

Title: City of Manila vs. Judge Amador E. Gomez and Esso Philippines, Inc. (194 Phil. 90)

Facts:

1. The Revised Charter of Manila, Republic Act No. 409, effective June 18, 1949, set the annual realty tax at 1.5%.
2. Republic Act No. 5447, known as the Special Education Fund Law, took effect on January 1, 1969. It imposed an additional 1% realty tax but capped the total real property tax at 3%.
3. Based on this cap, the City of Manila's municipal board sought to maximize tax income via Ordinance No. 7125, approved on December 26, 1971, effective the third quarter of 1972, imposing an additional 0.5% realty tax.
4. Esso Philippines, Inc. paid a protested additional tax of ₱16,092.69 for the third quarter of 1972 based on its land and machinery located in Manila.
5. On November 9, 1972, Esso Philippines, Inc. filed a complaint in the Court of First Instance of Manila to recover the protest payment, arguing the additional 0.5% tax was void due to lack of authorization by any law or the city charter (Civil Case No. 88827).
6. The trial court declared the tax ordinance void and ordered the refund of the paid amount to Esso. Subsequently, the City of Manila and its treasurer appealed to the Philippine Supreme Court.

Issues:

1. Whether the additional 0.5% realty tax imposed by Ordinance No. 7125 was valid under the Revised Charter of Manila and the Special Education Fund Law.
2. Whether the Special Education Fund Law and subsequent Real Property Tax Code implicitly authorized the imposition of an additional 0.5% realty tax by the City of Manila.
3. The legality of the tax for the period from the third quarter of 1972 to the second quarter of 1974.

Court's Decision:

1. The Supreme Court analyzed the ordinance's legality, considering congressional intent and statutory implications. It reversed the trial court's decision.
2. The Court held that although the power to levy taxes must be express, section 4 of the Special Education Fund Law implicitly allowed for the additional 0.5% tax because it set a 3% maximum total tax rate. This specifically indicated that local governments could impose more taxes within that ceiling.
3. Further validating this stance, the 1974 Real Property Tax Code authorized cities to impose realty taxes up to 2%, confirming the understanding that local governments could augment the then-current 1.5% tax.

Doctrine:

- Doctrine of Implications: A statute includes plainly implied meanings as integral parts, functioning equivalently to explicit provisions.
- The principle of statutory construction is crucial in determining the extent and limits of tax authority granted to local governments.

Class Notes:

1. **Statutory Interpretation**: Understanding implied statutory provisions is key and must align with legislative intent (Doctrine of Implications).
2. **Local Taxation**: Taxation powers of local governments must be explicitly granted but can include implied authorizations within statutory ceilings.
3. **Relevant Statutes**:
  - Republic Act No. 409 (Revised Charter of Manila)
  - Republic Act No. 5447 (Special Education Fund Law)
  - Presidential Decree No. 464 (Real Property Tax Code).

Historical Background:

This case falls within the period of Philippine governance focused on state-building post-World War II and during the martial law era under President Ferdinand Marcos. The legislature's attempts to cap property taxes while allowing municipalities to maximize revenue reflect ongoing efforts to balance local autonomy with national fiscal policies.