

Title:

Alta Vista Golf and Country Club vs. The City of Cebu

Facts:

Alta Vista Golf and Country Club (Alta Vista), a non-stock and non-profit corporation operating a golf course in Cebu City, was assessed deficiency business taxes by the City Treasurer for the year 1998, amounting to P3,820,095.68, including a controversial amusement tax of P2,612,961.24. Over the years, the City of Cebu repeatedly sought to collect these taxes, but Alta Vista contested the amusement tax's legality under Section 42 of the Revised Omnibus Tax Ordinance, arguing that it constituted an irregular and illegal tax on golf courses.

Despite the petitioner's protests and refusal to pay, in 2005, the City Treasurer issued a final demand letter for unpaid taxes along with a closure order for operating without a business permit. Alta Vista filed a Petition to declare the closure order and tax assessment null and void, with a request for injunction against their enforcement. The RTC dismissed this petition, emphasizing the need for compliance with the administrative procedures under Section 187 of the Local Government Code (LGC).

Issues:

1. Whether the judiciary's power of review over local tax ordinances is restricted by Section 187 of the Local Government Code.
2. Whether Cebu City can validly impose an amusement tax on the act of playing golf.

Court's Decision:

1. **Judicial Review and Administrative Remedies**:

- The Supreme Court held that while Section 187 of the LGC mandates an administrative appeal to the Secretary of Justice regarding the validity or constitutionality of local tax ordinances within 30 days, this requirement is not always absolute. Judicial review can be directly sought if there are purely legal questions, particularly when the constitutionality and validity of an ordinance are at issue.

2. **Imposition of Amusement Tax on Golf Courses**:

- The Supreme Court declared Section 42 of the Revised Omnibus Tax Ordinance, as amended, null and void with respect to the imposition of a 20% amusement tax on golf courses. The Court reasoned that golf courses do not fall under "places of amusement" as contemplated under Sections 140 and 131(c) of the LGC. These sections cover only those

venues where people seek to be entertained by viewing performances or shows, which does not include golf courses. This aligns with the principle of *ejusdem generis*, limiting the tax to activities similar to those specifically enumerated in the law.

Doctrine:

1. **Principle of *Ejusdem Generis***:

- The rule where general terms following specific ones are interpreted within the context of the specific terms. Hence, 'other places of amusement,' as mentioned in Section 140 of the LGC, includes only similar venues as those explicitly listed, thus excluding golf courses.

2. **Judicial Review**:

- The jurisdiction of the courts to review tax ordinances cannot always be restricted by procedural mandates, especially when dealing with pure legal questions related directly to the constitutional or statutory validity of local government actions.

Class Notes:

- ***Ejusdem Generis***: Limits the interpretation of general terms following specific ones to include only those of the same kind.

- **Local Government Code, Section 140**: Authority of local governments to levy amusement taxes on theaters, cinemas, concert halls, circuses, boxing stadia, and similar places.

- **Local Government Code, Section 187**: Mandates the procedure for challenging local tax ordinances through administrative appeal before seeking court intervention, barring certain exceptional circumstances.

Historical Background:

This case arose within a broader context of local government taxation powers in the Philippines. The 1991 Local Government Code aimed to decentralize fiscal authority and enhance local autonomy. The provision in question became contentious as local governments sought to broaden their revenue-raising capabilities, which consequently led to various legal challenges asserting checks and balances over such expanded powers. The Court's decision in this case reinforced the limits of local taxation authority and preserved the scope of lawful tax imposition and judiciary's role in checking any overreach.