

Title: Swedish Match Philippines, Inc. vs. The Treasurer of the City of Manila

Facts: Swedish Match Philippines, Inc. (petitioner) paid a total of PHP 470,932.21 in business taxes on October 20, 2001, based on Sections 14 and 21 of the Manila Revenue Code. Believing it was not liable under Section 21, the petitioner sought a refund, claiming double taxation due to prior payments under Section 14. The request, handled by Finance Manager Tiarra T. Batilaran-Beleno, was ignored by the respondent, leading to a petition for refund filed with the RTC of Manila on October 17, 2003. The RTC dismissed the case due to procedural issues, including questioning Ms. Beleno's authority to sue. The petitioner's appeal to the CTA Second Division and subsequent review by the CTA En Banc upheld the RTC's decision, denying the petition for review.

Issues: The Supreme Court deliberated on: (1) whether Ms. Beleno was authorized to file the Petition for Refund of Taxes with the RTC, and (2) whether Section 21 of the Manila Revenue Code constituted double taxation in light of tax collected under Section 14 of the same code.

Court's Decision: The Supreme Court ruled in favor of the petitioner. It held that Ms. Beleno's authority was sufficiently ratified by the board retroactively. The Court also found no compelling reason to strictly enforce procedural rules regarding verification and certification of non-forum shopping. On the substance, it adjudicated that the petitioner was subject to double taxation, as taxes under both Sections 14 and 21 targeted the same subject matter. The Court invalidated Ordinance Nos. 7988 and 8011, lacking proper publication, used to collect taxes under Section 21. The decision from the CTA En Banc was reversed and set aside, granting the petitioner's refund request.

Doctrine: This case reiterates the principle against double taxation and the flexibility in procedural requirements for the verification and certification of non-forum shopping when the board's authority can be retroactively ratified. Additionally, it emphasizes the necessity for ordinances affecting taxation to comply with publication requirements.

Class Notes:

1. Authority to Sue: Corporate actions, including the filing of court actions, require explicit authorization from the corporation's board or a proper ratification.
2. Double Taxation: Defined as taxing the same subject by the same jurisdiction, for the same purpose, during the same period, and in the same kind or character. This case illustrates the application of the principle against double taxation.

3. Verification and Certification of Non-Forum Shopping: Although generally rigorous, the Supreme Court showed leniency in requiring strict compliance, focusing instead on the substance over procedural formality.
4. Validity of Ordinances: Emphasizes the critical requirement for ordinances to follow the procedural mandates of publication to obtain validity and enforceability.

Historical Background: The legal contention arose from the implementation of the Manila Revenue Code and subsequent amendments, reflecting broader issues of local taxation, corporate procedural compliance, and the judiciary's role in safeguarding against excessive and unlawful municipal tax requirements. This case highlighted the evolving interpretation of double taxation and procedural requirements in the context of corporate litigations against local government units.