

Republic of the Philippines  
**CENTRAL BOARD OF ASSESSMENT APPEALS**  
Manila

MANILA GOLF AND COUNTRY CLUB,  
INC.,

Petitioner-Appellant,

CBAА CASE NO. L-35

- versus -

THE LOCAL BOARD OF ASSESSMENT  
APPEALS OF MAKATI CITY,

Appellee,

- and -

CITY ASSESSOR OF MAKATI CITY,  
Respondent-Appellee.

x ----- x

## **DECISION**

Against the real property tax assessment issued by the City Assessor of Makati City, Petitioner-Appellant, Manila Golf and Country Club, Inc., appealed before Appellee, Local Board of Assessment Appeals (LBAA) of Makati City. The main issue was “whether or not Petitioner-Appellant’s land used as a golf course, located in the vicinity of Forbes Park, be given the same treatment with regard to its assessed value per square meter as that of first class residential properties located in the same vicinity.”

Appellee Local Board, in its Decision dated October 12, 2000 ruled in favor of Petitioner-Appellant and declared said assessments contrary to law and regulations. Upon the City of Makati’s Motion for Reconsideration, opposed by Petitioner-Appellant, as to have become final and executory, Appellee Local Board, in its Resolution dated June 4, 2002, granted the Motion for Reconsideration and Reversed and Set Aside its Decision of October 12, 2000 and Dismissed the Petition of Petitioner-Appellant, Manila Golf and Country Club, Inc.

Appealed before this Board, the case was heard first, on October 22, 2002 wherein the parties argued over the issue of Prescription. Next heard on January 14, 2003, this Board encouraged the parties to enter into a

Compromise Agreement. An Ocular Inspection of the golf course was decided and a Joint Stipulation of Facts and Specific Issues agreed upon.

The Joint Stipulation was submitted on May 15, 2003. In its Order, granting the Joint Stipulation, this Board reminded the parties as follows:

“It seems x x x, that the Joint Stipulation hints on a Compromise Agreement. We have always encouraged Compromise Agreements in the cases brought before us in order to effect a peaceful and satisfactory solution and avoid a costly litigation therefor. The need to change the litigious attitude of our people is high on the agenda of the Supreme Court. The Supreme Court has announced the use of negotiations, arbitration and mediation as alternative modes of settling disputes. In the alternative Dispute Resolution Methods (ADRs), the Supreme Court through the Judicial Academy has trained mediators for this purpose.

“We do not want to preempt the Supreme Court by resolving a problem or conflict by means of a full-blown litigation all the way up to the higher tribunal. If there is a chance for a Compromise Agreement, we have to nurture that chance.

“We therefore urge the parties in this case to find time and sit down to work out an ideal Compromise Agreement. Further, we want to remind the parties that a Compromise Agreement is a give-and-take process – not a give and give and give and take and take and take affair.”

On June 26, 2003, the parties appeared before this Board and in a Joint Manifestation with Compliance submitted a Compromise Agreement. The Joint Manifestation reads:

“PETITIONER-APPELLANT AND RESPONDENT-APPELLEE, x x x, most respectfully submit this COMPROMISE AGREEMENT x x x which was entered by the Parties after a careful consideration of all issues involved and in consonance with directive, guidance and notable suggestion x x x per ORDER dated May 27, 2003.

“IN VIEW THEREOF, Parties most respectfully request before the Honorable Board that the attached Compromise Agreement be approved and incorporated in the Decision or Resolution of the instant case.”

Anent the facts of the case – they are fully summarized and incorporated in the Compromise Agreement. The Compromise Agreement was executed by and between Deogracias N. Vistan, President, Manila Golf and Country Club, Inc., for Manila Golf and Country Club, Inc., assisted by A.M. Sison, Jr., & Associates, Counsel for Petitioner-Appellant, represented by Atty. Ibaro B. Relamida, Jr. and Engr. Mario Badillo, City Assessor of Makati City, for Makati City, assisted by Rogelio U. Marasigan and Pio Kenneth I. Dasal of the Office of the City Attorney, Counsel for Respondent-Appellee.

The Compromise Agreement is hereby reproduced as follows:

**PETITIONER-APPELLANT AND RESPONDENT-APPELLEE**, through respective counsels and unto the Honorable Board, most respectfully submit this Compromise Agreement of parties, to wit:

“This Compromise Agreement made and executed by:

**MANILA GOLF AND COUNTRY CLUB, INC. [PETITIONER-APPELLANT]** is a non-stock, non-profit organization existing under Philippine laws represented herein by its President, Deogracias N. Vistan who is duly authorized for the purpose of this agreement and hereinafter referred to as the “**FIRST PARTY**”;

- and -

**OFFICE OF THE CITY ASSESSOR OF MAKATI, [RESPONDENT-APPELLEE]** an office of the local government of Makati City in charge for the assessment of real property taxes within the territorial jurisdiction of Makati City, with official address at the Makati City Hall, J.P. Rizal St., Poblacion, Makati City, represented by Engr. Mario Badillo the City Assessor of Makati assisted by the Office of the City Attorney, Makati City Government, and hereinafter referred to as the “**SECOND PARTY**”.

**WITNESSETH: THAT –**

**WHEREAS**, the **FIRST PARTY** owns and operates a golf course and related facilities exclusively for the pleasure and recreation of its members. The golf course is located at Harvard Road, Forbes Park Makati covered by TCT Nos. 6359 and 6360. The land is declared for real property tax purposes under two (2) tax declarations (Tax Declaration No. E-005-00549 and E-005-00548), with a total area of four hundred thirty-four thousand fifty seven square meters (434,057 sq.m.)

**WHEREAS**, in 1994, the **FIRST PARTY’S** land was classified by the **SECOND PARTY** as ‘Special’ and assessed as Third Class Residential at a value of Peso Five Thousand Six Hundred per square meter (P5,600/sq.m.) with an assessment level of fifteen (15%) percent. Residential properties in the Forbes Park area at that time were classified as First Class and assessed at a value of Pesos Twelve Thousand per square meter (P12,000/sq.m.).

**WHEREAS**, the **FIRST PARTY’S** land in 1994 had a total assessed value of Pesos Three Hundred Sixty-Four Million Six Hundred Fifty-Two Thousand Eight Hundred Eighty (P364,652,880.00). The annual real property tax due on said property was in Pesos: Five Million Four Hundred Eighty-Two Thousand Seven Hundred Ninety-Six and Fifty-two Centavos (P5,482,796.52), has been paid by the **FIRST PARTY** for the years 1994, 1995 and 1996.

**WHEREAS**, in December 1996, the City of Makati passed City Ordinance No. 96-302, entitled “An Ordinance Prescribing the Revised Schedule of Fair Market Values of Real Properties (Land Only) in the City of Makati, Subject to all Legal Existing Rules and Regulations” and pursuant to the said ordinance, the **FIRST PARTY’S** land was re-classified as “R-1” or “First Class Residential” and given a fair market value of Pesos Eighteen Thousand per square meter (P18,000/sq.m.), the same value as that of a residential lot in Forbes Park. The revised fair market values and classification of lands took effect on January 1, 1997.

**WHEREAS**, **FIRST PARTY** received notices of assessment of its real property taxes from the **SECOND PARTY** for the year 1997 with a total assessed value for the two tax declarations in the amount of Pesos One Billion One Hundred Seventy-One Million Nine Hundred Fifty-Three Thousand Nine Hundred (P1,171,953,900.00)

**WHEREAS**, the **FIRST PARTY** paid the real property tax due for the first quarter of 1997 under protest. On February 19, 1997, it filed said written protest before the City Treasurer of Makati. Also, a protest to the notice of

assessment and a letter for reconsideration of said assessment was filed with the SECOND PARTY and which was later denied.

**WHEREAS**, on April 21, 1997, FIRST PARTY again paid under protest the tax due of the second quarter of 1997, filed another written protest with the City Treasurer of Makati. Having received no response from the latter, and its request for reconsideration before the SECOND PARTY was denied, the FIRST PARTY appealed the case before the LOCAL BOARD OF ASSESSMENT APPEALS (LBAA for brevity) via a Petition dated May 21, 1997.

**WHEREAS**, on October 12, 2000, the LBAA issued a Decision in favor of the FIRST PARTY, to wit:

“Moreover, the assessment of the City Assessor is contrary to the same Local Assessment Regulations No. 3-75 cited by him, which provides that:

‘Article VIII-Assessment

‘Actual use of real property as basis for assessment

‘x x x

4) Rules of assessment of land –

‘x x x

g) Special properties (lands) –

‘x x x

1. Lands used exclusively for recreational purposes located in residential, commercial or industrial areas shall be classified and valued as residential, commercial, or industrial in accordance with the schedule of base market values, and shall be assessed at 30% of their values and determined on the basis of that schedule.” (Underscoring supplied.)

“Thus, while Petitioner’s real properties were correctly classified as recreational or special, the City Assessor of Makati City erred in assessing Petitioner’s golf course at the same fair market value as residential lands in Forbes Park, Pursuant to Local Assessment Regulations No. 3-75, Petitioner’s lands should have been assessed at 30% of P18,000.00 per square meter, the fair market value given to residential lands in Forbes Park, or an assessed value of P5,400.00 per square meter.

Accordingly, Petitioner’s lands should have the total assessed value of Pesos Two Billion Three Hundred Forty Three Million Nine Hundred Seven Thousand Eight Hundred (2,343,907,800.00). Multiplied by the assessment level of 15% Petitioner’s golf course should therefore have a total taxable value of Pesos Three Hundred Fifty One Million Five Hundred Eighty Six Thousand One Hundred Seventy (P351,586,170.00). At a tax rate of 1.5% for special classes of real property, Petitioner should have legally been assessed the amount of Pesos Five Million Two Hundred Seventy Three Thousand Seven Hundred Ninety Two & 55/100 (P5,273,792.55) in annual real property taxes under City Ordinance No. 96-302 and Municipal Ordinance No. 92-072, as implemented by Local Assessment Regulations No. 3-75.

WHEREFORE, foregoing premises considered, the real property tax assessments issued to Petitioner are hereby declared contrary to law and regulations.

The City Assessor is hereby directed to revise and/or amend his assessment to Petitioner for annual real property taxes in accordance with this Decision, and any excess tax payment made under protest shall be credited accordingly, in favor of the Petitioner.

SO ORDERED.

Makati City, Philippines, October 12, 2000.”

**WHEREAS**, the SECOND PARTY filed a motion for reconsideration on the aforesaid decision and which the FIRST PARTY opposed because the motion for reconsideration was filed beyond the period allowed by law.

**WHEREAS**, the LBAA resolved the motion for reconsideration on June 4, 2002, which states:

“PREMISES CONSIDERED, the Motion for Reconsideration is hereby GRANTED, and this Board’s Decision dated October 12, 2000 is REVERSED and SET ASIDE. The petition of Manila Golf and Country Club, Inc., is hereby DISMISSED.”

**WHEREAS**, on August 29, 2002, the FIRST PARTY filed an appeal before the CENTRAL BOARD OF ASSESSMENT APPEALS (CBAA), now docketed as CBAA Case No. L-35, on the ground that the LBAA erred in entertaining the SECOND PARTY’S motion for reconsideration having been filed out of time and in reversing its earlier decision dated 12 October 2000;

**WHEREAS**, it is the intention of the parties to enter into a compromise agreement to settle the above CBAA case and all incidents, claims, demands, liabilities, obligations and actions related hereto under such terms and conditions mutually acceptable to both parties;

**NOW THEREFORE**, for and in consideration of the foregoing premises and the following stipulations, covenants and promises of the parties, the FIRST PARTY and the SECOND PARTY agree as follows:

1. In consideration of legal issues involve in the instant case (CBAA Case No. L-35), the FIRST PARTY and SECOND PARTY agree that the properties under Tax Declaration No. E-005-00548 and Tax Declaration No. E-005-00549 shall have an Assessed Value in the amount of Five Hundred Forty Four Million Three Hundred Ninety One Thousand and Eight Hundred Twenty Pesos (P544,391,820.00) and Two Million Five Hundred Twenty Thousand Pesos (P2,520,000.00), respectively, subject to subsequent laws and ordinances that maybe enacted.

2. The SECOND PARTY will likewise inform the City Treasurer of Makati of the revised Tax Declarations as a result of this Agreement and request for the re-computation of the real property tax due against the FIRST PARTY;

3. The FIRST PARTY hereby agrees to the revised Tax Declarations which state a higher amount of net market value per square meter than what the FIRST PARTY is claiming under the instant case;

4. That the FIRST PARTY’S property will be described and classified as recreational and the assessment level is 15% and the tax rate is 1.5% under special classes of real property;

5. The City Treasurer of Makati shall credit whatever excess payments made by the FIRST PARTY on real property taxes since the year 1997 up to the present;

6. This compromise agreement is a settlement of disputed issues that will benefit both PARTIES and that the PARTIES will be bound by the terms hereof;

7. The PARTIES agree that they will execute and provide upon request any and all documents, papers and instruments as may be necessary to effectuate the purpose of this Compromise Agreement;

8. This Compromise Agreement will be jointly submitted by the PARTIES through their respective counsels to the Central Board of Assessment Appeals in accordance with the ORDER of the CBAA dated May 27, 2003;

9. The signatories to this Compromise Agreement represent and warrant that they are authorized to execute this Compromise Agreement on behalf of the respective office and/or parties hereto;

10. This Compromise Agreement is entered by the Parties in good faith and in accordance with the applicable laws, rules and regulations in settling disputes;

**IN WITNESS WHEREOF**, the parties have caused this Compromise Agreement to be signed on this 25<sup>th</sup> day of June 2003 in the City of Makati, Philippines.

Respectfully submitted.

Makati City for Manila, June 25, 2003.

WHEREFORE, finding the Compromise Agreement in order, fair, equitable and not contrary to existing laws, regulations and sound assessment practices, the same is hereby approved and the Decision under appeal is accordingly set aside; Respondent-Appellee City Assessor of Makati is hereby ordered to cancel Tax Declarations Nos. E-005-00548 and E-005-00549 and in their stead issue a new tax declaration based on the Compromise Agreement; accordingly, tax credits corresponding to whatever over-payments made by Petitioner-Appellant under protest is hereby granted pursuant to the provisions of Sec. 252 of the Local Government Code of 1991 (R.A. 7160).

SO ORDERED.

Manila, Philippines, July 1, 2003.

*(Signed)*  
CESAR S. GUTIERREZ  
Chairman

*(Signed)*  
ANGEL P. PALOMARES  
Member

VACANT  
Member