

PALMA DEVELOPMENT CORPORATION, PETITIONER, VS. MUNICIPALITY OF MALANGAS, ZAMBOANGA DEL SUR, RESPONDENT.

G.R. No. 152492. October 16, 2003

Ponente: PANGANIBAN, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-152492/>

PANGANIBAN, J.:

In accordance with the Local Government Code of 1991, a municipal ordinance imposing fees on goods that pass through the issuing municipality's territory is null and void.

The Case

The Petition for Review[1] before us assails the August 31, 2001 Decision[2] and the February 6, 2002 Resolution[3] of the Court of Appeals (CA) in CA-GR CV No. 56477. The dispositive portion of the challenged Decision reads as follows:

"UPON THE VIEW WE TAKE OF THIS CASE, THUS, the assailed Decision is VACATED and SET ASIDE, and this case is ordered REMANDED to the court a quo for the reception of evidence of the parties on the matter or point delineated in the final sentence above-stated." [4]

The assailed Resolution denied petitioner's Motion for Reconsideration.

The Facts

The facts are undisputed. Petitioner Palma Development Corporation is engaged in milling and selling rice and corn to wholesalers in Zamboanga City. It uses the municipal port of Malangas, Zamboanga del Sur as transshipment point for its goods. The port, as well as the surrounding roads leading to it, belong to and are maintained by the Municipality of Malangas, Zamboanga del Sur.

On January 16, 1994, the municipality passed Municipal Revenue Code No. 09, Series of 1993, which was subsequently approved by the Sangguniang Panlalawigan of Zamboanga del Sur in Resolution No. 1330 dated August 4, 1994. Section 5G.01 of the ordinance reads:

"Section 5G.01. Imposition of fees. There shall be collected service fee for its use of the municipal road[s] or streets leading to the wharf and to any point along the shorelines within the jurisdiction of the municipality and for police surveillance on all goods and all equipment harbored or sheltered in the premises of the wharf and other within the jurisdiction of this municipality in the following schedule:

a) Vehicles and Equipment:

rate of fee

1. Automatic per unit

P10.00

2. Ford Fiera

P10.00

3. Trucks

P10.00

x x x x x x x x

b) Other Goods, Construction Material products:

1. Bamboo craft

P20.00

2. Bangus/Kilo

0.30

x x x x x x x x

41. Rice and corn grits/sack 0.50"[5]

Accordingly, the service fees imposed by Section 5G.01 of the ordinance was paid by petitioner under protest. It contended that under Republic Act No. 7160, otherwise known as the Local Government Code of 1991, municipal governments did not have the authority to tax goods and vehicles that passed through their jurisdictions. Thereafter, before the Regional Trial Court (RTC) of Pagadian City, petitioner filed against the Municipality of Malangas on November 20, 1995, an action for declaratory relief assailing the validity of Section 5G.01 of the municipal ordinance.

On the premise that the case involved the validity of a municipal ordinance, the RTC directed respondent to secure the opinion of the Office of the Solicitor General. The trial court likewise ordered that the opinions of the Departments of Finance and of Justice be sought. As these opinions were still unavailable as of October 17, 1996, petitioner's counsel filed, without objection from respondent, a Manifestation seeking the submission of the case for the RTC's decision on a pure question of law.

In due time, the trial court rendered its November 13, 1996 Decision declaring the entire Municipal Revenue Code No. 09 as ultra vires and, hence, null and void.

Ruling of the Court of Appeals

The CA held that local government units already had revenue-raising powers as provided for under Sections 153 and 155 of RA No. 7160. It ruled as well that within the purview of these provisions -- and therefore valid -- is Section 5G.01, which provides for a "service fee for the use of the municipal road or streets leading to the wharf and to any point along the shorelines within the jurisdiction of the municipality" and "for police surveillance on all goods and all equipment harbored or sheltered in the premises of the wharf and other within the jurisdiction of this municipality."

However, since both parties had submitted the case to the trial court for decision on a pure question of law without a full-blown trial on the merits, the CA could not determine whether the facts of the case were within the ambit of the aforecited sections of RA No. 7160. The appellate court ruled that petitioner still had to adduce

evidence to substantiate its allegations that the assailed ordinance had imposed fees on the movement of goods within the Municipality of Malangas in the guise of a toll fee for the use of municipal roads and a service fee for police surveillance. Thus, the CA held that the absence of such evidence necessitated the remand of the case to the trial court.

Hence, this Petition.[6]

Issues

Petitioner raises the following issues for our consideration:

"1.

Whether or not the Court of Appeals erred when it ordered that the extant case be remanded to the lower court for reception of evidence.

"2.

Whether or not the Court of Appeals erred when it ruled that a full blown trial on the merits is necessary and that plaintiff-appellee, now petitioner, 'has to adduce evidence to substantiate its thesis that the assailed municipal ordinance, in fact, imposes fees on the movement of goods within the jurisdiction of the defendant and that this imposition is merely in the guise of a toll fee for the use of municipal roads and service fee for police surveillance.'

"3.

Whether or not the Court of Appeals erred when it did not rule that the questioned municipal ordinance is contrary to the provisions of R.A. No. 7160 or the Local Government Code of the Philippines." [7]

In brief, the issues boil down to the following: 1) whether Section 5G.01 of Municipal Revenue Code No. 09 is valid; and 2) whether the remand of the case to the trial court is necessary.

The Court's Ruling

The Petition is meritorious.

First Issue:

Validity of the Imposed Fees

Petitioner argues that while respondent has the power to tax or impose fees on vehicles using its roads, it cannot tax the goods that are transported by the vehicles. The provision of the ordinance imposing a service fee for police surveillance on goods is allegedly contrary to Section 133(e) of RA No. 7160, which reads:

"Section 133. Common Limitations on the Taxing Powers of Local Government Units. - Unless otherwise provided herein, the exercise of the taxing powers of provinces, cities, municipalities, and barangays shall not extend to the levy of the following:

x x x x x x x x

e) Taxes, fees and charges and other impositions upon goods carried into and out of, or passing through, the territorial jurisdictions of local government units in the guise of charges for wharfage, tolls for bridges or otherwise, or other taxes, fees or charges in any form whatsoever upon such goods or merchandise;"

On the other hand, respondent maintains that the subject fees are intended for services rendered, the use of municipal roads and police surveillance. The fees are supposedly not covered by the prohibited impositions under

Section 133(e) of RA No. 7160.[8] It further contends that it was empowered by the express mandate of Sections 153 and 155 of RA No. 7160 to enact Section 5G.01 of the ordinance. The pertinent provisions of this statute read as follows:

"Section 153. Service Fees and Charges. -- Local government units may impose and collect such reasonable fees and charges for services rendered.

x x x x x x x x

"Section 155. Toll Fees or Charges. -- The sanggunian concerned may prescribe the terms and conditions and fix the rates for the imposition of toll fees or charges for the use of any public road, pier or wharf, waterway, bridge, ferry or telecommunication system funded and constructed by the local government unit concerned: Provided, That no such toll fees or charges shall be collected from officers and enlisted men of the Armed Forces of the Philippines and members of the Philippine National Police on mission, post office personnel delivering mail, physically-handicapped, and disabled citizens who are sixty-five (65) years or older.

"When public safety and welfare so requires, the sanggunian concerned may discontinue the collection of the tolls, and thereafter the said facility shall be free and open for public use."

Respondent claims that there is no proof that the P0.50 fee for every sack of rice or corn is a fraudulent legislation enacted to subvert the limitation imposed by Section 133(e) of RA No. 7160. Moreover, it argues that allowing petitioner to use its roads without paying the P0.50 fee for every sack of rice or corn would contravene the principle of unjust enrichment.

By express language of Sections 153 and 155 of RA No. 7160, local government units, through their Sanggunian, may prescribe the terms and conditions for the imposition of toll fees or charges for the use of any public road, pier or wharf funded and constructed by them. A service fee imposed on vehicles using municipal roads leading to the wharf is thus valid. However, Section 133(e) of RA No. 7160 prohibits the imposition, in the guise of wharfage, of fees -- as well as all other taxes or charges in any form whatsoever -- on goods or merchandise. It is therefore irrelevant if the fees imposed are actually for police surveillance on the goods, because any other form of imposition on goods passing through the territorial jurisdiction of the municipality is clearly prohibited by Section 133(e).

Under Section 131(y) of RA No. 7160, wharfage is defined as "a fee assessed against the cargo of a vessel engaged in foreign or domestic trade based on quantity, weight, or measure received and/or discharged by vessel." It is apparent that a wharfage does not lose its basic character by being labeled as a service fee "for police surveillance on all goods."

Unpersuasive is the contention of respondent that petitioner would unjustly be enriched at the former's expense. Though the rules thereon apply equally well to the government,[9] for unjust enrichment to be deemed present, two conditions must generally concur: (a) a person is unjustly benefited, and (b) such benefit is derived at another's expense or damage.[10]

In the instant case, the benefits from the use of the municipal roads and the wharf were not unjustly derived by petitioner. Those benefits resulted from the infrastructure that the municipality was mandated by law to provide.[11] There is no unjust enrichment where the one receiving the benefit has a legal right or entitlement thereto, or when there is no causal relation between one's enrichment and the other's impoverishment.[12]

Second Issue:

Remand of the Case

Petitioner asserts that the remand of the case to the trial court for further reception of evidence is unnecessary, because the facts are undisputed by both parties. It has already been clearly established, without need for further evidence, that petitioner transports rice and corn on board trucks that pass through the municipal roads leading to the wharf. Under protest, it paid the service fees, a fact that respondent has readily admitted without qualification.

Respondent, on the other hand, is silent on the issue of the remand of the case to the trial court. The former merely defends the validity of the ordinance, arguing neither for nor against the remand.

We rule against the remand. Not only is it frowned upon by the Rules of Court;^[13] it is also unnecessary on the basis of the facts established by the admissions of the parties. Besides, the fact sought to be established with the reception of additional evidence is irrelevant to the due settlement of the case.

The pertinent portion of the assailed CA Decision reads:

"To be stressed is the fact that local government units now have the following common revenue raising powers under the Local Government Code:

`Section 153. Service Fees and Charges. -- Local government units may impose and collect such reasonable fees and charges for services rendered.

x x x x x x x x

`Section 155. Toll Fees or Charges. -- The Sanggunian concerned may prescribe the terms and conditions and fix the rates for the imposition of toll fees or charges for the use of any public road, pier or wharf, waterway, bridge, ferry or telecommunication system funded and constructed by the local government unit concerned: Provided, That no such toll fees or charges shall be collected from officers and enlisted men of the Armed Forces of the Philippines and members of the Philippine National Police on mission, post office personnel delivering mail, physically-handicapped, and disabled citizens who are sixty-five (65) years or older.

`When public safety and welfare so requires, the Sanggunian concerned may discontinue the collection of the tolls, and thereafter the said facility shall be free and open for public use. x x x'

"As we see it, the disputed municipal ordinance, which provides for a service fee for the use of the municipal road or streets leading to the wharf and to any point along the shorelines within the jurisdiction of the municipality and for police surveillance on all goods and all equipment harbored or sheltered in the premises of the wharf and other within the jurisdiction of this municipality, seems to fall within the compass of the above cited provisions of R.A. No. 7160. As elsewhere indicated, the parties in this case, nonetheless, chose to submit the issue to the Trial Court on a 'pure question of law,' without a full-blown trial on the merits: consequently, we are not prepared to say, at this juncture, that the facts of the case inevitably call for the application, and/or that these make out a clear-cut case within the ambit and purview, of the aforecited section. The plaintiff, thus, has to adduce evidence to substantiate its thesis that the assailed municipal ordinance, in fact, imposes fees on the movement of goods within the jurisdiction of the defendant, and that this imposition is merely in the guise of a toll fee for the use of municipal roads and service fee for police surveillance. Competent evidence upon this score must, thus, be presented."^[14]

We note that Section 5G.01 imposes two types of service fees: 1) one for the use of the municipal roads and 2) another for police surveillance on all goods and equipment sheltered in the premises of the wharf. The amount of service fees, however, is based on the type of vehicle that passes through the road and the type of goods being transported.

While both parties admit that the service fees imposed are for the use of the municipal roads, petitioner maintains that the service fee for police surveillance on goods harbored on the wharf is in the guise of a wharfage,^[15] a

prohibited imposition under Section 133(e) of RA No. 7160.

Thus, the CA held that the case should be remanded to the trial court in order to resolve this factual dispute. The appellate court noted that under Section 155 of RA No. 7160, municipalities apparently now have the power to impose fees for the use of municipal roads.

Nevertheless, a remand is still unnecessary even if the service fee charged against the goods are for police surveillance, because Section 133(e) of RA No. 7160 expressly prohibits the imposition of all other taxes, fees or charges in any form whatsoever upon the merchandise or goods that pass through the territorial jurisdiction of local government units. It is therefore immaterial to the instant case whether the service fee on the goods is for police surveillance or not, since the subject provision of the revenue ordinance is invalid. Reception of further evidence to establish this fact would not legalize the imposition of such fee in any way.

Furthermore, neither party disputes any of the other material facts of the case. From their respective Briefs before the CA and their Memoranda before this Court, they do not dispute the fact that petitioner, from its principal place of business, transports rice and corn on board trucks bound for respondent's wharf. The trucks traverse the municipal roads en route to the wharf, where the sacks of rice and corn are manually loaded into marine vessels bound for Zamboanga City. Likewise undisputed is the fact that respondent imposed and collected fees under the ordinance from petitioner. The former admits that it has been collecting, in addition to the fees on vehicles, P0.50 for every sack of rice or corn that the latter has been shipping through the wharf.[16]

The foregoing allegations are formal judicial admissions that are conclusive upon the parties making them. They require no further proof in accordance with Section 4 of Rule 129 of the Rules of Court, which reads:

"SEC. 4. Judicial admissions. - An admission, verbal or written, made by a party in the course of the proceedings in the same case, does not require proof. The admission may be contradicted only by showing that it was made through palpable mistake or that no such admission was made."

Judicial admissions made by parties in the pleadings, in the course of the trial, or in other proceedings in the same case are conclusive. No further evidence is required to prove them. Moreover, they cannot be contradicted unless it is shown that they have been made through palpable mistake, or that they have not been made at all.[17]

WHEREFORE, the Petition is GRANTED. The assailed Decision and Resolution of the Court of Appeals are hereby SET ASIDE. The imposition of a service fee for police surveillance on all goods harbored or sheltered in the premises of the municipal port of Malangas under Sec. 5G.01 of the Malangas Municipal Revenue Code No. 09, series of 1993, is declared NULL AND VOID for being violative of Republic Act No. 7160.

SO ORDERED.

Puno, (Chairman), Sandoval-Gutierrez and Carpio-Morales, JJ., concur.
Corona, J., on leave.

[1] Rollo, pp. 18-33.

[2] Id., pp. 35-40. Penned by Justice Renato C. Dacudao, with the concurrence of Justices Romeo J. Callejo Sr. (Division chairman and now a member of this Court) and Perlita J. Tria Tirona (member).

[3] Id., p. 42.

[4] CA Decision, p. 6; rollo, p. 40.

[5] Id., pp. 2 & 36.

[6] This case was deemed submitted for resolution on November 27, 2002, upon receipt by this Court of respondent's Memorandum signed by Atty. Mamadra S. Tampipi. This Court received petitioner's Memorandum, signed by Atty. Dirkie Y. Palma, on November 12, 2002.

[7] Petitioner's Memorandum, p. 7; rollo, p. 81. Original in upper case.

[8] Respondent's Memorandum, pp. 7-8; id., pp. 97-98.

[9] Republic v. Court of Appeals, 83 SCRA 453, May 31, 1978.

[10] MC Engineering, Inc. v. Court of Appeals, GR No. 104047, April 3, 2002.

[11] See Section 17(b)(2)(viii) of RA No. 7160.

[12] Vitug, Compendium of Civil Law and Jurisprudence (rev. ed., 1993), p. 18, citing Pascual v. Court of Industrial Relations, 88 SCRA 645, February 28, 1979.

[13] Radiowealth Finance Company v. Del Rosario, 335 SCRA 288, July 6, 2000.

[14] CA Decision, p. 5; rollo, p. 39.

[15] Rollo, pp. 47-48.

[16] Respondent's Memorandum, p. 7; rollo, p. 97.

[17] SCC Chemicals Corporation v. Court of Appeals, 353 SCRA 70, February 28, 2001; Garcia v. Court of Appeals, 327 Phil. 1097, July 5, 1996; Philippine American General Insurance, Co., Inc. v. Sweet Lines, Inc., 212 SCRA 194, August 5, 1992; National Irrigation Administration v. Regino, 192 SCRA 42, December 4, 1990.

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.