THIRD DIVISION

G.R. No. 260912 ***(The Department of Energy v. Court of Tax Appeals)***

Promulgated: August 17, 2022

x----------x

DISSENTING OPINION

DIMAAMPAO, *J.*:

At the pith of this controversy lies the seemingly innocuous question: does the Court of Tax Appeals (CTA) have exclusive appellate jurisdiction over tax controversies involving government agencies and offices?

The *ponencia* answers this in the negative based on a straight application of the Court's doctrine in *Power Sector Assets and Liabilities Management Corporation (PSALM) v. Commissioner of Internal Revenue.*[1] The *ponencia* clarifies that the pronouncement in *PSALM* did not limit the application of the provisions of Presidential Decree (PD) No. 242 to instances where there is an agreement or contract between opposing government bodies. Resultingly, the *ponencia* dismisses the present Petition and upholds the CTA's own dismissal of the case before it for lack of jurisdiction.

While I agree with how the *PSALM* doctrine was applied by the *ponencia,* I must nevertheless register my disagreement to the disposition of this case. I laud the prudence of the majority in upholding this doctrine as it is concededly based on defensible logic and reasoning. Nevertheless, I offer my humble dissent with the hope that perhaps the Court may re-examine this interpretation of PD No. 242 in the future.

In my considered opinion, the Court should revisit the *PSALM* ruling and revert to its earlier pronouncement in *Philippine National Oil Co. (PNOC) v. Court of Appeals*,[2] where We held that Section 7 of Republic Act (RA) No. 1125, as amended, constitutes an exception to PD No. 242, such that the resolution of disputes included in the enumerated circumstances under Section 7 solely among government offices, agencies, and instrumentalities, including government-owned and controlled corporations, remains within the exclusive appellate jurisdiction of the CTA.

I expound on my position with the aid of a narration of the historical evolution of this doctrine.

In 1973, then President Ferdinand E. Marcos, in the exercise of his extraordinary legislative powers, issued PD No. 242, entitled "Prescribing the

---

1 815 Phil. 966-1035 (2017).
2 496 Phil. 506-636 (2005).

Procedure for Administrative Settlement or Adjudication of Disputes, Claims and Controversies Between or Among Government Offices, Agencies and Instrumentalities, including Government-Owned or Controlled Corporations, and for Other Purposes."[3] The thrust of the law was to avoid court litigation between and among different government entities where there was only one real party in interest, *i.e.,* the Government itself. Thus, Section 1 thereof provided:

> SECTION 1. Provisions of law to the contrary notwithstanding, all disputes, claims and controversies solely between or among the departments, bureaus, offices, agencies and instrumentalities of the National Government, including government-owned or controlled corporations but excluding constitutional offices or agencies, arising from the interpretation and application of statutes, contracts or agreements, shall henceforth be administratively settled or adjudicated as provided hereinafter: Provided, That this shall not apply to cases already pending in court at the time of the effectivity of this decree.

The statute itself, however, provides no further detail as to the nature of "the disputes, claims and controversies" which fell under its coverage. Its implementing rules and regulations (IRR), *i.e.,* Department of Justice (DOJ) Administrative Order No. 121,[4] was likewise silent in this regard.

Eventually, PD No. 242 was incorporated into Book IV, Chapter 14 of Executive Order (EO) No. 292 or the Revised Administrative Code of 1987. Section 66 of the latter mirrored Section 1 of the former law, *viz.*:

> SECTION 66. How Settled. — All disputes, claims and controversies, solely between or among the departments, bureaus, offices, agencies and instrumentalities of the National Government, including government-owned or controlled corporations, such as those arising from the interpretation and application of statutes, contracts or agreements, shall be administratively settled or adjudicated in the manner provided in this Chapter. This Chapter shall, however, not apply to disputes involving the Congress, the Supreme Court, the Constitutional Commissions, and local governments.

Still, EO No. 292 did not define what constituted "disputes, claims and controversies" and whether it applied to tax assessments against, or refund claims of, government entities.

This question was not resolved until the case of *Development Bank of the Phils. (DBP) v. Court of Appeals*,[5] which involved a claim for refund of

---

[3] Issued on 9 July 1973.

[4] Entitled "RULES IMPLEMENTING PRESIDENTIAL DECREE NO. 242 "PRESCRIBING THE PROCEDURE FOR ADMINISTRATIVE SETTLEMENT OR ADJUDICATION OF DISPUTES, CLAIMS AND CONTROVERSIES BETWEEN OR AMONG GOVERNMENT OFFICES, AGENCIES AND INSTRUMENTALITIES, INCLUDING GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS, AND FOR OTHER PURPOSES." Issued on 25 July 1973.

[5] 259 Phil. 1096-1104 (1989).

the custom duties, taxes, and processing fees that petitioner DBP paid to the Bureau of Customs (BOC) for importing some computer equipment. The Customs Commissioner argued that the CTA should not have taken cognizance of DBP's claim considering the provisions of PD No. 242. This issue on jurisdiction was then elevated for the Court's consideration which held that "that there is an 'irreconcilable repugnancy . . . between Section 7(2) of R.A. No. 1125 and P.D. No. 242,' and hence, that the later enactment (P.D. No. 242), being the latest expression of the legislative will, should prevail over the earlier."[6]

Despite the Court *En Banc*'s pronouncement in *DBP,* in 1990, the Court promulgated *National Power Corp. (NAPOCOR) v. Presiding Judge, RTC, 10th Judicial Region, Br. XXV, Cagayan De Oro City*,[7] which involved a real property tax assessment by a local government unit against petitioner NAPOCOR. In this case, the Court held that as between PD No. 242 and PD No. 464, or the Real Property Tax Code, the latter should prevail against the former:

> An examination of these two decrees shows that P.D. 242 is a general law which deals with administrative settlement or adjudication of disputes, claims and controversies between or among government offices, agencies and instrumentalities, including government-owned or controlled corporations. The coverage is broad and sweeping, encompassing all disputes, claims and controversies.
>
> P.D. 464 on the other hand, governs the appraisal and assessment of real property for purposes of taxation by provinces, cities and municipalities, as well as the levy, collection and administration of real property tax. It is a special law which deals specifically with real property taxes.
>
> It is a basic tenet in statutory construction that between a general law and a special law, the special law prevails. *GENERALIA SPECIALIBUS NON DEROGANT.*
>
> Where a later special law on a particular subject is repugnant to, or inconsistent with, a prior general law on the same subject, a partial repeal of the latter will be implied to the extent of the repugnancy or an exception grafted upon the general law.
>
> A special law must be intended to constitute an exception to the general law in the absence of special circumstances forcing a contrary conclusion.
>
> The conflict in the provisions on jurisdiction between P.D. 242 and P.D. 464 should be resolved in favor of the latter law, since it is a special law and of later enactment. P.D. 242 must yield to P.D. 464 on the matter of who or which tribunal or agency has jurisdiction over the enforcement

---

6 Id.

7 268 Phil. 507-516 (1990).

> and collection of real property taxes. Therefore, respondent court has jurisdiction to hear and decide Civil Case No. 9901.

A year later, the Court was tasked to rule on the constitutionality of PD No. 242 in the case of *Philippine Veterans Investment Development Corp. (PHIVIDEC) v. Velez.*[8] Petitioners asserted that PD No. 242 was unconstitutional for emasculating and impairing the judicial power of review of the courts under the 1987 Constitution. In rejecting this contention, the First Division of the Court simply held that PD No. 242 did not diminish the jurisdiction of the courts but only prescribed an administrative procedure for the settlement of certain types of disputes between or among government bodies. The Court likened the procedure therein to arbitration proceedings.

On 30 March 2004, RA No. 9282[9] was passed which amended RA No. 1125 by elevating the status of the CTA to a collegiate court with special jurisdiction and further expanding its jurisdiction over tax matters.

Several years after, the Court *En Banc* would again re-examine the import of PD No. 242 in the case of *PNOC.*[10] The controversy in *PNOC* centered on the attempts of the Bureau of Internal Revenue (BIR) to recover the final income taxes due on PNOC's interest earnings arising from its money placements with Philippine National Bank (PNB). Both PNOC and PNB insisted that the CTA had no jurisdiction over their case and sought to have it dismissed. Before the CTA could render its decision, however, the parties elevated the BIR's assessment to the DOJ pursuant to PD No. 242. They then filed a Motion to Suspend Proceedings before the CTA pending the DOJ's resolution of their appeal. Eventually, the CTA ruled that it had jurisdiction over the case and declared the parties liable for the assessments issued against them. When the matter was elevated to this Court, the *Banc* upheld the CTA's jurisdiction over the case and again reconciled RA No. 1125 with PD No. 242:

> The PNB and DOJ are of the same position that P.D. No. 242, the more recent law, repealed Section 7(1) of Rep. Act No. 1125, based on the pronouncement of this Court in *Development Bank of the Philippines v. Court of Appeals, et al.*, quoted below:
>
> x x x x
>
> In the said case, it was expressly declared that P.D. No. 242 repealed Section 7(2) of Rep. Act No. 1125, which provides for the exclusive appellate jurisdiction of the CTA over decisions of the Commissioner of Customs. PNB contends that P.D. No. 242 should be deemed to have

---

8 276 Phil. 439-444 (1991).

9 Entitled "AN ACT EXPANDING THE JURISDICTION OF THE COURT OF TAX APPEALS (CTA), ELEVATING ITS RANK TO THE LEVEL OF A COLLEGIATE COURT WITH SPECIAL JURISDICTION AND ENLARGING ITS MEMBERSHIP, AMENDING FOR THE PURPOSE CERTAIN SECTIONS OR REPUBLIC ACT NO. 1125, AS AMENDED, OTHERWISE KNOWN AS THE LAW CREATING THE COURT OF TAX APPEALS, AND FOR OTHER PURPOSES," Approved on 30 March 2004.

10 Supra note 2.

> likewise repealed Section 7(1) of Rep. Act No. 1125, which provides for the exclusive appellate jurisdiction of the CTA over decisions of the BIR Commissioner.
>
> After re-examining the provisions on jurisdiction of Rep. Act No. 1125 and P.D. No. 242, this Court finds itself in disagreement with the pronouncement made in *Development Bank of the Philippines v. Court of Appeals, et al.*, x x x
>
> x x x x
>
> It has, thus, become an established rule of statutory construction that between a general law and a special law, the special law prevails — *Generalia specialibus non derogant.*
>
> Sustained herein is the contention of private respondent Savellano that P.D. No. 242 is a general law that deals with administrative settlement or adjudication of disputes, claims and controversies between or among government offices, agencies and instrumentalities, including government-owned or controlled corporations. Its coverage is broad and sweeping, encompassing all disputes, claims and controversies. It has been incorporated as Chapter 14, Book IV of E.O. No. 292, otherwise known as the Revised Administrative Code of the Philippines. On the other hand, Rep. Act No. 1125 is a special law dealing with a specific subject matter — the creation of the CTA, which shall exercise exclusive appellate jurisdiction over the tax disputes and controversies enumerated therein.
>
> Following the rule on statutory construction involving a general and a special law previously discussed, then P.D. No. 242 should not affect Rep. Act No. 1125. Rep. Act No. 1125, specifically Section 7 thereof on the jurisdiction of the CTA, constitutes an exception to P.D. No. 242. Disputes, claims and controversies, falling under Section 7 of Rep. Act No. 1125, even though solely among government offices, agencies, and instrumentalities, including government-owned and controlled corporations, remain in the exclusive appellate jurisdiction of the CTA. Such a construction resolves the alleged inconsistency or conflict between the two statutes, and the fact that P.D. No. 242 is the more recent law is no longer significant.

Notably, the Court in *PNOC,* also held that assuming *arguendo* that PD No. 242 would prevail over RA No. 1125, the dispute therein would still not be covered by PD No. 242. The Court emphasized that Section 1 thereof explicitly limited the procedure to resolving disputes solely between government bodies. In this case, respondent Savellano was a private citizen whose claims for his informer's reward was also at issue before the CTA.

In 2016, the Court rendered the decision in *Orion Water District v. Government Service Insurance System*,[11] which herein petitioner Department of Energy (DOE) relies upon to justify its resort to the CTA. There, the Government Service Insurance System (GSIS) instituted a claim for sum of

---

[11] G.R. No. 195382 (Resolution), 15 June 2016.

money against Orion Water District (OWD) to recover unremitted premium contributions that the latter, as an employer, should have paid to the former. On the other hand, OWD asserted that the administrative settlement procedure under Book IV, Chapter 14 of EO No. 292 should have applied. The Court rejected the OWD's contention and echoed *PHIVIDEC* in its *ratio.* It held that the Book IV, Chapter 14 of EO No. 292, and its precursor PD No. 242, only prescribed an administrative procedure for the settlement of certain types of disputes among government entities arising from the interpretation and application of statutes, contracts, or agreements. Since GSIS' complaint in this case was for sum of money and did not involve an obscure question of law or ambiguous provision of contract, it did not fall within the coverage of the cited provisions in EO No. 292. Citing *PNOC,* the Court therein ratiocinated that even assuming *arguendo* that the dispute fell within the enumerated circumstances in Book IV, Chapter 14 of EO No. 292, the administrative procedure would still not apply since the present case also involved the officials of OWD.

In the same year, the Court ruled on *Commissioner of Internal Revenue v. Secretary of Justice,*[12] which involved tax deficiency assessments issued against the Philippine Amusement and Gaming Corporation (PAGCOR). In the course of its administrative protest, PAGCOR eventually elevated the matter to the Secretary of Justice who declared PAGCOR exempt from all taxes except the five percent (5%) franchise tax provided in its charter. The Commissioner of Internal Revenue (CIR) filed a petition for *certiorari* before Us questioning the actions of the Secretary of Justice, essentially arguing that it was the CTA that had appellate jurisdiction in this case, and not the Secretary of Justice. The Court therein agreed with the CIR and held that the Secretary of Justice erred in insisting to exercise jurisdiction on PAGCOR's appeal instead of referring the case to the CTA per Court's pronouncement in *PNOC.* The Court elucidated that "doctrine of stare decisis required him to adhere to the ruling of the Court, which by tradition and conformably with our system of judicial administration speaks the last word on what the law is, and stands as the final arbiter of any justiciable controversy."

Finally, in 2017, the Court ruled on *PSALM.*[13] This case involved a deficiency value-added tax (VAT) assessment issued against PSALM for its sale of two power plants which it was constrained to pay under protest. PSALM disputed its assessment before the DOJ which ruled in its favor. The BIR moved for reconsideration insisting that the DOJ did not have jurisdiction over the case and that PSALM should have filed instead its petition before the CTA. The DOJ rejected this contention. The BIR then filed a petition for *certiorari* with the CA which found its petition meritorious and annulled the decision of the Secretary of Justice. PSALM then elevated the matter to this Court. In granting its petition, the Court *En Banc*, speaking through the

---

12 799 Phil. 13-46 (2016).

13 Supra note 1.

esteemed retired Senior Associate Justice Antonio Carpio, upheld the Secretary of Justice's jurisdiction to adjudicate the claims of competing government bodies pursuant to the mandatory tenor of PD No. 242. In reconciling this case with the Court's earlier pronouncements, the *ponencia* therein observed that *PNOC,* in particular, was grounded on a different factual circumstance, *i.e.,* that it involved a private citizen. "Clearly, PD 242 is not applicable to the case of *PNOC v. CA*. Even the *ponencia* in *PNOC v. CA* stated that the dispute in that case is not covered by PD 242." The Court emphasized that it was only proper for inter-governmental disputes to be settled administratively considering that all these entities are under the President's executive control and supervision which is a power vested by the Constitution and cannot be diminished by law. Likewise, the judiciary cannot substitute its decision over that of the President. Additionally, the Court emphasized that PD No. 242 provided a relief that must be availed of before going to court pursuant to the doctrine of exhaustion of administrative remedies. The Court also reconciled PD No. 242 with Section 4[14] of the 1997 National Internal Revenue Code (NIRC) which vests appellate jurisdiction over tax matters with the CTA in this wise:

> To harmonize Section 4 of the 1997 NIRC with PD 242, the following interpretation should be adopted: (1) As regards private entities and the BIR,the power to decide disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the NIRC or other laws administered by the BIR is vested in the CIR subject to the exclusive appellate jurisdiction of the CTA, in accordance with Section 4 of the NIRC; and (2) Where the disputing parties are all public entities (covers disputes between the BIR and other government entities), the case shall be governed by PD 242.

In arriving at this conclusion, the Court noted that "1997 NIRC is a general law governing the imposition of national internal revenue taxes, fees, and charges. On the other hand, PD 242 is a special law that applies only to disputes involving solely government offices, agencies, or instrumentalities."

The doctrine in *PSALM* on the Secretary of Justice's jurisdiction over tax disputes between government bodies was again reiterated in *Commissioner of Internal Revenue v. Secretary of Justice*.[15]

After a careful consideration of the foregoing, and with all due respect, it is my modest assertion that the doctrine in PSALM is erroneous.

---

[14] Section 4. Power of the Commissioner to Interpret Tax Laws and to Decide Tax Cases. – The power to interpret the provisions of this Code and other tax laws shall be under the exclusive and original jurisdiction of the Commissioner, subject to review by the Secretary of Finance.

The power to decide disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties imposed in relation thereto, or other matters arising under this Code or other laws or portions thereof administered by the Bureau of Internal Revenue is vested in the Commissioner, subject to the exclusive appellate jurisdiction of the Court of Tax Appeals.

[15] G.R. No. 209289, 9 July 2018.

At the outset, I would like to clarify that despite the Court's attempt to allow *PSALM* and *PNOC* to co-exist by claiming that they rest on different circumstances, it is clear that they are repugnant to each other.

PNOC's resolution was hinged on the proper interpretation of PD No. 242 vis-à-vis RA No. 1125 anent the Secretary of Justice's jurisdiction over tax disputes. There, the Court in no uncertain terms abandoned the *DBP* ruling and declared that RA No. 1125 should be construed as an exception to PD No. 242, the former being a special law on the jurisdiction of the CTA whereas the latter is a general statute encompassing the settlement of all disputes, claims, and controversies between government agencies. On the other hand, *PSALM* recognized that appellate jurisdiction over tax disputes rested with the Secretary of Justice and even construed PD No. 242 as the more specialized law, albeit as juxtaposed with the NIRC. These two interpretations undoubtedly cannot stand side by side. Thus, *PSALM* operated to overturn *PNOC*.

Now, with regard to my concerns on the doctrine itself espoused by *PSALM*, I rest my arguments on the very nature of tax disputes and the basic rules on statutory construction.

One. It must be stressed that my position is not derived from an assertion of superiority of jurisdiction by the Judiciary over the Executive Department. Rather, it stems from a recognition that there are clear lines that separate the functions of the three great branches of government.

It is well-established that the power to tax is legislative in nature and is vested exclusively in Congress.[16] Moreover, the power to tax carries with it the power to collect tax,[17] which Congress may validly delegate to the Executive branch. Thus, in exercising their mandate of collecting taxes and duties, the BIR and the BOC are merely enforcing the Legislative's will by applying the pertinent tax laws. To interpret PD No. 242 as to include tax disputes would result in situations where the Secretary of Justice would be able to supplant the actions of the taxing agencies and effectively thwart the power of collecting taxes delegated by Congress. This would be an overreach into the Legislative sphere, especially when considered in light of the "final and binding" nature of the Secretary of Justice's decision on the parties involved pursuant to Sections 5[18] and 6[19] of PD No. 242. Thus, contrary to the

---

16 See *Purisima v. Lazatin*, 801 Phil. 395-427 (2016).

17 See *Churchill v. Rafferty*, 32 Phil. 580-618 (1915).

18 SECTION 5. The decisions of the Secretary of Justice, as well as those of the Solicitor General or the Government Corporate Counsel, when approved by the Secretary of Justice, shall be final and binding upon the parties involved. Appeals may be taken to and entertained by the Office of the President only in cases wherein the amount of the claim or value of the property exceeds P1 million. The decisions of the Office of the President on appealed cases shall be final.

19 SECTION 6. The final decisions rendered in the settlement or adjudication of all such disputes, claims or controversies shall have the same force and effect as final decisions of the courts of justice.

Court's position in *PSALM,* the settlement of tax disputes is not a matter that can be justified by the President's power of control and supervision since the power to collect taxes, even as against certain taxable government bodies, resides *ultimately* with Congress.

In contrast, the CTA's exercise of appellate jurisdiction over such controversies would not be an overstep into legislative power since judicial review in such instances would merely ensure that the enforcement of the law by the duly delegated agency is within the bounds intended by Congress. Indeed, the CTA is a highly specialized court "specifically created for the purpose of reviewing tax and customs cases" and "is dedicated exclusively to the study and consideration of revenue-related problems, and has necessarily developed an expertise on the subject."[20] It was in recognition of Congress' intent to have the CTA exercise **exclusive jurisdiction to resolve all tax problems** that the Court declared in the landmark case of *Banco De Oro v. Republic*,[21] that the CTA had the authority to "take cognizance of cases directly challenging the constitutionality or validity of a tax law or regulation or administrative issuance (revenue orders, revenue memorandum circulars, rulings)."

Two. A plain reading of the pertinent provisions in either PD No. 242 or Book IV, Chapter 14 of EO No. 292 does not necessarily support the position that the same should cover tax disputes. As earlier intimated, neither law provides any further definition to the phrase "disputes, claims, and controversies." Therefore, the phrase should be understood in its most common and general sense. However, taxes are not in the nature of ordinary civil debt, demand, or contract which may be the subject of setting off or recoupment.[22] The primacy of tax matters, as opposed to all other civil disputes, claim, controversies, is an offshoot the simple truism that taxes are the lifeblood of the government as whole,[23] not just of the Executive. Its collection cannot be left to the will of the taxpayers lest it hamper government operations.[24]

Even assuming that tax disputes are necessarily included under this broader term, the application of the basic rules of statutory construction would yield the same conclusion as found in *NAPOCOR,*[25] *PNOC,*[26] and *Commissioner of Internal Revenue v. Secretary of Justice.*[27]

---

20 *Bureau of Customs v. Devanadera*, 769 Phil. 231-278 (2015).
21 G.R. No. 198756 (Resolution), 16 August 2016.
22 See *Republic v. Mambulao Lumber Co.*, 114 PHIL 549-555 (1962).
23 See *Roman Catholic Archbishop of Cebu v. Collector of Internal Revenue*, 114 PHIL 219-225 (1962).
24 See *Film Development Council of the Philippines v. Colon Heritage Realty Corp.*, G.R. Nos. 203754 & 204418 (Resolution), 15 October 2019.
25 Supra note 7.
26 Supra note 2.
27 Supra note 12.

Prefatorily, it should be emphasized that *PSALM* erroneously characterized PD No. 242 as the more specialized law. However, it is evidently meant to have more general application since it is intended to apply in all kinds of "disputes, claims and controversies" between government entities. By its express terms, all claims, regardless of the nature thereof, would call for PD No. 242's application in determining the appropriate appellate jurisdiction. In contrast, RA No. 1125, as well as the provisions of the NIRC which echo the exclusive appellate jurisdiction of the CTA, describe a more particular form of claim, *i.e.,* tax claims. Indeed, the appellate jurisdiction contemplated in these two laws only apply to tax matters. Thus, by no stretch of the imagination can it be said that either RA No. 1125 or the NIRC is the more general law **at least when it comes to determining appellate jurisdiction.**

Generalia specialibus non derogant. "Where there is in the same statute a particular enactment and also a general one which in its most comprehensive sense would include what is embraced in the former, the particular enactment must be operative, and the general enactment must be taken to affect only such cases within its general language as are not within the provisions of the particular enactment."[28]

As the Court correctly held in *PNOC,* "[f]ollowing the rule on statutory construction involving a general and a special law previously discussed, then P.D. No. 242 should not affect Rep. Act No. 1125. Rep. Act No. 1125, specifically Section 7 thereof on the jurisdiction of the CTA, constitutes an exception to P.D. No. 242. Disputes, claims and controversies, falling under Section 7 of Rep. Act No. 1125, even though solely among government offices, agencies, and instrumentalities, including government-owned and controlled corporations, remain in the exclusive appellate jurisdiction of the CTA. Such a construction resolves the alleged inconsistency or conflict between the two statutes, and the fact that P.D. No. 242 is the more recent law is no longer significant."

Furthermore, it should be pointed out that RA No. 1125 was amended by RA No. 9282 which, as above-discussed, further expanded its jurisdiction. RA No. 8424 or the 1997 NIRC also contained a provision reiterating that disputed assessments were subject to the exclusive appellate jurisdiction of the CTA.[29] Both laws came much later than either PD No. 242 or EO No. 292.

Legis posteriores priores contraries abrogant. "The rationale is simple: a later law repeals an earlier one because it is the later legislative will. It is to be presumed that the lawmakers knew the older law and intended to change

---

28 *Commissioner of Internal Revenue v. Yumex Philippines Corp*., G.R. No. 222476, 5 May 2021.
29 Section 4, RA No. 8424.

it. In enacting the older law, the legislators could not have known the newer one and hence could not have intended to change what they did not know."[30]

Armed with these two aids in statutory construction, the result should be clear: Section 7 of RA No. 1125, as amended by RA No. 9282, should be taken as an exception to PD No. 242 and Book IV, Chapter 14 of EO No. 292 as enunciated in the case of PNOC.

Incidentally, the doctrines in *PHIVIDEC* and *Orion Water District* that PD No. 242 were not repugnant to judicial power, as it merely described an administrative procedure akin to arbitration proceedings, should likewise be abandoned at least insofar as tax disputes are concerned. Similarly, the portion of *PSALM* which declared that PD No. 242 dictates a relief that must be availed of before going to court pursuant to the doctrine of exhaustion of administrative remedies, should also be cast aside. The disquisition above already explains excruciatingly that tax disputes are not covered by the said law and/or operates as an exception thereto. Necessarily, there is no need to "exhaust administrative remedies" so to speak.

It bears stressing that in the passage of statutes, it is presumed that Congress acted "with full knowledge of all existing ones on the subject."[31] At the time that RA No. 9282 was enacted in 2004, both PD No. 242 and EO No. 292 were already in existence. Moreover, the Court's prevailing interpretation at that time for PD No. 242 in relation to tax disputes would have been the doctrines in *DBP*[32] and *PHIVIDEC*.[33] Since judicial decisions interpreting the law forms part of Our legal system,[34] the Legislature would have been aware that PD No. 242 was viewed as an exception to RA No. 1125 and that it merely added an administrative procedure for the settlement of disputes between government entities, but did not diminish the CTA's jurisdiction. If Congress really intended to allow PD No. 242 and EO No. 292 to continue operating for tax disputes among government entities as an additional administrative process, then it would have been a simple matter to incorporate the same under the amendments introduced to Section 7 of RA No. 1125. Nonetheless, there is no mention of decisions of the Secretary of Justice, or even the Office of the President, from among the cases subject to the CTA's widely expanded appellate jurisdiction. This finds special significance when considered in light of the aforementioned "final and binding" nature of the Secretary of Justice's decision on such tax disputes.[35] Since the decision would be final, it would only theoretically be reviewable by the CTA on a writ of *certiorari,* and only for grave abuse of discretion. Conspicuously, no such special mode of review was incorporated in the provisions of RA No. 9282.

---

30 *David v. Commission on Elections*, 337 Phil. 534-554 (1997).
31 See Mecano v. Commission on Audit, 290-A Phil. 272, 283 (1992).
32 Supra note 5.
33 Supra note 8.
34 See Article 8 of Republic Act No. 386, or the Civil Code of the Philippines.
35 See Sections 5 and 6 of Presidential Decree No. 242.

To my mind, this only further bolsters the argument that it was never Congress' intent to continue allowing tax disputes to remain within the jurisdiction of the Secretary of Justice.

All in all, I vote to grant the Petition and to set aside the Resolutions of the CTA *En Banc* and the CTA Second Division.

JAPAR B. DIMAAMPAO
Associate Justice