

### Title:

**\*\*Chavez v. Ongpin et al.: A Legal Examination of Executive Order No. 73 on Real Property Taxation\*\***

### Facts:

The focus of this legal case is Executive Order No. 73 (EO 73), issued by then-President Corazon C. Aquino on November 25, 1986. This EO directed the collection of real property taxes based on the 1984 real property values, sparking controversy and legal challenges. Subsequently, Memorandum Order No. 77 was released, postponing the implementation of EO 73 until June 30, 1987.

Francisco I. Chavez, a property owner affected by the EO, filed a petition directly to the Supreme Court to challenge its constitutionality, citing substantial increases in real property taxes ranging from 100% to 400% for improvements and up to 100% for land. The Realty Owners Association of the Philippines, Inc. (ROAP), later filed a petition-in-intervention, further arguing against the constitutionality of both EO 73 and the underlying Presidential Decree No. 464, especially concerning the additional 1% tax for education.

The procedural journey to the Supreme Court involved direct challenges to executive enactments without first utilizing the procedural mechanisms provided by Presidential Decree No. 464, such as appeals to the Local and Central Boards of Assessment Appeals. Both Chavez and ROAP bypassed these mechanisms, taking their grievances directly to the highest court.

### Issues:

1. **\*\*Constitutionality of Executive Order No. 73\*\***: The legal challenge centered on whether EO 73's immediate effectivity in adjusting real property tax assessments to 1984 values was constitutional.
2. **\*\*Implications for Due Process\*\***: Chavez argued the increase in taxes was a due process violation, amounting to property confiscation.
3. **\*\*Constitutionality of Presidential Decree No. 464\*\***: ROAP contended that PD 464 was unconstitutional, especially concerning the additional 1% education fund tax.

### Court's Decision:

The Supreme Court dismissed both the petition and the petition-in-intervention. The Court found EO 73 to be a valid exercise of the executive's power, noting that it did not introduce new taxes but merely adjusted the base values for taxation to reflect more current real

property values. It underscored that this adjustment was a necessary step in real property tax collection and in ensuring fiscal adequacy for local government units.

On the issue of due process, the Court distinguished the increase in tax base from an unconstitutional taking of property, emphasizing that EO 73 itself did not impose new taxes but adjusted the assessment base for an existing tax in light of economic realities.

Regarding the constitutional challenge against PD 464 brought up by ROAP, the Court deemed it inappropriate to address within the context of this petition, focusing instead solely on the issues raised against EO 73.

### ### Doctrine:

- **Fiscal Adequacy in Taxation**: The State must ensure that its methods of taxation reflect the current economic values to adequately fund its responsibilities to the public.
- **Procedural Mechanisms for Tax Disputes**: Before seeking judicial intervention, taxpayers must first utilize the procedural avenues provided by law for questioning tax assessments, such as appeals to the Local and Central Boards of Assessment Appeals.

### ### Class Notes:

- **Essential Elements of a Valid Tax**: To be valid, a tax must be for a public purpose, non-confiscatory, and uniformly applied.
- **Legal Remedies in Taxation Disputes**: Taxpayers objecting to a tax assessment must follow the hierarchal procedural remedies provided by law, starting with local boards before escalating disputes to higher judicial forums.
- **Executive Orders**: The executive branch has the authority to issue orders for the efficient administration of laws and directives, including adjustments to tax assessment bases as economic conditions evolve.

### ### Historical Background:

EO 73 was issued amidst the Philippines' complex economic recovery phase post-Marcos era, underlining efforts to increase local government revenue through real property taxes and reflecting the constitutional debates and governance challenges during Corazon C. Aquino's presidency. This case highlighted the tensions between government efforts to augment revenues and taxpayer burdens during economic turmoils.