

****Title: Tolentino v. Secretary of Finance****

****Facts:**** The consolidated petitions challenge the constitutionality of Republic Act No. 7716, otherwise known as the Expanded Value-Added Tax (E-VAT) Law. This law sought to widen the tax base of the existing VAT system and enhance its administration by amending the National Internal Revenue Code (NIRC). The evolution of the case involved various petitions filed by different stakeholders including legislators, the Integrated Bar of the Philippines (IBP), press institutions, and real estate associations, all questioning the procedure and substance of the E-VAT Law's enactment.

Initially, House Bill No. 11197 was filed in the House of Representatives, passed three readings, and was then sent to the Senate. The Senate, however, did not pass it on second and third readings but instead approved its own version (Senate Bill No. 1630), which was significantly different from the House version. Both versions were subsequently reconciled in a conference committee, resulting in a final version signed into law by the President. Petitions were filed at the Supreme Court challenging the constitutionality of the E-VAT Law on several grounds, including procedural issues related to its origination, certification by the President for its immediate enactment, and substantive issues regarding the law's content.

****Issues:****

1. Whether R.A. No. 7716 originated exclusively in the House of Representatives as required by the Constitution.
2. Whether the certification by the President of the necessity of the law's immediate enactment complied with constitutional requirements.
3. Whether R.A. No. 7716 violates the constitutional provisions on due process, equal protection, and uniformity and equity in taxation.
4. Whether the law infringes on the constitutional policy towards cooperatives and the alleged impairment of contractual obligations.

****Court's Decision:****

1. ****Origination Clause****: The Court held that R.A. No. 7716 complied with the constitutional requirement that revenue bills originate exclusively in the House of Representatives. The Senate's action of passing its own version and the subsequent process it underwent were within the bounds of legislative procedure allowed under the Constitution.
2. ****Presidential Certification****: The Court found that the President's certification of the

necessity of the bill's immediate enactment fulfilled constitutional requirements and justified the bypassing of the three readings on separate days rule.

3. **Constitutionality**: The Court ruled that R.A. No. 7716 does not violate the Constitution's provisions on due process, equal protection, and uniformity and equity of taxation. The law was deemed non-discriminatory and within the scope of legislative power to tax.

4. **Impairment of Contracts and Policy towards Cooperatives**: The Court found no merit in claims that the law impairs contractual obligations or violates constitutional policy towards cooperatives. It emphasized that taxation is inherently a legislative prerogative subject to constitutional limitations, which R.A. No. 7716 did not transgress.

Doctrine:

- The "Origination Clause" (Article VI, Section 24, of the Philippine Constitution) requires that all appropriation, revenue, or tariff bills originate exclusively in the House of Representatives, but the Senate may propose or concur with amendments.

Class Notes:

- The "Origination Clause" involves the procedural requirement for revenue bills.
- "Presidential Certification" can bypass certain procedural requirements under Article VI, Section 26(2), of the Constitution, including the three readings on separate days.
- Legislative discretion in taxation is subject to constitutional limitations such as due process, equal protection, and the rule of uniformity and equity in taxation.
- Key statutory provisions involved include Article VI, Sections 24 and 26 of the Constitution, regarding legislative procedure and enactment of laws.

Historical Background: R.A. No. 7716 was enacted during President Fidel V. Ramos' administration as part of the government's effort to increase revenue collection through the reform of the VAT system. The challenge to its constitutionality tested the boundaries of legislative power, executive intervention in legislative processes, and the scope of judicial review on matters of taxation and legislative procedure.