

### Title:

Villanueva et al. vs. City of Iloilo: Legality of Municipal License Tax on Tenement Houses

### Facts:

The City of Iloilo enacted Ordinance 11, series of 1960, imposing a municipal license tax on persons engaged in operating tenement houses, following the empowerment believed granted by Republic Act 2264 (Local Autonomy Act). Years prior, a similar ordinance (Ordinance 86) was declared ultra vires. The plaintiffs, Eusebio Villanueva and Remedios S. Villanueva, challenged the 1960 ordinance's legality, seeking a declaration of its invalidity and a refund for the taxes paid under it.

The case first went to the Court of First Instance of Iloilo, which ruled in favor of the plaintiffs, deeming Ordinance 11 illegal for exceeding the city's taxing authority, being oppressive, constituting double taxation, and violating the rule of uniformity of taxation. The City of Iloilo appealed this decision to the Supreme Court.

### Issues:

1. Whether Ordinance 11 imposes double taxation.
2. Whether the City of Iloilo is empowered by the Local Autonomy Act to impose tenement taxes.
3. Whether Ordinance 11 is oppressive and unreasonable due to its penal clause.
4. Whether Ordinance 11 violates the rule of uniformity of taxation.

### Court's Decision:

The Supreme Court reversed the lower court's decision, upholding the validity of Ordinance 11:

1. **\*\*Double Taxation\*\***: The Court found no inherent problem with the ordinance imposing a license tax in addition to existing taxes, rejecting the double taxation argument.
2. **\*\*Authority under Local Autonomy Act\*\***: The Court determined that Republic Act 2264 provides local governments broad taxing powers, under which the ordinance falls, thus it is within the City of Iloilo's power to levy the questioned tax.
3. **\*\*Oppressive and Unreasonable\*\***: The Court concluded that the penal clause in Ordinance 11 is not oppressive or unreasonable, noting that taxation is not considered a debt, and sanctions for non-compliance with tax obligations do not constitute unconstitutional imprisonment for debt.
4. **\*\*Uniformity of Taxation\*\***: The Court held that the ordinance did not violate the principle of uniformity and equality in taxation, as it applied uniformly to all operators of tenement

houses within Iloilo City.

**### Doctrine:**

- Local governments under the Local Autonomy Act have broad taxing powers, permitting the imposition of taxes as long as such taxes do not violate constitutional provisions or other controlling statutes.
- The principle of double taxation does not inherently infringe upon constitutional rights, so long as each imposition of tax is authorized and does not violate other principles of taxation, such as uniformity.

**### Class Notes:**

- **\*\*Local Autonomy Act's Role\*\***: Empowers local governments to tax almost all forms of business, except those expressly excluded by the Act.
- **\*\*Definition of Double Taxation\*\***: Occurs when the same property or subject-matter is taxed twice for the same purpose by the same governing body within the same jurisdiction in the same taxing period, and it is not prohibited in the Philippines unless it violates another constitutional provision.
- **\*\*Uniformity and Equality in Taxation\*\***: Taxes must be applied uniformly and equally among all properties or subjects within the jurisdiction of the taxing authority but does not require identical taxes across different jurisdictions or for different types of properties.

**### Historical Background:**

This case reflects the evolving legal landscape concerning local government taxation powers in the Philippines. The shift from a restrictive interpretation of taxing powers, where specific enabling statutes were required, to a broader understanding granted under the Local Autonomy Act marks a pivotal development in Philippine municipal law, enhancing local fiscal autonomy.