On February 8, 1991, petitioner appealed the assessment to the LBAA, on the ground that it was excessive, erroneous, and unjust.

On September 10, 1991, petitioner asked the Provincial Assessor to reconsider his assessment, contending that it should not be based on the APT-set selling price alone, but should likewise consider the operating conditions of the properties and pricing factors such as goodwill and future business potential.

On April 1, 1992, the LBAA resolved that the basis of the market value for assessment purposes of the properties acquired by petitioner should be the APT floor bid price of P355,000,000.00. The LBAA then deducted from this amount the value of the land (P4,721,130.00), the total market value of the buildings (P17,605,340.00), to derive the market value of the machineries, amounting to P332,673,530.00. By further deducting the value of machineries not subject to real property tax, the LBAA fixed the market value of the petitioner's machineries at P260,327,060.00 for assessment purposes. The LBAA ordered the Provincial Assessor of Cagayan to make the necessary amendments, as a result of which Declaration No. 5514 was issued, putting the assessed value of petitioner's machineries at P208,261,650.00.

On April 18, 1992, petitioner prepared an "Appeal of Assessment" addressed to the LBAA but did not file the same with the CBAA. It was only on November 25, 1992, that petitioner filed with the CBAA an "Appeal of Assessment" identical with its earlier appeal dated April 18, 1992.

On January 2, 1994, the LBAA and the Provincial Assessor of Cagayan moved to dismiss petitioner's appeal dated November 25, 1992, on the ground that it had been filed beyond the thirty-day reglementary period therefor.

On May 17, 1994, the CBAA dismissed petitioner's appeal on the ground that it was time-barred. Petitioner moved for reconsideration of the decision, but its motion was denied by the CBAA in its resolution of June 30, 1994.

On October 3, 1994, petitioner filed with this Court a special civil action for certiorari, docketed as G.R. No. 116795, assailing the May 17, 1994 decision and June 30, 1994 resolution of the CBAA for having been issued with grave abuse discretion amounting to lack or excess of jurisdiction.

On July 3, 1995, we resolved to refer G.R. No. 116795 to the Court of Appeals for appropriate action, pursuant to Revised Administrative Circular No. 1-95.^[4]

On September 26, 1995, the appellate court disposed of the case as follows:

IN VIEW OF ALL THE FOREGOING, the Petition is hereby DENIED due course and is DISMISSED. With costs against the Petitioner.

SO ORDERED.^[5]

Hence, the instant case anchored on the following assignment of errors:

THE HONORABLE COURT OF APPEALS ERRED IN RULING THAT:

- (1) THE RESPONDENT PROVINCIAL ASSESSOR'S AND THE LOCAL BOARD OF ASSESSMENT APPEALS' ASSESSMENT OF PETITIONER'S MACHINERIES WAS PREPARED IN ACCORDANCE WITH SECTIONS 5 AND 28 OF THE REAL PROPERTY TAX CODE (P.D. NO. 464); AND
- (2) THE RESPONDENT CENTRAL BOARD OF ASSESSMENT APPEALS ACTED IN ACCORD WITH LAW IN FIXING THE MARKET VALUE OF THE MACHINERIES INSTALLED IN THE MILLSITE OF PETITIONER AT P260,237,060.00 AND THE ASSESSED VALUE THEREOF AT P208,261,650.00.

THE HONORABLE COURT OF APPEALS ERRED IN RULING THAT RESPONDENT CENTRAL BOARD OF ASSESSMENT APPEALS ACTED IN ACCORD WITH LAW WHEN IT DISMISSED PETITIONER'S APPEAL FOR HAVING BEEN FILED OUTSIDE THE REGLEMENTARY PERIOD.

We find that the issues for our resolution are:

- (1) Did the Court of Appeals err in finding the assessment of petitioner's machineries proper and correct under the Real Property Tax Code?
- (2) Did the appellate court err in upholding the dismissal of petitioner's appeal to the CBAA for being time-barred?

We note that the real property tax being assessed and collected against petitioner's machineries is for 1990. Hence, in this case, the applicable law is the Real Property Tax Code (P.D. No. 464), and not the Local Government Code of 1991 (R.A. No. 7160).

Petitioner contends that in fixing the market value of the machineries in question at P260,327,060.00, the LBAA deviated from the rules provided for in the Real Property Tax Code for the appraisal of machineries. Petitioner argues that in simply deducting from the APT floor bid price of P355,000,000.00, the value of the land, buildings, and machineries not subject to real property tax in order to arrive at the market value, the LBAA used a method not sanctioned by P.D. No. 464 and it was error for both the CBAA and the court *a quo* to have affirmed it.

Petitioner points out that the APT erred in relying on Sales Analysis or Market Data Approach to determine the floor bid price. The Sales Analysis or Market Data Approach involves a comparison of the property appraised to similar properties sold in similar markets in order to derive a market value for the property to be appraised. Petitioner submits that in the instant case, no comparison with any similar property was ever made. Instead, the comparison was made to a bid price. Moreover, in using as basis the valuation of the APT, the LBAA failed to take into account other circumstances of value such as goodwill and future business potential.

Petitioner insists that the Court of Appeals erred when it failed to rule that both the Provincial Assessor and the LBAA should have applied the following formula provided for in Section 28^[6] of P.D. No. 464:

$$\text{Remaining Economic Life} \times \text{Replacement Cost} = \text{Current Market Value}^{\text{[7]}}$$

Economic Life.

We agree with petitioner that Section 28 of the Real Property Tax Code provides for a formula for computing the current market value of machineries. However, Section 28 must be read in consonance with Section 3 (n)^[8] of the said law, which defines "market value." Under the latter provision, the LBAA and CBAA were not precluded from adopting various approaches to value determination, including adopting the APT "floor bid price" for petitioner's properties. As correctly pointed out by the CBAA and affirmed by the court *a quo*:

Valuation on the basis of a floor bid price is not bereft of any basis in law. One of the approaches to value is the Sales Analysis Approach or the Market Data Approach where the source of market data for valuation is from offer of sales or bids of real property. Valuation based on the floor bid price belongs to this approach, pursuant to Section 3(n)...^[9]

Tax assessments by tax examiners are presumed correct and made in good faith, with the taxpayer having the burden of proving otherwise.^[10] In the instant case, petitioner failed to show that the use by the LBAA and CBAA of the APT floor bid price, pursuant to Section 3 (n) of the Real Property Tax Code was incorrect and done in bad faith. The method used by the LBAA and CBAA cannot be deemed erroneous since there is no rigid rule for the valuation of property, which is affected by a multitude of circumstances and which rules could not foresee nor provide for.^[11] Worthy of note, petitioner has not shown that the current market value of its properties would be significantly lower if its proposed formula is adopted. A party challenging an appraiser's finding of value is required not only to prove that the appraised value is erroneous but also what the proper value is.^[12] Factual findings of administrative agencies, which have acquired expertise in their field, are generally binding and conclusive upon the Court.^[13] The Court will not presume to interfere with the intelligent exercise of the judgment of men specially trained in appraising property.^[14] Where the judicial mind is left in doubt, it is a sound rule to leave the assessment undisturbed.^[15] In this case, we see no reason to depart from this rule.

Petitioner insists that its protest has merit, in view of a 1st Indorsement Letter of the Deputy Executive Director of the Bureau of Local Government Finance dated May 17, 1996,^[16] directing the Provincial Assessor of Cagayan to recompute the market value of petitioner's machineries. However, said letter referred to the protested assessment done by the Provincial Assessor. There was no reference at all to the assessment of

petitioner's machineries, which was done by the LBAA, which revised and corrected the protested appraisal by the Provincial Assessor. Said letter did not find erroneous the re-assessment done by the LBAA, which was subsequently upheld by both the CBAA and the Court of Appeals. Findings of fact of administrative agencies and quasi-judicial bodies, which have acquired expertise because their jurisdiction is confined to specific matters, are generally accorded not only respect, but finality when affirmed by the Court of Appeals.^[17]

On the issue of whether the period for petitioner's appeal to the CBAA had already elapsed, petitioner posits that since the appraisal and assessment of the Provincial Assessor is void *ab initio* for not having been made in accordance with Section 28 of P.D. No. 464, the prescriptive period provided for in Section 30^[18] of the decree should not apply to petitioner. Petitioner cites *Basey Wood Industries, Inc. v. Board of Assessment Appeals* (CBAA Case No. 100), where the CBAA held that when an assessment is not in accordance with law, the prescriptive period for appeal to the Provincial Board of Assessment Appeals is suspended.

Petitioner's arguments, however, are off tangent. The appeal found to be time-barred is not petitioner's appeal of the Provincial Assessor's assessment to the LBAA, *but the resolution of the LBAA sought to be appealed to the CBAA*. As found by the Court of Appeals:

Records show that the Petitioner had already received, as of April 18, 1992, the Resolution of the Respondent LBAA dated April 1, 1992, denying Petitioner's appeal. The Petitioner, thus, had only until May 18, 1992, to appeal the questioned Resolution of Respondent LBAA. However, it was only on November 25, 1992 when the Petitioner lodged its appeal with the Respondent CBAA...By then, the thirty (30) day reglementary period to perfect Petitioner's appeal had long elapsed.^[19]

Based on the records, we hold that the respondent court did not err in finding petitioner's appeal to the CBAA time-barred. The applicable provision is Section 34^[20] of P.D. No. 464, and not Section 30. Where the owner or administrator of a property or an assessor is not satisfied with the decision of the Local Board of Assessment Appeals, he may, within thirty days from the receipt of the decision, appeal to the Central Board of Assessment Appeals.^[21] Petitioner does not dispute respondent court's findings that petitioner received on April 18, 1992, the LBAA resolution denying its appeal and that it had only until May 18, 1992, to appeal the local board's resolution to the CBAA. Petitioner, however, only filed its appeal with the CBAA on November 25, 1992 or way beyond the period to perfect an appeal. No error was thus committed by the CBAA when it dismissed petitioner's appeal for having been filed out of time and the appellate court was correct in affirming the dismissal. Well-entrenched is the rule that the perfection of an appeal within the period therefor is both mandatory and jurisdictional, and that failing in this regard renders the decision final and executory.^[22]

WHEREFORE, the instant petition is **DENIED** and the decision of the Court of Appeals in CA-G.R. SP No. 37934 **AFFIRMED**. Costs against petitioners.

SO ORDERED.

Bellosillo, (Chairman), Mendoza, Buena, and De Leon, Jr., JJ., concur.

[1] Rollo, pp. 9-25.

[2] CA Rollo, pp. 35-38.

[3] *Id.* at 28-29.

[4] The pertinent portions of the Circular which took effect on June 1, 1995 read:

1. *Scope.* - These rules shall apply to appeals from judgments or final orders of the Court of Tax Appeals and from awards, judgments, final orders or resolutions of or authorized by any quasi-judicial agency in the exercise of its quasi judicial functions. Among these agencies are the Civil Service Commission, Central Board of Assessment Appeals...

x x x

14. *Transitory provisions.* - All petitions for certiorari against the Civil Service Commission and the Central Board of Assessment Appeals filed and pending in the Supreme Court prior to the effectivity of this Revised Administrative Circular shall be treated as petitions for review hereunder and shall be transferred to the Court of Appeals for appropriate disposition. Petitions for certiorari against the aforesaid agencies which may be filed after the effectivity hereof and up to June 30, 1995 shall likewise be considered as petitions for review and shall be referred to the Court of Appeals for the same purpose.

x x x

[5] Rollo, p. 25.

[6] The pertinent portion of the provision reads: "SEC. 28. *Appraising Machinery.* - The current market value of the machinery shall be determined on the basis of the original cost in the case of newly acquired machinery not yet depreciated and is appraised within the year of its purchase. In the case of all others, the current market value shall be determined by dividing the remaining economic life of the machinery by its economic life and multiplied by the *replacement or reproduction cost (new)* of said

machinery. xxx" (italics in the original).

[7] P.D. No. 464 defines the terms in this formula as follows:

SEC. 3. *Definition of Terms.* - When used in this Code -

x x x

j) *Economic life* - the estimated period over which it is anticipated that a machinery may profitably be utilized.

x x x

n) *Market value* - is defined as "the highest price estimated in terms of money which the property will buy if exposed for sale in the open market allowing a reasonable time to find a purchaser who buys with knowledge of all the uses to which it is adapted and for which it is capable of being used. It is also referred to as "the price at which a willing seller would sell and a willing buyer would buy, neither being under abnormal pressure."

x x x

r) *Remaining economic life.* - the period of time (years) from the date of appraisal to the date when the machinery becomes valueless.

x x x

t) *Replacement or reproduction cost (new)* - the cost that would be incurred on the basis of current prices, in acquiring an equally desirable substitute property, or the cost of reproducing a new replica property on the basis of current prices with the same or closely similar material.

[8] *Supra* Note 4.

[9] *Supra* Note 1, at 60.

[10] *Commissioner of Internal Revenue v. Antonio Tuason, Inc.*, 173 SCRA 397, 401 (1989) citing *Mindanao Bus Company v. Commissioner of Internal Revenue*, 1 SCRA 538 (1961); *Sy Po v. Court of Tax Appeals*, 164 SCRA 524, 530 (1988); *Commissioner of Internal Revenue v. Construction Resources of Asia, Inc.*, 145 SCRA 671, 679 (1986) citing *Collector of Internal Revenue v. Bohol Land Trans. Co.*, 107 Phil. 965, 974 (1960).

[11] *Army & Navy Club v. Trinidad*, 44 Phil. 383, 385 (1923).

[12] *Caltex (Philippines), Inc. v. Court of Appeals*, 292 SCRA 273, 287 (1998).

[13] *Fortich v. Corona*, 298 SCRA 678, 697 (1998) citing *Matalam v. Comelec*, 271 SCRA 733 (1997).

[14] *Viuda e Hijos de Pedro P. Roxas v. Rafferty*, 37 Phil. 957, 961 (1918).

[15] *Army & Navy Club v. Trinidad*, *supra*, 387 (1923).

[16] *Supra* Note 1, at 120-122.

[17] *Vda. de Nazareno v. Court of Appeals*, 257 SCRA 589, 598 (1996).

[18] "SEC. 30. *Local Board of Assessment Appeals*. - Any owner who is not satisfied with the action of the provincial or city assessor in the assessment of his property may, within sixty days from the date of receipt by him of the written notice of assessment as provided in this Code, appeal to the Board of Assessment Appeals of the province or city, by filing with it a petition under oath using the form prescribed for the purpose, together with copies of the tax declarations and such affidavit or documents submitted in support of the appeal."

[19] *Supra* Note 2, at 54.

[20] The pertinent parts of said section read:

"SEC. 34. *Action by the Local Board of Assessment Appeals*. -

x x x

"... The owner or administrator of the property or the assessor who is not satisfied with the decision of the Board of Assessment Appeals, may, within thirty days after receipt of the decision of the local Board, appeal to the Central Board of Assessment Appeals by filing his appeal under oath with the Secretary of the proper provincial or city Board of Assessment Appeals using the prescribed form stating therein the grounds and the reasons for the appeal; and attaching thereto any evidence pertinent to the case. A copy of the appeal should be also furnished the Central Board of Assessment Appeals, through its Chairman, by the appellant. x x x"

[21] *Chavez v. Ongpin*, 186 SCRA 331, 337 (1990).

[22] *Pascual v. Court of Appeals*, 300 SCRA 214, 225 (1998); *Almeda v. Court of Appeals*, 292 SCRA 587, 593-594 (1998) citing *Philippine Airlines, Inc. v. National*



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