



Republic of the Philippines
 Supreme Court
 Manila

FIRST DIVISION

JEROME K. SOLCO,
 Petitioner,

G.R. NO. 213669

Present:

*SERENO, C.J.,
 Chairperson,

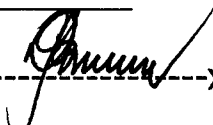
- versus -

**LEONARDO-DE CASTRO,
 DEL CASTILLO,
 JARDELEZA, and
 TIJAM, JJ.

MEGAWORLD CORPORATION,
 Respondent.

Promulgated:

MAR 05 2018

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DECISION

TIJAM, J.:

This is a Petition for Review on *Certiorari*¹ under Rule 45, assailing the Decision² dated May 12, 2014 and Resolution³ dated July 23, 2014 of the Court of Appeals (CA) in CA-G.R. CV No. 100636, which reversed and set aside the Orders dated October 2, 2012⁴ and February 19, 2013⁵ of the Regional Trial Court (RTC) of Makati City, Branch 133 in LRC Case No. M-5031.

¹On Leave.

²Designated Acting Chairperson, First Division, per Special Order No. 2540 dated February 28, 2018.

³*Rollo*, pp. 27-70.

⁴Penned by Associate Justice Celia C. Librea-Leagogo with Associate Justices Franchito N. Diamante and Melchor Q.C. Sadang concurring, *id.* at 78-94.

⁵*Id.* at 106-108.

⁶Penned by Presiding Judge Elpidio R. Calis, *id.* at 96-101.

⁷*Id.* at 103-104.



Factual Antecedents

Megaworld Corporation (Megaworld) was the registered owner of parking slots covered by Condominium Certificates of Title (CCT) Nos. 593823⁶ (Two Lafayette property) and 64023⁷ (Manhattan property) located in Two Lafayette Square Condominium and Manhattan Square Condominium, respectively, in Makati City.

For failure to pay real property taxes thereon from the year 2000 to 2008, the City Government of Makati issued a Warrant of Levy⁸ over the subject properties. On December 20, 2005, the properties were sold at a public auction, wherein Jerome Solco (Solco) emerged as the highest bidder in the amount of ₱33,080.03 for the Two Lafayette property and ₱32,356.83 for the Manhattan property.⁹

On the same day, the City Government of Makati issued the certificates of sale to Solco. There being no redemption by Megaworld, a Final Deed of Conveyance was executed by the local treasurer dated February 22, 2007.¹⁰

As the CCTs are still under Megaworld's name and the owner's duplicate copies of the same are still in Megaworld's possession, Solco filed a Petition for Issuance of Four New Condominium Certificates of Title and to Declare Null and Void Condominium Certificates of Title Nos. 593823 and 64023¹¹ before the RTC of Makati docketed as LRC Case No. M-5031.

Megaworld filed a Comment on/Opposition to the Petition with Compulsory Counterclaims¹² dated March 24, 2008, averring, among others, that on November 2, 1994, it entered into a Contract to Buy and Sell¹³ with Abdullah D. Dimaporo (Dimaporo) covering a unit in the condominium and the Two Lafayette property, which was delivered to Dimaporo on March 18, 1999; while on February 24, 1996 another Contract to Buy and Sell¹⁴ was entered into by it with Jose V. Delos Santos (Delos Santos), covering another unit in the condominium and the Manhattan property, which was delivered to Delos Santos on May 5, 1999. By virtue of such transfers, the buyers assumed all the respective obligations, assessments, and taxes on the property from the time of delivery pursuant to their agreements. Hence,

⁶Id. at 246-249.

⁷Id. at 243-245.

⁸Id. at 150.

⁹Id. at 79.

¹⁰Id.

¹¹Id. at 142-144.

¹²Id. at 176-205.

¹³Id. at 211-216.

¹⁴Id. at 217-222.

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starting year 2000, Megaworld admittedly did not pay the real property taxes thereon.¹⁵

It was further alleged that sometime in the third quarter of 2006, during the process of transferring the CCTs from Megaworld to the buyers, Megaworld learned that the subject properties were already auctioned off and that the redemption period therefor has already expired. Allegedly, it conducted its own investigation which revealed that the auction proceedings were tainted with fatal anomalies, to wit: (1) Megaworld nor Dimaporo or Delos Santos were notified of the warrants of levy purportedly issued by the city government; (2) the Notice of Delinquency was not posted in a conspicuous place in each barangay of Makati; (3) the published notice did not state the necessary recitals prescribed in Section 254 of the Republic Act No. 7160 or The Local Government Code (RA 7160); (4) the purported warrants of levy were not properly served upon the Register of Deeds and the City Assessor as the same were not annotated by the Register of Deeds in the CCTs and by the City Assessor in the tax declarations in violation of Section 258 of the RA 7160; (5) the levying officer did not verify receipt by Megaworld of the alleged warrants of levy and did not submit a written report on the completion of the service warrants to the City Council; (6) the City Treasurer proceeded with the advertisement of the public sale of the subject properties despite the absence of due notice to Megaworld and the service to the Register of Deeds and the City Assessor of the warrants of levy; (7) the subject properties were auctioned off at measly amounts; (8) that Solco as the lone bidder was also suspicious considering the prime location and marketability of the subject properties; (9) stenographic notes and minutes of the purported auction proceedings were not taken down and prepared; and, (10) an examination of the CCTs reveals that the warrants of levy were annotated only on January 5, 2006, on the same date that the Certificates of Sale were annotated only upon the instance of Solco's representative.¹⁶

Delos Santos instituted a separate action with the RTC impleading Solco, Megaworld, the City Treasurer of Makati, and the Register of Deeds as defendants, basically averring the same factual circumstances and arguments that Megaworld has in its Comment on/Opposition to the Petition above-cited. This, however, was settled between Solco and Delos Santos by virtue of a Compromise Agreement.¹⁷ Consequently, on April 15, 2010, Solco moved to dismiss the case¹⁸ insofar as the Manhattan property is concerned, which was granted by the RTC in its Order¹⁹ dated May 21, 2010.

¹⁵Id. at 80.

¹⁶Id. at 81.

¹⁷Id. at 259-265.

¹⁸Id. at 268-269.

¹⁹Id. at 278.

Hence, the case proceeded only with respect to the Two Lafayette property.

On January 27, 2011, Megaworld filed a Demurrer to Evidence,²⁰ which was denied by the RTC in an Order²¹ dated June 15, 2011 for lack of merit.

On October 2, 2012, the RTC rendered its Order,²² the dispositive portion of which reads:

WHEREFORE, premises considered, finding the petition to be sufficiently established being supported by the evidence on records, judgment is hereby rendered in favor of xxx Jerome K. Solco ordering the oppositor Megaworld Corporation (formerly known as Megaworld Properties and Holdings, Inc.) and/or any other person withholding the owner's duplicate Condominium Certificate of Title No. 59382 of the Registry of Deeds of Makati to surrender the same to the Registry of Deeds, and directing it to issue a new condominium certificate of title upon such surrender.

In the event that the said certificate of title is not surrendered, the same is hereby annulled, and the Registrar (sic) of Deeds for the City of Makati is ordered to issue a new one in the name of Jerome K. Solco on the basis of the Certificate of Sale in his favor, after payment of the required legal fees.

SO ORDERED.²³

Megaworld's Motion for Reconsideration²⁴ dated October 31, 2012 was denied in the RTC Order²⁵ dated February 19, 2013.

On appeal, the CA, citing Sections 254, 256, 258, and 260 of RA 7160 found merit on Megaworld's arguments as to the irregularities which attended the entire delinquency proceedings. The CA found that Solco failed to present proof of compliance to the aforesaid provisions. Specifically, Solco did not present:

1. Proof of posting of the notice of delinquency at the main entrance of Makati City Hall and in a publicly accessible and conspicuous place in each barangay of Makati, violating Sec. 254;
2. Proof of publication of the notice of delinquency, once a week for two consecutive weeks, in a newspaper of general circulation in Makati in violation of Sec. 254;

²⁰Id. at 279-298.

²¹Id. at 299-300.

²²Supra note 4.

²³Id. at 100-101.

²⁴Id. at 303-327.

²⁵Supra note 5.

3. Proof that the warrant of levy was mailed to or served upon Megaworld, the registered owner of the subject unit in violation of Sec. 258. In fact, the CA found that while the Warrant of Levy was addressed to Megaworld, there is no indication that the same was received by any of its representatives;

4. Report on the levy submitted by the levying officer to the sanggunian of Makati supposedly within ten (10) days after Megaworld's receipt of the Warrant of Levy in violation of Sec. 258;

5. Report of the sale to the sanggunian of Makati made by the local treasurer or his deputy supposedly within thirty (30) days after the sale in violation of Sec. 260;

6. Proof that before the auction sale, a written notice of levy with attached warrant was mailed to or served upon the assessor and the Register of Deeds, who shall annotate the levy on the tax declaration and CCT, respectively, in violation of Section 258. The CA found that the Notice of Levy was annotated on the CCT and the Certificate of Sale on the same day on 5 January 2006, while the auction sale was held on 20 December 2005.²⁶

The CA held that strict adherence to the statutes governing tax sales is imperative not only for the protection of taxpayers but also to allay any possible suspicion of collusion between the buyer and the public officials called upon to enforce the laws. It held that the notice of sale to the delinquent land owners and to the public in general is an essential and indispensable requirement of law, the non-fulfillment of which vitiates the sale. The CA further held that the auction sale of land to satisfy alleged delinquencies in the payment of real estate taxes derogates property rights and due process, ruling thus that steps prescribed by law for the sale, particularly the notices of delinquency and of sale, must be followed strictly.

Thus, the appellate court disposed of the appeal as follows:

WHEREFORE, premises considered, the appeal is **GRANTED**. The Orders dated 02 October 2012 and 19 February 2013 of the Regional Trial Court, National Capital Judicial Region, Branch 133, City of Makati in LRC Case No. M-5031, are **REVERSED** and **SET ASIDE**. The entire auction proceedings of the subject parking slot covered by Condominium Certificate of Title No. 593823 of the Registry of Deeds for the City of Makati, including the levy thereof and the auction sale as well as the Certificate of Sale dated 20 December 2005 and Final Deed of Conveyance dated 22 February 2007 are all **NULLIFIED**. The Makati City Register of Deeds is hereby **ORDERED** to cancel Entry Nos. 26362 and 26363 inscribed on CCT No. 593823. The Petition dated 05 October 2007 is **DISMISSED** as to CCT No. 593832. Costs against [Solco].

²⁶Id. at 90.

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SO ORDERED.²⁷

Solco's Motion for Reconsideration²⁸ dated June 2, 2014 was denied by the CA in its Resolution²⁹ dated July 23, 2014 which reads:

WHEREFORE, premises considered, the Motion for Reconsideration is **DENIED** for lack of merit.

SO ORDERED.³⁰

Hence, this petition.

Issues

Essentially, the petition raises the following issues for this Court's resolution, to wit:

- I. May the validity of a tax sale be the subject of a land registration case?
- II. In the affirmative, was the tax sale subject of this case valid?
- III. Assuming the tax sale was invalid, may Solco be considered as a purchaser in good faith to uphold the sale of the subject property in his favor?

This Court's Ruling

The issues shall be discussed *in seriatim*.

I.

Solco contends that the issue on the validity of a tax sale should be threshed out in a proper forum as: (1) the land registration court has limited jurisdiction; (2) Section 267 of RA 7160 requires a jurisdictional bond before a court can entertain any action assailing a tax sale; and (3) giving due course to the issue in a land registration case violated the local government's right to due process as it was not impleaded to answer the issue, as well as a violation to its immunity from suit as it is placed on a risk to be liable to return the proceeds of the tax sale in case the same shall be adjudged invalid.

Solco is patently mistaken.

²⁷Id. at 92.

²⁸Id. at 109-117.

²⁹Id. at 106-108.

³⁰Id. at 107.

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First. It must be remembered that LRC Case No. M-5031 is a petition for declaration of nullity of a condominium certificate of title and the issuance of a new one in lieu thereof. Solco basically seeks for consolidation of ownership and issuance of a new title under his name over the subject property. Needless to say, in such a case, the resolution of the propriety of the claimant's right necessitates the determination of the issue of ownership over the subject property. Simply put, the court cannot just order the cancellation of a title registered under a certain person and the issuance of a new one in lieu thereof under the claimant's name without first ascertaining whether the claimant is the true and rightful owner of the subject property.

Thus, this Court has declared that Presidential Decree (PD) No. 1529, with the intention to avoid multiplicity of suits and to promote expeditious termination of cases, had eliminated the distinction between the general jurisdiction vested in the regional trial court and the latter's limited jurisdiction when acting merely as a land registration court. Land registration courts, as such, can now hear and decide even controversial and contentious cases, as well as those involving substantial issues.³¹

Certainly, thus, the courts *a quo* had jurisdiction to rule on all matters necessary for the determination of the issue of ownership, including the validity of the tax sale.³²

Second. Solco cannot invoke the provision under Section 267 of RA 7160, requiring the posting of a jurisdictional bond before a court can entertain an action assailing a tax sale, which provides:

SEC. 267. Action Assailing Validity of Tax Sale. - No court shall entertain any action assailing the validity of any sale at public auction of real property or rights therein under this Title until the taxpayer shall have deposited with the court the amount for which the real property was sold, together with interest of two percent (2%) per month from the date of sale to the time of the institution of the action. The amount so deposited shall be paid to the purchaser at the auction sale if the deed is declared invalid but it shall be returned to the depositor if the action fails.

Neither shall any court declare a sale at public auction invalid by reason of irregularities or informalities in the proceedings unless the substantive rights of the delinquent owner of the real property or the person having legal interest therein have been impaired.

A simple reading of the title readily reveals that the provision relates to actions for annulment of tax sales. The section likewise makes use of terms "entertain" and "institution" to mean that the deposit requirement

³¹*Talusan v. Tayag*, 408 Phil. 373, 386 (2001).

³²*Id.*

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applies only to *initiatory* actions assailing the validity of tax sales.³³ Again, the suit filed by Solco was an action for nullity of title and issuance of new title in lieu thereof; the issue of nullity of the tax sale was raised by the Megaworld merely as a defense and in no way converted the action to an action for annulment of a tax sale.³⁴

Besides, Megaworld cannot be faulted for the non-posting of the jurisdictional bond as the records clearly show that Megaworld offered to comply with such requirement under Section 267 of RA 7160 at the earliest opportune time. In paragraph 17 of its Comment/Opposition to the Petition with Compulsory Counterclaims filed before the RTC, Megaworld clearly stated:

17. Pursuant to Sec. 267 of the LGC and Sec. 2A.56, Megaworld is willing to deposit with this Honorable Court the amount for which the real property was sold, together with interest of two percent (2%) per month from the date of sale.³⁵

The RTC, however, never addressed the said stipulation. Neither did Solco raise any objection to the submission and trial of the issue on the validity of the tax sale despite the non-payment of the required deposit under Section 267 throughout the entire proceedings until the case reached this Court.

To be sure, however, this Court is not undermining the importance and indispensability of such requirement under Section 267 of RA 7160, which shall be discussed herein below.

Third. Contrary to Solco's asseveration, the city government is not an indispensable party in this case as it shall not be prejudiced whatever the outcome of the case will be.

Solco theorizes that the CA necessarily held the City Government of Makati liable for the return of the proceeds of the tax sale to him when it nullified the tax sale proceedings. According to Solco, this could not be done without violating the principle of the State's immunity from suit as the payment he made in the tax sale already formed part of the public funds of the State as taxes, having been paid to answer a delinquent tax, and as such cannot be withdrawn therefrom without the proper appropriation law. Solco pointed out, in addition, the importance of taxes as the lifeblood of the government.³⁶

This theory is misplaced.

³³*Spouses Plaza v. Lustiva, et al.*, 728 Phil. 359, 369 (2014).

³⁴*Id.* at 370.

³⁵*Rollo*, p. 184.

³⁶*Id.* at 63-64.



At this juncture, it is imperative to discuss the importance and indispensability of the deposit required by Section 267 of RA 7160. To be clear, however, it bears stressing that in this particular case, We rule that the non-compliance to such requirement cannot prevent the court from taking cognizance of the issue on the validity of the tax sale considering that the same was raised merely as a defense, but nonetheless, We emphasize that the purpose of such requirement cannot be disregarded.

As expressly stated in Section 267, the amount deposited shall be paid to the purchaser at the auction sale if the deed is declared invalid; otherwise, it shall be returned to the depositor. In fine, such deposit is meant to reimburse the purchaser of the amount he had paid at the tax sale should the court declare the sale invalid. Clearly, the deposit is an ingenious legal device to guarantee the satisfaction of the tax delinquency, with the local government unit keeping the payment on the bid price whether the tax sale be nullified or not by the court.³⁷

In view of such purpose and considering Megaworld's manifest willingness to comply with Section 267, We find it proper to direct Megaworld to post the required deposit before the trial court pursuant to the said provision.

With this, there is an assurance that the public funds shall not be made liable whatever may be the outcome of the case. Thus, contrary to Solco's contention, the City Government of Makati is not an indispensable party in this annulment of title/land registration case, wherein the validity of the tax sale upon which the applicant's claim is grounded, is in issue.

II.

Having established that the court has jurisdiction to adjudicate upon the matter of the validity of the tax sale in this case, We now determine if the CA correctly ruled that the subject tax sale should be nullified as the process was attended with fatal irregularities.

Preliminarily, We quote herein this Court's pronouncement as regards the importance of strictly complying with the rules on tax delinquency proceedings in *Spouses Ramon and Rosita Tan v. Gorgonia Bantegui, represented by Guadalupe B. Bautista, and Spouses Florante and Florencia B. Caedo*.³⁸

The auction sale of land to satisfy alleged delinquencies in the payment of real estate taxes derogates or impinges on property rights and due process. Thus, the steps prescribed by law for the sale, particularly the

³⁷*National Housing Authority v. Iloilo City, et al.*, 584 Phil. 604, 611 (2008).

³⁸510 Phil. 434 (2005).

notices of delinquency and of sale, must be followed strictly. Failure to observe those steps invalidates the sale.³⁹

Solco argues that the CA erred in its findings and conclusion as Megaworld has not proven the irregularities in the tax sale as found by the CA. Essentially, it is Solco's position that Megaworld has the burden to prove the alleged non-compliance with the procedures of the tax sale.

As early as 1915, in the case of *Arsenio Camo v. Jose Riosa Boyco*,⁴⁰ this Court has clearly settled that the due process of law to be followed in tax proceedings must be established by proof and the general rule was that the purchaser of a tax title was bound to take upon himself the burden of showing the regularity of all proceedings leading up to the sale. Since then, the Court has been consistent in ruling that the burden to prove compliance with the validity of the proceedings leading up to the tax delinquency sale is incumbent upon the buyer or the winning bidder. Indeed, the burden to show that such steps were taken lies on the person claiming its validity,⁴¹ who in this case is Solco.

A careful review of the records of the case would show that the CA correctly ruled that Solco utterly failed to present evidence to show compliance with the rules on tax delinquency sale.

Sections 254, 258, and 260 of RA 7160 provide:

Section 254. Notice of Delinquency in the Payment of the Real Property Tax. - (a) When the real property tax or any other tax imposed under this Title becomes delinquent, the provincial, city or municipal treasurer shall immediately cause a notice of the delinquency to be posted at the main entrance of the provincial capitol, or city or municipal hall and in a publicly accessible and conspicuous place in each barangay of the local government unit concerned. The notice of delinquency shall also be published once a week for two (2) consecutive weeks, in a newspaper of general circulation in the province, city, or municipality.

(b) Such notice shall specify the date upon which the tax became delinquent and shall state that personal property may be distrained to effect payment. It shall likewise state that at any time before the distraint of personal property, payment of the tax with surcharges, interests and penalties may be made in accordance with the next following section, and unless the tax, surcharges and penalties are paid before the expiration of the year for which the tax is due except when the notice of assessment or special levy is contested administratively or judicially pursuant to the provisions of Chapter 3, Title II, Book II of this Code, the delinquent real property will be sold at public auction, and the

³⁹Id. at 439.

⁴⁰29 Phil. 437, 445 (1915).

⁴¹*Corporate Sstrategies Development Corp., et al. v. Agojo*, 747 Phil. 607, 620 (2014).

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title to the property will be vested in the purchaser, subject, however, to the right of the delinquent owner of the property or any person having legal interest therein to redeem the property within one (1) year from the date of sale.

Section 258. Levy on Real Property. - After the expiration of the time required to pay the basic real property tax or any other tax levied under this Title, real property subject to such tax may be levied upon **through the issuance of a warrant on or before, or simultaneously with, the institution of the civil action for the collection of the delinquent tax.** The provincial or city treasurer, or a treasurer of a municipality within the Metropolitan Manila Area, as the case may be, **when issuing a warrant of levy shall prepare a duly authenticated certificate showing the name of the delinquent owner of the property or person having legal interest therein, the description of the property, the amount of the tax due and the interest thereon.** The warrant shall operate with the force of a legal execution throughout the province, city or a municipality within the Metropolitan Manila Area. **The warrant shall be mailed to or served upon the delinquent owner of the real property or person having legal interest therein,** or in case he is out of the country or cannot be located, the administrator or occupant of the property. **At the same time, written notice of the levy with the attached warrant shall be mailed to or served upon the assessor and the Registrar of Deeds of the province, city or municipality within the Metropolitan Manila Area where the property is located, who shall annotate the levy on the tax declaration and certificate of title of the property, respectively.**

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Section 260. Advertisement and Sale. - Within thirty (30) days after service of the warrant of levy, the local treasurer shall proceed to publicly advertise for sale or auction the property or a usable portion thereof as may be necessary to satisfy the tax delinquency and expenses of sale. The advertisement shall be effected by posting a notice at the main entrance of the provincial, city or municipal building, and in a publicly accessible and conspicuous place in the barangay where the real property is located, and by publication once a week for two (2) weeks in a newspaper of general circulation in the province, city or municipality where the property is located. The advertisement shall specify the amount of the delinquent tax, the interest due thereon and expenses of sale, the date and place of sale, the name of the owner of the real property or person having legal interest therein, and a description of the property to be sold. At any time before the date fixed for the sale, the owner of the real property or person having legal interest therein may stay the proceedings by paying the delinquent tax, the interest due thereon and the expenses of sale. The sale shall be held either at the main entrance of the provincial, city or municipal building, or on the property to be sold, or at any other place as specified in the notice of the sale.

Within thirty (30) days after the sale, the local treasurer or his deputy shall make a report of the sale to the sanggunian concerned,



and which shall form part of his records. The local treasurer shall likewise prepare and deliver to the purchaser a certificate of sale which shall contain the name of the purchaser, a description of the property sold, the amount of the delinquent tax, the interest due thereon, the expenses of sale and a brief description of the proceedings: Provided, however, That proceeds of the sale in excess of the delinquent tax, the interest due thereon, and the expenses of sale shall be remitted to the owner of the real property or person having legal interest therein.

The local treasurer may, by ordinance duly approved, advance an amount sufficient to defray the costs of collection through the remedies provided for in this Title, including the expenses of advertisement and sale. (Emphasis supplied)

Records show that only the following were presented and formally offered in evidence before the RTC, to wit: (a) the Petition;⁴² (b) the RTC's February 29, 2008⁴³ Order in the same land registration case which stated that the petition was sufficient in form and substance; (c) Certificate of Posting dated March 17, 2008⁴⁴; (d) Certificate of Sale dated December 20, 2005⁴⁵; (e) CCT No. 593823 and Entry No. 76363, which was the annotation of the Certificate of Sale on January 5, 2006; (f) Final Deed of Conveyance dated February 22, 2007⁴⁶; (g) Certificate Authorizing Registration to prove that the transfer taxes were paid⁴⁷; and (h) Tax Clearance Certificate.⁴⁸

Clearly, as correctly found by the CA, nothing in the said evidence presented and formally offered would sufficiently show that the tax sale, from which Solco's claim upon the subject property is based, was properly conducted in accordance with the rules governing the same.

Except for mere photocopies of the Affidavit of Publication,⁴⁹ Certification issued by the City Administrator,⁵⁰ and the Certification issued by the barangay captain,⁵¹ which were all belatedly submitted to the CA with Solco's Motion for Reconsideration of the CA's assailed Decision, no other proof was adduced to prove compliance with the other requirements of Sections 254, 258, and 260. Even if We are to consider these documents despite their defects considering that these are mere photocopies and were not even formally offered in evidence as they were presented only on the

⁴²*Rollo*, pp. 142-145.

⁴³*Id.* at 172-174.

⁴⁴*Id.* at 175.

⁴⁵*Id.* at 149.

⁴⁶*Id.* at 151-152.


⁴⁷*Id.* at 153.

⁴⁸*Id.* at 154.

⁴⁹*Id.* at 135.

⁵⁰Certifying that "the list of Properties for Public Auction scheduled on December 20, 2005 issued by the Treasurer's Office of Makati City were posted on the Bulletin Board of the City Hall" of Makati, *id.* at 140.

⁵¹Certifying that the delinquent taxpayers which are subject for public auction on December 20, 2005 were posted in the bulletin boards located in different conspicuous places within the area of jurisdiction, *id.* at 141.



motion for reconsideration before the appellate court, irregularities in the tax sale are still very much apparent, which notably, were not even refuted by Solco in the instant petition. Solco's arguments in this petition mainly attempted to put the burden upon Megaworld to prove the alleged irregularities.

It has been held that matters of notice and publication in tax sales are factual questions that cannot be determined by this Court, especially in a petition for review under Rule 45. As a rule, this Court will not inquire into the evidence relied upon by the lower courts to support their findings.⁵² As the CA had already ruled on the question of compliance with the requirements of the conduct of a tax sale, We must uphold the same in accordance with the said rule.

At any rate, a judicious study of the records of this case led Us to the same conclusion that Solco patently failed to discharge the burden of proving that the tax sale was conducted with conformity to the governing rules above-cited.

The record is barren of any proof that the warrant of levy was served upon Megaworld or Dimaporo as the beneficial owner/possessor, either personally or by registered mail. As correctly observed by the CA, the acknowledgment portion of the warrant of levy is blank and does not indicate any signature or printed name of Megaworld's representative or Dimaporo to prove the receipt of the same. Also, the warrant of levy on its face shows that it was issued on December 20, 2005, which was also the date of the auction sale. Indeed, it is highly irregular that the warrant of levy was issued on the same date of the auction sale. It is essential that there be an actual notice to the delinquent taxpayer, otherwise, the sale is null and void even if it be preceded by proper advertisement or publication.⁵³

There was likewise no evidence presented and offered that a written notice of levy with the attached warrant was mailed to or served upon the assessor and the Register of Deeds for the latter to be able to annotate the levy on the tax declaration and the title, respectively. In this case, the inscription of the Notice of Levy on the CCT No. 593823 was dated January 5, 2006 or 16 days after the auction sale. Such annotation was done on the same date that the Certificate of Sale was inscribed on the title. Further, the reportorial requirements to the *Sanggunian* to be done by the levying officer and the local treasurer, respectively, were not proven to be complied with. Clearly, these are violation of RA 7160's provisions above-cited.

At the risk of being repetitive, it bears stressing that the requirements for tax delinquency sale under RA 7160 are mandatory. As We have held in

⁵²*Talusan v. Tayag*, *supra* note 31, *id.* at 387.

⁵³*Corporate Strategies Development Corp., et al. v. Agojo*, *supra* note 41, *id.* at 621.

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Corporate Strategies Development Corp. and Rafael R. Prieto v. Norman A. Agojo.⁵⁴

Strict adherence to the statutes governing tax sales is imperative not only for the protection of the taxpayers, but also to allay any possible suspicion of collusion between the buyer and the public officials called upon to enforce the laws. Particularly, the notice of sale to the delinquent land owners and to the public in general is an essential and indispensable requirement of law, the non-fulfilment of which vitiates the sale.

For these reasons, We are constrained to affirm the CA's ruling, which is to strike down the tax sale as null and void. We cannot deny that there is insufficiency of evidence to prove compliance with the above-cited mandatory requirements under RA 7160 for a valid tax delinquency sale.

III.

In arguing that he was a buyer in good faith, Solco merely relied upon the presumption of good faith under Section 3(a), Rule 131⁵⁵ of the Rules of Court and also averred that he merely relied on the presumption of regularity of the acts of public officials in the conduct of the tax sale.

Foremost, in consonance with the strict and mandatory character of the requirements for validity of a tax delinquency sale, well-established is the rule that the presumption of regularity in the performance of a duty enjoyed by public officials, cannot be applied to those involved in the conduct of a tax sale. In the case of *Camo*⁵⁶ above-cited, it was written that no presumption of regularity exists in any administrative action which resulted in depriving a citizen or taxpayer of his property. This is an exception to the rule that administrative proceedings are presumed to be regular.⁵⁷

Secondly, good faith is a question of intention, determined by outward acts and proven conduct.⁵⁸ The circumstances of the case restrain Us from ruling that Solco was a buyer in good faith. Records show that the subject property had been in Dimaporo's possession since 1999. Notably, this fact has never been refuted by Solco in the entire proceedings even up to the instant petition. Settled is the rule that one who purchases a real property which is in possession of another should at least make some inquiry beyond the face of the title. A purchaser cannot close his eyes to facts which should put a reasonable man upon his guard, and then claim that he acted in good

⁵⁴Supra at 624-625.

⁵⁵Section 3. *Disputable presumptions*. -

(a) That a person is innocent of crime or wrong.

⁵⁶*Camo v. Boyco*, supra note 40.

⁵⁷*Sps. Sarmiento v. Court of Appeals*, 507 Phil. 101, 123 (2005).

⁵⁸*Spouses Tan v. Bantegui*, supra note 39, id. at 449.

faith under the belief that there was no defect in the title of the vendor.⁵⁹ Admittedly, in this case, Solco never made any inquiry to such a significant fact.⁶⁰

In all, We find no cogent reason to deviate from the findings and conclusion of the CA.

WHEREFORE, premises considered, the instant petition is **DENIED**. Accordingly, the Decision dated May 12, 2014 and Resolution dated July 23, 2014 of the Court of Appeals in CA-G.R. CV No. 100636 are hereby **AFFIRMED**. In view hereof, respondent Megaworld Corporation is **ORDERED** to deposit with the trial court the amount to be paid to petitioner Jerome Solco, pursuant to Section 267 of Republic Act No. 7160, as the buyer in the tax delinquency sale adjudged to be null and void in this case.

SO ORDERED.


NOEL GIMENEZ TIJAM
Associate Justice

WE CONCUR:

(On Leave)
MA. LOURDES P. A. SERENO
Chief Justice
Chairperson


TERESITA J. LEONARDO-DE CASTRO
Acting Chairperson, First Division


MARIANO C. DEL CASTILLO
Associate Justice

⁵⁹*Sps. Sarmiento v. Court of Appeals*, supra note 57, id. at 124.

⁶⁰*Rollo*, pp. 490-491.



FRANCIS H. JARDELEZA
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



TERESITA J. LEONARDO-DE CASTRO
Associate Justice
Acting Chairperson, First Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Resolution had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ANTONIO T. CARPIO
Acting Chief Justice