



**Republic of the Philippines
Supreme Court
Manila**

SPECIAL SECOND DIVISION

**METRO MANILA SHOPPING
MECCA CORP., SHOEMART,
INC., SM PRIME HOLDINGS,
INC., STAR APPLIANCES
CENTER, SUPER VALUE,
INC., ACE HARDWARE
PHILIPPINES, INC., HEALTH
AND BEAUTY, INC.,
JOLLIMART PHILS. CORP.,
and SURPLUS MARKETING
CORPORATION,**

Petitioners,

- versus -

**MS. LIBERTY M. TOLEDO, in
her official capacity as the City
Treasurer of Manila, and THE
CITY OF MANILA,**

Respondents.

G.R. No. 190818

Present:

BRION, J., Acting Chairperson,*
DEL CASTILLO,
PEREZ,
PERLAS-BERNABE, and
LEONEN,** JJ.

Promulgated:

NOV 10 2014

HMM Cabalaguer Perfecto

R E S O L U T I O N

PERLAS-BERNABE, J.:

The Court hereby resolves the Manifestation and Motion¹ dated August 2, 2013 filed by petitioners Metro Manila Shopping Mecca Corp., Shoemart, Inc., SM Prime Holdings, Inc., Star Appliances Center, Super Value, Inc., Ace Hardware Philippines, Inc., Health and Beauty, Inc., Jollimart Phils. Corp., and Surplus Marketing Corporation (petitioners), seeking the approval of the terms and conditions of the parties' Universal Compromise Agreement² dated June 1, 2012 (UCA) in lieu of the Court's Decision³ dated June 5, 2013 (subject Decision) which denied petitioners'

* Designated Acting Chairperson in lieu of Justice Antonio T. Carpio per Special Order No. 1460 dated May 29, 2013.

** Designated Acting Member per Special Order No. 1461 dated May 29, 2013.

¹ *Rollo*, pp. 446-457.

² *Id.* at 458-467.

³ *Metro Manila Shopping Mecca Corp. v. Toledo*, G.R. No. 190818, June 5, 2013, 697 SCRA 425. See also *id.* at 434-444.



claim for tax refund/credit of their local business taxes paid to respondent City of Manila.

In their Manifestation and Motion, petitioners alleged that pursuant to the UCA, the parties agreed to amicably settle all cases between them involving claims for tax refund/credit, including the instant case.⁴ The pertinent portions of the UCA provide:⁵

2.b. It is further agreed that there shall be **no refunds/tax credit certificates to be given or issued by the City of Manila** in the following cases:

2.b.1. **SC GR 190818 (CTA EB No. 480)** entitled “Supervalue, Inc., Ace Hardware Philippines, Inc., H and B Inc., Metro Manila Shopping Mecca Corp., SM Land, Inc. (formerly Shoemart, Inc.), SM Prime Holdings, Inc., Star Appliance Center, Inc., Surplus Marketing Corp. *versus* The City of Manila and the City Treasurer [of] Manila,” which emanated from an Order *in favour of the SM Group* issued by **Branch 47 of the Regional Trial Court of Manila in Civil Case No. 03-108175** entitled “Ace Hardware Phils., Inc., SM Prime Holdings, Inc., Star Appliance Center, Inc., Supervalue, Inc., Watsons Personal Care Stores (Phils.) Inc. *versus* The City of Manila and the City Treasurer of Manila,” and is currently pending before the Supreme Court. (Emphases and underscoring supplied)

In their Comment (with Manifestation of Earnest Apology to the Supreme Court)⁶ dated June 4, 2014, respondent City of Manila and Liberty Toledo, in her capacity as Treasurer of the City of Manila (respondents), confirmed the authenticity and due execution of the UCA. They, however, submitted that the UCA had no effect on the subject Decision since the taxes paid subject of the instant case was not included in the agreement.⁷

The Court adopts the terms and conditions of the UCA pertinent to this case.

A compromise agreement is a contract whereby the parties, by making reciprocal concessions, avoid a litigation or put an end to one already commenced.⁸ It contemplates mutual concessions and mutual gains to avoid the expenses of litigation; or when litigation has already begun, to end it because of the uncertainty of the result.⁹ Its validity is dependent upon the fulfillment of the requisites and principles of contracts dictated by law; and

⁴ Id. at 451.

⁵ Id. at 450 and 465.

⁶ Id. at 496-498.

⁷ Id. at 496.

⁸ *Calingin v. Civil Service Commission*, G.R. No. 183322, October 30, 2009, 604 SCRA 818, 824, citing Article 2028 of the Civil Code.

⁹ Id.

its terms and conditions must not be contrary to law, morals, good customs, public policy, and public order.¹⁰ When given judicial approval, a compromise agreement becomes more than a contract binding upon the parties. Having been sanctioned by the court, it is entered as a determination of a controversy and has the force and effect of a judgment. It is immediately executory and not appealable, except for vices of consent or forgery. The nonfulfillment of its terms and conditions justifies the issuance of a writ of execution; in such an instance, execution becomes a ministerial duty of the court.¹¹

A review of the whereas clauses¹² of the UCA reveals the various court cases filed by petitioners, including this case, for the refund and/or issuance of tax credit covering the local business taxes payments they paid to respondent City of Manila pursuant to Section 21 of the latter's Revenue Code.¹³ Thus, contrary to the submission of respondents, the local business taxes subject of the instant case is clearly covered by the UCA since they were also paid in accordance with the same provision of the Revenue Code of Manila.

In this relation, it is observed that the present case would have been rendered moot and academic had the parties informed the Court of the UCA's supervening execution.¹⁴ Be that as it may, and considering that: (a) the UCA appears to have been executed in accordance with the requirements of a valid compromise agreement; (b) the UCA was executed more than a year prior to the promulgation of the subject Decision; and (c) the result of both the UCA and the subject Decision are practically identical, *i.e.*, that petitioners are not entitled to any tax refund/credit, the Court herein resolves to approve and adopt the pertinent terms and conditions of the UCA insofar as they govern the settlement of the present dispute.

WHEREFORE, the petitioners' Manifestation and Motion dated August 2, 2013 is **GRANTED**. The Decision dated June 5, 2013 of the Court is hereby **SET ASIDE**. In lieu thereof, the terms and conditions of the Universal Compromise Agreement between the parties pertinent to the instant case are **APPROVED** and **ADOPTED** as the Decision of the Court.

The parties are ordered to faithfully comply with the terms and conditions of the said agreement.

¹⁰ Id.

¹¹ *Magbanua v. Uy*, 497 Phil. 511, 519 (2005).

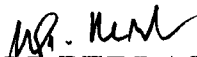
¹² See *rollo*, pp. 458-461.

¹³ See Section 21 of City Ordinance No. 7794, as amended by City Ordinance Nos. 7807, 7988, and 8011, otherwise known as the "Revenue Code of the City of Manila (Revenue Code of Manila).

¹⁴ See *Ayala Land, Inc. v. Navarro*, G.R. No. 127079, May 7, 2004, 428 SCRA 361, 366-367, citing *Ordonez v. Gustilo*, G.R. No. 81835, December 20, 1990, 192 SCRA 469, 475.

This case is considered closed and terminated. No costs.

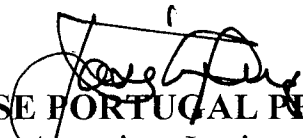
SO ORDERED.


ESTELA M. PERLAS-BERNABE
 Associate Justice

WE CONCUR:


ARTURO D. BRION
 Associate Justice
 Acting Chairperson


MARIANO C. DEL CASTILLO
 Associate Justice


JOSE PORTUGAL PEREZ
 Associate Justice


MARVIC M.V.F. LEONEN
 Associate Justice

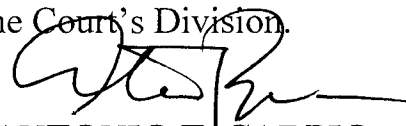
ATTESTATION

I attest 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.


ARTURO D. BRION
 Associate Justice
 Acting Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Acting 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