

PROCTER & GAMBLE PHILIPPINE MANUFACTURING CORPORATION, PLAINTIFF-APPELLANT, VS. THE MUNICIPALITY OF JAGNA, PROVINCE OF BOHOL, DEFENDANT-APPELLEE.

G.R. No. L-24265. December 28, 1979

Ponente: MELENCIO-HERRERA, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/6d725bfe2722/>

MELENCIO-HERRERA, J.:

A direct appeal by plaintiff company from the judgment of the Court of First Instance of Manila, Branch VI, upholding the validity of Ordinance No. 4, Series of 1957, enacted by defendant Municipality, which imposed "storage fees on all exportable copra deposited in the bodega within the jurisdiction of the Municipality of Jagna, Bohol."

Plaintiff-appellant is a domestic corporation with principal offices in Manila. It is a consolidated corporation of Procter & Gamble Trading Company and Philippine Manufacturing Company, which later became Procter & Gamble Trading Company, Philippines. It is engaged in the manufacture of soap, edible oil, margarine and other similar products, and for this purpose maintains a "bodega" in defendant Municipality where it stores copra purchased in the municipality and therefrom ships the same for its manufacturing and other operations.

On December 13, 1957, the Municipal Council of Jagna enacted Municipal Ordinance No. 4, Series of 1957, quoted hereinbelow:

"AN ORDINANCE IMPOSING STORAGE FEES OF ALL EXPORTABLE COPRA DEPOSITED IN THE BODEGA WITHIN THE JURISDICTION OF THE MUNICIPALITY OF JAGNA, BOHOL.

"Be it ordained by the Municipal Council of Jagna, Bohol, that:

"SECTION 1. Any person, firm or corporation having a deposit of exportable copra in the bodega, within the jurisdiction of the Municipality of Jagna, Bohol, shall pay to the Municipal Treasury a storage fee of TEN (P0.10) CENTAVOS FOR EVERY HUNDRED (100) kilos;

"SECTION 2. All exportable copra deposited in the bodega within the Municipality of Jagna, Bohol, is part of the surveillance and lookout of the Municipal Authorities;

"SECTION 3. Any person, firm or corporation found violating the provision of the preceding section of this Ordinance shall be punished by a fine of not less than TWO HUNDRED (P200.00) PESOS, nor more than FOUR HUNDRED (P400.00) PESOS, or an imprisonment of not less than ONE MONTH, nor more than THREE MONTHS, or both fines and imprisonment at the discretion of the court.

"SECTION 4. This Ordinance shall take effect on January 1, 1958.

"APPROVED, December 13, 1957.

(Sgd.) TEODORO B. GALACAR

Municipal Mayor "[1]

For a period of six years, from 1958 to 1963, plaintiff paid defendant Municipality, allegedly under protest, storage fees in the total sum of P42,265.13, broken down as follows:

"Procter & Gamble Trading Co.– Procter & Gamble Philippine Manufacturing Corp.

1958 5,072.13 P - - -

1959 7,076.00 - - -

1960 9,950.00 - - -

1961 7,830.00 - - -

1962 3,648.00 P5,279.00

1963 - - - P3,410.00

P33,576.13 P8,689.00

TOTAL CLAIM – P42,265.13"[2]

On March 3, 1964, plaintiff filed this suit in the Court of First Instance of Manila, Branch VI, wherein it prayed that 1) Ordinance No. 4 be declared inapplicable to it, or in the alternative, that it be pronounced ultra-vires and void for being beyond the power of the Municipality to enact; and 2) that defendant Municipality be ordered to refund to it the amount of P42,265.13 which it had paid under protest; and costs.

For its part, defendant Municipality upheld its power to enact the Ordinance in question; questioned the jurisdiction of the trial Court to take cognizance of the action under section 44(h) of the Judiciary Act in that it seeks to enjoin the enforcement of a Municipal Ordinance; and pleaded prescription and laches for plaintiff's failure to timely question the validity of the said Ordinance.

After the parties had agreed to submit the case for judgment on the pleadings, the trial Court upheld its jurisdiction as well as defendant Municipality's power to enact the Ordinance in question under section 2238 of the Revised Administrative Code, otherwise known as the general welfare clause, and declared that plaintiff's right of action had prescribed under the 5-year period provided for by Article 1149 of the Civil Code.

In this appeal, plaintiff interposes the following Assignments of Error:

I

"THE TRIAL COURT ERRED IN HOLDING THAT ORDINANCE NO. 4, SERIES OF 1957, ENACTED BY THE DEFENDANT MUNICIPALITY OF JAGNA, BOHOL, IS A VALID, LEGAL AND ENFORCEABLE ORDINANCE AGAINST THE PLAINTIFF.

II

"THE TRIAL COURT ERRED IN HOLDING THAT PAYMENT OF THE TAX UNDER ORDINANCE NO. 4, SERIES OF 1957 WAS NOT DONE UNDER PROTEST.

III

"THE TRIAL COURT ERRED IN HOLDING THAT THE ACTION OF THE PLAINTIFF TO ANNUL AND TO DECLARE ORDINANCE NO. 4, SERIES OF 1957 OF THE DEFENDANT HAS ALREADY PRESCRIBED.

IV

"AND, FINALLY, THE TRIAL COURT ERRED IN NOT HOLDING ORDINANCE NO. 4, SERIES OF 1957 ULTRA VIRES AND VOID AND IN NOT ORDERING THE REFUND OF TAXES PAID THEREUNDER."[3]

It is plaintiff's submission that the subject Ordinance is inapplicable to it as it is not engaged in the business or trade of storing copra for others for compensation or profit and that the only copra it stores is for its exclusive use in connection with its business as manufacturer of soap, edible oil, margarine and other similar products; that the levy is intended as an "export tax" as it is collected on "exportable copra", and, therefore, beyond the power of the Municipality to enact; and that the fee of P0.10 for every 100 kilos of copra stored in the bodega is excessive, unreasonable and oppressive and is imposed more for revenue than as a regulatory fee.

The main question to determine is whether defendant Municipality was authorized to impose and collect the storage fee provided for in the challenged Ordinance under the laws then prevailing.

The validity of the Ordinance must be upheld pursuant to the broad authority conferred upon municipalities by Commonwealth Act No. 472, approved on June 16, 1939, which was the prevailing law when the Ordinance was enacted (*Procter & Gamble Trading Co. vs. Municipality of Medina*, 43 SCRA 130 [1972]). Section 1 thereof reads:

"Section 1. A municipal council or municipal district council shall have the authority to impose municipal license taxes upon persons engaged in any occupation or business, or exercising privileges in the municipality or municipal district, by requiring them to secure licenses at rates fixed by the municipal council, or municipal district council, and to collect fees and charges for services rendered by the municipality or municipal district and shall otherwise have power to levy for public local purposes, and for school purposes, including teachers' salaries, just and uniform taxes other than percentage taxes and taxes on specified articles.

Under the foregoing provision, a municipality is authorized to impose three kinds of licenses: (1) a license for regulation of useful occupation or enterprises; (2) license for restriction or regulation of non-useful occupations or enterprises; and (3) license for revenue.[4] It is thus unnecessary, as plaintiff would have us do, to determine whether the subject storage fee is a tax for revenue purposes or a license fee to reimburse defendant Municipality for service of supervision because defendant Municipality is authorized not only to impose a license fee but also to tax for revenue purposes.

The storage fee imposed under the questioned Ordinance is actually a municipal license tax or fee on persons, firms and corporations, like plaintiff, exercising the privilege of storing copra in a bodega within the Municipality's territorial jurisdiction. For the term "license tax" has not acquired a fixed meaning. It is often used indiscriminately to designate impositions exacted for the exercise of various privileges. In many instances, it refers to "revenue-raising exactions on privileges or activities." [5]

Not only is the imposition of the storage fee authorized by the general grant of authority under section 1 of CA No. 472. Neither is the storage fee in question prohibited nor beyond the power of the municipal councils and municipal district councils to impose, as listed in section 3 of said CA. No. 472.[6]

Moreover, the business of buying and selling and storing copra is properly the subject of regulation within the police power granted to municipalities under section 2238 of the Revised Administrative Code or the "general welfare clause", which we quote hereunder:

"Section 2238. General power of council to enact ordinances and make regulations. – The municipal council shall enact such ordinances and make such regulations, not repugnant to law, as may be necessary to carry into effect and discharge the powers and duties conferred upon it by law and such as shall seem necessary and proper to provide for the health and safety, promote the prosperity, improve the morals, peace, good order, comfort, and convenience of the municipality and the inhabitants thereof, and for the protection of property therein."

For it has been held that a warehouse used for keeping or storing copra is an establishment likely to endanger the public safety or likely to give rise to conflagration because the oil content of the copra when ignited is difficult to put under control by water and the use of chemicals is necessary to put out the fire.[7] And as the Ordinance itself states, all exportable copra deposited within the municipality is "part of the surveillance and lookout of municipal authorities."

Plaintiff's argument that the imposition of P0.10 per 100 kilos of copra stored in a bodega within defendant's territory is beyond the cost of regulation and surveillance is not well taken. As enunciated in the case of *Victorias Milling Co. vs. Municipality of Victorias*, supra.

"The cost of regulation cannot be taken as a gauge, if the municipality really intended to enact a revenue ordinance. For, 'if the charge exceeds the expense of issuance of a license and costs of regulation, it is a tax'. And if it is, and it is validly imposed, 'the rule that license fees for regulation must bear a reasonable relation to the expense of the regulation has no application'.

Municipal corporations are allowed wide discretion in determining the rates of imposable license fees even in cases of purely police power measures. In the absence of proof as to municipal conditions and the nature of the business being taxed as well as other factors relevant to the issue of arbitrariness or unreasonableness of the questioned rates, Courts will go slow in writing off an Ordinance.[8] In the case at bar, appellant has not sufficiently shown that the rate imposed by the questioned Ordinance is oppressive, excessive and prohibitive.

Plaintiff's averment that the Ordinance, even if presumed valid, is inapplicable to it because it is not engaged in the business or occupation of buying or selling of copra but is only storing copra in connection with its main business of manufacturing soap and other similar products, and that to be compelled to pay the storage fees would amount to double taxation, does not inspire assent. The question of whether appellant is engaged in that business or not is irrelevant because the storage fee, as previously mentioned, is an imposition on the privilege of storing copra in a bodega within defendant municipality by persons, firms or corporations. Section 1 of the Ordinance in question does not state that said persons, firms or corporations should be engaged in the business or occupation of buying or selling copra. Moreover, by plaintiff's own admission that it is a consolidated corporation with its trading company, it will be hard to segregate the copra it uses for trading from that it utilizes for manufacturing.

Thus, it can be said that plaintiff's payment of storage fees imposed by the Ordinance in question does not amount to double taxation. For double taxation to exist, the same property must be taxed twice, when it should be taxed but once. Double taxation has also been defined as taxing the same person twice by the same jurisdiction for the same thing.[9] Surely, a tax on plaintiff's products is different from a tax on the privilege of storing copra in a bodega situated within the territorial boundary of defendant municipality.

Plaintiff's further contention that the storage fee imposed by the Ordinance is actually intended to be an export tax, which is expressly prohibited by section 2287 of the Revised Administrative Code, is without merit. Said

provision reads as follows:

"Section 2287. x x x

"It shall not be in the power of the municipal council to impose a tax in any form whatever upon goods and merchandise carried into the municipality, or out of the same, and any attempt to impose an import or export tax upon such goods in the guise of an unreasonable charge for wharfage, use of bridges or otherwise, shall be void. x x x."

We have held that only where there is a clear showing that what is being taxed is an export to any foreign country would the prohibition come into play.[10] When the Ordinance itself speaks of "exportable" copra, the meaning conveyed is not exclusively export to a foreign country but shipment out of the municipality. The storage fee impugned is not a tax on export because it is imposed not only upon copra to be exported but also upon copra sold and to be used for domestic purposes if stored in any warehouse in the Municipality and the weight thereof is 100 kilos or more.[11]

Thus finding the Ordinance in question to be valid, legal and enforceable, we find it unnecessary to discuss the ascribed error that the Court a quo erred in declaring that appellant had not paid the taxes under protest.

However, we find merit in plaintiff's contention that the lower Court erred in ruling that its action has prescribed under Article 1149 of the Civil Code, which provides for a period of five years for all actions whose periods are not fixed in that Code. The case of Municipality of Opon vs. Caltex Phil.,[12] is authority for the view that the period for prescription of actions to recover municipal license taxes is six years under Article 1145(2) of the Civil Code. Thus, plaintiff's action brought within six years from the time the right of action first accrued in 1958 has not yet prescribed.

WHEREFORE, affirming the judgment appealed from, we sustain the validity of Ordinance No. 4, Series of 1957, of defendant Municipality of Jagna, Bohol, under the laws then prevailing.

Costs against plaintiff-appellant.

SO ORDERED.

Teehankee, (Chairman), Makasiar, Fernandez, Guerrero, and De Castro, JJ., concur.

[1] Pp. 7-8, Annex "A", Record on Appeal.

[2] p. 4, Record on Appeal.

[3] Pp. 3-4, Brief for Plaintiff-Appellant.

[4] Victorias Milling Co., Inc. vs. The Municipality of Victorias, Province of Negros Occidental, 25 SCRA 192 (1968), citing Cu Unjieng vs. Patstone, 42 Phil. 818 (1922).

[5] Victorias Milling Co., Inc. vs. Municipality of Victorias, Negros Occidental, supra.

[6] Uy Matiao & Co., Inc. vs. The City of Cebu, et al., 93 Phil. 300 (1953).

[7] Uy Matiao & Co., Inc. vs. The City of Cebu, et al., supra.

[8] Northern Phil. Tobacco Co. vs. Municipality of Agoo, 31 SCRA 304, (1970); Victorias Milling Co. vs. Municipality of Victorias, supra; San Miguel Brewery Inc. vs. City of Cebu, 43 SCRA 275, (1972).

[9] Victorias Milling Co. vs. Municipality of Victorias, *supra*.

[10] Procter & Gamble Trading Co. vs. Municipality of Medina, *supra*.

[11] Uy Matiao & Co., Inc. vs. The City of Cebu, et al., *supra*.

[12] 22 SCRA 755 (1968), citing Puyat vs. The City of Manila, 7 SCRA 970 (1963).

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.