

IN THE MATTER OF A PETITION FOR DECLARATORY JUDGMENT RE-GARDING THE VALIDITY OF MUNICIPAL ORDINANCE NO. 14, AS AMENDED BY ORDINANCE NO. 22, SERIES OF 1964 OF ORMOC CITY, ORMOC S...

G.R. No. 24322. July 21, 1967

Ponente: FERNANDO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-24322/>

FERNANDO, J.:

Appeal from a decision of the Court of First Instance of Leyte, Fifth Branch, in a declaratory relief proceeding to test the validity of a Municipal Ordinance of the City of Ormoc, which as amended reads as follows:

"SECTION 1. City Tax.- There shall be paid to the City Treasurer on any and all productions of centrifugal sugar (B-Sugar) locally sold or sold within the Philippines a city tax of Twenty Centavos (P0.20) per picul and one percentum (1%) on the gross sale of its derivatives and by-products produced by the Ormoc Sugar Company, Incorporated, or by any other sugar mills [sic] in Ormoc City."

The above amendatory ordinance was enacted on October 28, 1964 and took effect immediately after approval. The lower court sustained its validity in its decision of January 28, 1965.

The appeal must fail and the decision of the lower court affirmed. The question before this Court is one of power. From and after June 19, 1959, when the Local Autonomy Act was enacted, the sphere of autonomy of a chartered city in the enactment of taxing measures has been considerably enlarged. In the language of the statute:

"SECTION 2. Taxation.- Any provision of law to the contrary notwithstanding, all chartered cities, municipalities and municipal districts shall have authority to impose municipal license taxes or fees upon persons engaged in any occupation or business, or exercising privileges in chartered cities, municipalities or municipal districts by requiring them to secure licenses at rates fixed by the municipal board or city council of the city, the municipal council of the municipality, or the municipal district council of the municipal district; to collect fees and charges for services rendered by the city, municipality or municipal district; to regulate and impose reasonable fees for services rendered in connection with any business, profession or occupation being conducted within the city, municipality or municipal district and otherwise to levy for public purposes, just and uniform taxes, licenses or fees: Provided, That municipalities and municipal districts shall, in no case impose any percentage tax on sales or other taxes in any form based thereon nor impose taxes on articles subject to specific tax, except gasoline, under the provisions of the National Internal Revenue Code: * * *."

In a number of decisions starting from *City of Bacolod v. Gruet*[1] to *Hodges v. Municipal Board*[2] decided early this year, such broad taxing authority has been implemented and vitalized by this Court.

The last mentioned-case, *Hodges v. Municipal Board*, restated the controlling doctrine in this wise:

"No special difficulty attends the resolution of the main issue. Heretofore, we have announced the doctrine that the grant of the power to tax to chartered cities under section 2 of the Local Autonomy Act is sufficiently plenary to cover 'everything, excepting those which are mentioned' therein, subject only to the limitation that

the tax so levied is for 'public purposes, just and uniform' (Nin Bay Mining Company v. Municipality of Roxas, Province of Palawan, G. R No. L-20125, July 20, 1965). There is no showing, and we do not believe it is possible to show, that the tax levied, called by any name, -percentage tax or sales tax - comes under any of the specific exceptions listed in section 2 of the Local Autonomy Act. Not being excepted, it must be regarded as coming within the purview of the general rule. As the maxim goes, 'Exceptio firmat regulam in casibus non exceptis'. Since its public purpose, justness and uniformity of application are not disputed, the tax so levied must be sustained as valid."

In the light of the above, it cannot be said that the ordinance suffers from a constitutional or statutory infirmity as claimed in the first alleged error. Nor is petitioner-appellant any more successful in its claim in the second assigned error that the ordinance suffers from the taint of illegality, it being in restraint of trade. In the absence of a clear and specific showing that there was a transgression of a constitutional provision or repugnancy to a controlling statute, an objection of such a generalized character deserves but scant sympathy from this Court. Considering the indubitable policy expressly set forth in the Local Autonomy Act, the invocation of such a talismanic formula as "restraint of trade" without more no longer suffices, assuming it ever did, to nullify a taxing ordinance, otherwise valid.

WHEREFORE, the judgment a quo is hereby affirmed. Without costs.

Reyes, JBL, Acting C.J., Makalintal, Bengzon, Zaldivar, Sanchez, Ruiz Castro, and Angeles, JJ., concur.
Concepcion, C.J., and Dizon J., are on official leave.

[1] L-18290, January 31, 1963. Cf. *Hodges v. Municipal Board*, L-18129, January 31, 1963.

[2] L-18276, January 12, 1967.

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.