

Title:

City of Manila v. Malaysian Airline System and Others, 749 Phil. 598

Facts:

1. **Enactment of Revenue Code**: On June 22, 1993, the City Council of Manila enacted Ordinance No. 7794 (Manila Revenue Code), approved by Mayor Alfredo S. Lim. Section 21(B) imposed a tax on gross receipts for various transportation businesses.
2. **Amendment**: Ordinance No. 7807, enacted on September 27, 1993, amended Section 21, reducing the tax from 3% to 50% of 1% per annum on gross receipts.
3. **Imposition of Tax**: Starting January 1994, the City Treasurer began imposing the tax.
4. **Malaysian Airline System (MAS)**: On January 17, 1994, MAS was assessed a business tax of P1,100,000. MAS paid only the mayor's permit fees and contested the tax in RTC Manila.
5. **RTC Branch 43 Ruling**: On April 3, 1995, RTC found in favor of MAS, declaring Section 21(B) invalid for common carriers and exempting MAS from the tax. The City of Manila petitioned the Supreme Court (SC).
6. **Other Corporations**: Multiple other firms (Maersk, APL, Eastern Shipping, etc.) similarly contested the tax across various RTC branches. These cases were consolidated before RTC Branch 32.
7. **RTC Branch 32 Ruling**: On August 28, 1995, RTC upheld the tax's validity. Several corporations filed direct appeals to the SC.
8. **Dismissal and Motion for Reconsideration**: SC initially dismissed an appeal by Maersk et al. for non-payment of complete docket fees, but later reinstated it.
9. **Consolidation of Cases**: The SC consolidated ten petitions challenging the tax and compliance issues by the City of Manila's legal officer.

Issues:

1. **Validity and Constitutionality**: Is Section 21(B) of Ordinance No. 7794, as amended by Ordinance No. 7807, valid and constitutional under the Local Government Code (LGC) of 1991?

Court's Decision:

1. **RTC Procedural Rulings**: The SC addressed pending motions, reinstating the petition of Maersk et al., and denying Manila's motion to withdraw its petition.
2. **Resolution on Tax Validity**: The SC declared Section 21(B) invalid, ruling that it contravened Section 133(j) of the LGC, which limits local governments from taxing the transportation business.

Doctrine:

- **Strict Interpretation of Taxing Powers**: Local governments' taxing powers must be exercised within the strict limits set by statutes.
- **Hierarchy of Statutory Provisions**: Specific provisions (Section 133(j) LGC) prevail over general provisions (Section 143(h) LGC).
- **Uniformity and Non-Duplication**: The legislature's intent is to avoid duplicative taxation on gross receipts for transport businesses, already taxed under national laws.

Class Notes:

- **Tax on Transportation Business**: Under LGC Section 133(j), local governments cannot impose taxes on common carriers' gross receipts.
- **Conflict of Local and National Laws**: Rules of statutory construction clarify that specific limitations on LGU taxation override general grants of taxing powers.
- **Jurisdiction**: Appeals to higher courts should carefully comply with procedural rules, including fee payments.

Historical Background:

- **Local Autonomy vs. Centralized Governance**: The case highlights tensions between decentralization (local revenue generation) and centralized control of taxation powers.
- **Philippine Tax Reforms and LGU Fiscal Autonomy**: The evolution of the Local Government Code of 1991 and subsequent tax law amendments reflect ongoing efforts to balance local fiscal autonomy with national economic uniformity.