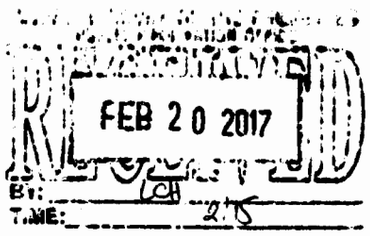

Republic of the Philippines
Supreme Court
Manila

EN BANC

CRISANTO M. AALA, ROBERT N. BALAT, DATU BELARDO M. BUNGAD, CESAR B. CUNTAPAY, LAURA S. DOMINGO, GLORIA M. GAZMEN-TAN, and JOCELYN P. SALUDARES-CADAYONA, Petitioners, -versus- **HON. REY T. UY, in his capacity as the City Mayor of Tagum City, Davao del Norte, MR. ALFREDO H. SILAWAN, in his capacity as City Assessor of Tagum City, HON. DE CARLO L. UY, HON. ALLAN L. RELLON, HON. MARIA LINA F. BAURA, HON. NICANDRO T. SUAYBAGUIO, JR., HON. ROBERT L. SO, HON. JOEDEL T. CAASI, HON. OSCAR M. BERMUDEZ, HON. ALAN D. ZULUETA, HON. GETERITO T. GEMENTIZA, HON. TRISTAN ROYCE R. AALA, HON. FRANCISCO C. REMITAR, in their capacity as City Councilors of Tagum City, Davao del Norte, HON. ALFREDO R. PAGDILAO,**	**G.R. No. 202781** Present: SERENO, *C.J.*, CARPIO, VELASCO, JR., LEONARDO-DE CASTRO, PERALTA, BERSAMIN, DEL CASTILLO, MENDOZA, REYES, PERLAS-BERNABE, LEONEN, JARDELEZA, and CAGUIOA, *JJ.*

in his capacity as ABC representative, and HON. MARIE CAMILLE C. MANANSALA, in her capacity as SKF representative,
Respondents.

Promulgated:
January 10, 2017

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DECISION

LEONEN, *J.*:

Parties must comply with the doctrines on hierarchy of courts and exhaustion of administrative remedies. Otherwise, they run the risk of bringing premature cases before this Court, which may result to protracted litigation and overclogging of dockets.

This resolves the original action for Certiorari, Prohibition, and Mandamus[1] filed by petitioners Crisanto M. Aala, Robert N. Balat, Datu Belardo M. Bungad, Cesar B. Cuntapay, Laura S. Domingo, Gloria M. Gazmen-Tan, and Jocelyn P. Saludares-Cadayona.[2] They question the validity of City Ordinance No. 558, s-2012 of the City of Tagum, Davao del Norte, which the Sangguniang Panlungsod of Tagum City enacted on March 19, 2012.[3]

On July 12, 2011, the Sangguniang Panlungsod of Tagum City's Committee on Finance conducted a public hearing for the approval of a proposed ordinance. The proposed ordinance sought to adopt a new schedule of market values and assessment levels of real properties in Tagum City.[4]

On November 3, 2011, the Sangguniang Panlungsod of Tagum City passed City Ordinance No. 516, s-2011, entitled An Ordinance Approving the New Schedule of Market Values, its Classification, and Assessment Level of Real Properties in the City of Tagum.[5] The ordinance was approved by Mayor Rey T. Uy (Mayor Uy) on November 11, 2011 and was immediately forwarded to the Sangguniang Panlalawigan of Davao del Norte for review.[6]

On February 7, 2012, the Sangguniang Panlalawigan of Davao del

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1 *Rollo*, pp. 3–55.
2 Id. at 3.
3 Id. at 6–7.
4 Id. at 236, Comment.
5 Id. at 237.
6 Id.

Norte's Committee on Ways and Means/Games and Amusement issued a report dated February 1, 2012 declaring City Ordinance No. 516, s-2011 valid.[7] It also directed the Sangguniang Panlungsod of Tagum City to revise the ordinance based on the recommendations of the Provincial Assessor's Office.[8]

Consequently, the Sangguniang Panlalawigan of Davao del Norte returned City Ordinance No. 516, s-2011 to the Sangguniang Panlungsod of Tagum City for modification.[9]

As a result of the amendments introduced to City Ordinance No. 516, s-2011, on March 19, 2012, the Sangguniang Panlungsod of Tagum City passed City Ordinance No. 558, s-2012.[10] The new ordinance was approved by Mayor Uy on April 10, 2012. On the same day, it was transmitted for review to the Sangguniang Panlalawigan of Davao del Norte. The Sangguniang Panlalawigan of Davao del Norte received the proposed ordinance on April 12, 2012.[11]

On April 30, 2012, Engineer Crisanto M. Aala (Aala) and Colonel Jorge P. Ferido (Ferido), both residents of Tagum City, filed before the Sangguniang Panlalawigan of Davao del Norte an Opposition/Objection to City Ordinance No. 558, s-2012.[12] The opposition was docketed as Case No. DOCS-12-000362 and was referred to the Committee on Ways and Means/Games and Amusement.[13] The Committee conducted a hearing to tackle the matters raised in the Opposition.[14]

Present at the hearing were oppositors Aala and Ferido, their counsel, Alfredo H. Silawan, City Assessor of Tagum City, and Atty. Rolando Tumanda, City Legal Officer of Tagum City.[15]

In their Opposition/Objection,[16] Aala and Ferido asserted that City Ordinance No. 558, s-2012 violated Sections 130(a),[17] 198(a) and (b),[18]

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7 Id.
8 Id.
9 Id. at 238.
10 Id.
11 Id.
12 Id. at 20.
13 Id.
14 Id.
15 Id.
16 Id. at 126–135.
17 LOCAL GOVT. CODE, sec. 130(a) provides:
SECTION 130. *Fundamental Principles.* – The following fundamental principles shall govern the exercise of the taxing and other revenue-raising powers of local government units:
(a) Taxation shall be uniform in each local government unit[.]
18 LOCAL GOVT. CODE, sec. 198(a) and (b) provide.
SECTION 198 *Fundamental Principles.* - The appraisal, assessment, levy and collection of real property tax shall be guided by the following fundamental principles:
(a) Real property shall be appraised at its current and fair market value;

199(b),[19] and 201[20] of the Local Government Code of 1991.[21] They alleged that Sections III C 1, 2, and 3 as well as Sections III G 1(b) and 4(g)[22] of the proposed ordinance divided Tagum City into different zones, classified real properties per zone, and fixed its market values depending on where they were situated[23] without taking into account the "distinct and fundamental differences . . . and elements of value"[24] of each property.

Aala and Ferido asserted that the proposed ordinance classified and valued those properties located in a predominantly commercial area as commercial, regardless of the purpose to which they were devoted.[25] According to them, this was erroneous because real property should be classified, valued, and assessed not according to its location but on the basis of actual use.[26] Moreover, they pointed out that the proposed ordinance imposed exorbitant real estate taxes, which the residents of Tagum City could not afford to pay.[27]

After the hearing, the Sangguniang Panlalawigan of Davao del Norte's Committee on Ways and Means/Games and Amusement issued Committee Report No. 5 dated May 4, 2012, which returned City Ordinance No. 558, s-2012 to the Sangguniang Panlungsod of Tagum City.[28] The Sangguniang Panlalawigan of Davao del Norte also directed the Sangguniang Panlungsod of Tagum City to give attention and due course to the oppositors' concerns.[29]

On May 22, 2012, the Sangguniang Panlungsod of Tagum City issued Resolution No. 808, s-2012 dated May 14, 2012, requesting the Sangguniang Panlalawigan of Davao del Norte to reconsider its position on City Ordinance No. 558, s-2012.[30]

On June 18, 2012, the Sangguniang Panlalawigan of Davao del Norte

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(b) Real property shall be classified for assessment purposes on the basis of its actual use[.]

19 LOCAL GOVT. CODE, sec. 199(b) provides:
SECTION 199. *Definition of Terms.* – When used in this Title, the term:
. . . .
(b) "Actual Use" refers to the purpose for which the property is principally or predominantly utilized by the person in possession thereof[.]

20 LOCAL GOVT. CODE, sec. 201 provides:
SECTION 201. *Appraisal of Real Property.* – All real property, whether taxable or exempt, shall be appraised at the current and fair market value prevailing in the locality where the property is situated. The Department of Finance shall promulgate the necessary rules and regulations for the classification, appraisal, and assessment of real property pursuant to the provisions of this Code.

21 *Rollo,* pp. 130–134.

22 Id. at 141, Supplement to Opposition/Objection.

23 Id. at 131 and 133.

24 Id. at 131.

25 Id. at 140.

26 Id. at 141.

27 Id. at 142.

28 Id. at 145.

29 Id.

30 Id. at 22.

issued Resolution No. 428[31] declaring as invalid Sections III C 1, 2, and 3, Sections III D (1) and (2), and Sections G 1(b) and 4(g) of City Ordinance No. 558, s-2012.[32]

However, on July 9, 2012, the Sangguniang Panlungsod of Tagum City passed Resolution No. 874, s-2012 declaring City Ordinance No. 558, s-2012 as valid.[33] The Sangguniang Panlungsod of Tagum City cited as its basis Section 56(d)[34] of the Local Government Code of 1991 and Department of Interior and Local Government Opinion No. 151 dated November 25, 2010.[35] It argued that the Sangguniang Panlalawigan of Davao del Norte failed to take action on City Ordinance No. 558, s-2012 within 30 days from its receipt on April 12, 2012.[36] Hence, under Section 56(d) of the Local Government Code of 1991, City Ordinance No. 558, s-2012 enjoys the presumption of validity.[37]

On July 13, 2012, City Ordinance No. 558, s-2012 was published in the July 13–19, 2012 issue of Trends and Time,[38] a newspaper of general circulation in Tagum City.[39]

Alarmed by the impending implementation of City Ordinance No. 558, s-2012, petitioners filed before this Court an original action for Certiorari, Prohibition, and Mandamus on August 13, 2012.[40] The Petition included a prayer for the issuance of a temporary restraining order and a writ of preliminary injunction.[41]

In their Petition, petitioners seek to nullify the ordinance on the ground that respondents enacted it with grave abuse of discretion.[42] Petitioners invoke this Court's original jurisdiction under Article VIII, Section 5(1) of the Constitution[43] in view of the need to immediately resolve

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31 Id. at 155–157.
32 Id. at 23.
33 Id.
34 LOCAL GOVT. CODE, sec. 56(d) provides:
SECTION 56. *Review of Component City and Municipal Ordinances or Resolutions by the Sangguniang Panlalawigan.* —
. . . .
(d) If no action has been taken by the sangguniang panlalawigan within thirty (30) days after submission of such an ordinance or resolution, the same shall be presumed consistent with law and therefore valid.
35 Id. at 240–241.
36 Id. at 241.
37 Id.
38 Id. at 166–173, Trends and Time the Newspaper, pp. 10–14.
39 Id. at 23–24.
40 Id. at 3. The Petition was filed under Rule 65 of the Rules of Court.
41 Id. at 3–55.
42 Id. at 6.
43 Id. at 8.
CONST., art. VIII, sec. 5 provides:
SECTION 5. The Supreme Court shall have the following powers:
(1) Exercise original jurisdiction over cases affecting ambassadors, other public ministers and consuls, and over petitions for certiorari, prohibition, mandamus, quo warranto, and habeas corpus.

the issues they have raised.[44]

Petitioners allege that there is an urgent need to restrain the implementation of City Ordinance No. 558, s-2012.[45] Otherwise, the City Government of Tagum would proceed with "the collection of exorbitant real property taxes to the great damage and prejudice of . . . petitioners and the thousands of taxpayers inhabiting Tagum City[.]"[46]

On October 16, 2012, respondent Geterito T. Gementiza (Gementiza) filed a Motion[47] praying that he be dropped as a respondent in the case. According to respondent Gementiza, he had opposed the passage of City Ordinance No. 558, s-2012 during the deliberations of the Sangguniang Panlungsod of Tagum City.[48] In the Resolution[49] dated October 23, 2012, this Court required the parties to file a comment on respondent Gementiza's Motion.

On October 31, 2012, respondents filed a Comment[50] on the Petition. In the Resolution[51] dated December 4, 2012, this Court noted the Comment and required petitioners to file a reply to the Comment.

Meanwhile, on February 20, 2013, respondents filed a Manifestation[52] stating that the implementation of City Ordinance No. 558, s-2012 had been deferred due to the wide extent of damage caused by Typhoon Pablo in Tagum City.[53]

On February 25, 2013, petitioners and respondents filed their respective Comments[54] on respondent Gementiza's Motion. Petitioners argued that the passage of the questioned ordinance was a collegial act of the Sangguniang Panlungsod of Tagum City, of which respondent Gementiza was a member. Hence, respondent Gementiza should still be impleaded in the case regardless of whether or not he opposed the passage of the ordinance.[55]

On March 6, 2013, petitioners filed a Reply[56] to the Comment dated October 18, 2012.

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44 Id. at 7–8.
45 Id.
46 Id. at 47.
47 Id. at 176–181.
48 Id. at 177.
49 Id. at 222.
50 Id. at 230–256.
51 Id. at 294.
52 Id. at 296–297.
53 Id. at 297.
54 Id. at 303–305 and 307–308.
55 Id. at 308.
56 Id. at 311–320.

In the Resolution[57] dated March 19, 2013, this Court gave due course to the Petition, treated respondents' Comment as an answer, and required the parties to submit their memoranda. On July 10, 2013, petitioners filed their Memorandum[58] dated June 20, 2013. On September 6, 2013, respondents filed their Memorandum[59] dated August 2, 2013.

Petitioners allege that Tagum City is predominantly agricultural.[60] Although it boasts of expansive highways "lined with tall palm trees" and a state-of-the-art city hall, Tagum City still has an outstanding debt of ₱450 million.[61] The income level of its 240,000 inhabitants remains constant, and due to unreasonable business taxes, most businesses have either scaled down or closed.[62]

Set against this factual backdrop, petitioners assail the validity of City Ordinance No. 558, s-2012. They claim that the ordinance imposes exorbitant real estate taxes because of the Sangguniang Panlungsod's erroneous classification and valuation of real properties.[63]

Petitioners are concerned residents of Tagum City who would be directly affected by the implementation of the questioned ordinance.[64] Well-aware of the doctrines on the hierarchy of courts and exhaustion of administrative remedies, they beg this Court's indulgence to allow immediate and direct resort to it.[65] According to petitioners, this case is exempt from the application of the doctrine on hierarchy of courts. They anchor their claim on the ground that the redress they desire cannot be obtained in the appropriate courts.[66] Furthermore, petitioners assert that the issue they have raised is purely legal and that the case involves paramount public interest, which warrants the relaxation of the rule on exhaustion of administrative remedies.[67]

Petitioners believe that compliance with Section 187 of the Local Government Code of 1991 would harm the taxpayers of Tagum City.[68] They argue that the cited provision hardly constitutes an efficacious remedy that can provide the redress they urgently seek.[69] According to petitioners, there

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57 Id. at 330-A, Resolution.
58 Id. at 331–393.
59 Id. at 410–432.
60 Id. at 4.
61 Id.
62 Id. at 4 and 25.
63 Id. at 30.
64 Id. at 7.
65 Id. at 8–9.
66 Id. at 9.
67 Id. at 14.
68 Id. at 9.
69 Id. at 10.

is nothing that would prevent the City Government of Tagum from collecting exorbitant real property taxes since the Secretary of Justice does not have the power to suspend the implementation of the questioned ordinance.[70] Moreover, the 60-day period given to the Secretary of Justice within which to render a decision would merely constitute delay and give the City Government of Tagum enough time to assess and collect exorbitant real property taxes.[71]

Petitioners also believe that upon receipt of an assessment, they would be precluded from questioning the excessiveness of the real property tax imposed by way of protest.[72] Under the Local Government Code of 1991, the amount of real property tax assessed must first be paid before a protest may be entertained.[73] However, petitioners contend that the taxpayers of Tagum City would not be able to comply with this rule due to lack of money.[74] Petitioners justify immediate resort to this Court due to this impasse.[75]

In their Comment,[76] respondents attack the propriety of the remedy of which petitioners have availed themselves. Respondents point out that the extraordinary remedy of certiorari is only directed against judicial and quasi-judicial acts.[77] According to respondents, the Sangguniang Panlungsod of Tagum City exercised a legislative function in enacting the questioned ordinance and is, thus, beyond the scope of a petition for certiorari.[78] Moreover, there is a plain, speedy, and adequate remedy available to petitioners under the law.[79] Citing Section 187 of the Local Government Code of 1991, respondents argue that petitioners should have exhausted administrative remedies by filing an appeal before the Secretary of Justice.[80]

Respondents further argue that in directly filing their Petition before this Court, petitioners violated the doctrine on hierarchy of courts.[81] They stress that the Supreme Court, Court of Appeals, and the Regional Trial Courts have concurrent jurisdiction to issue writs of certiorari, prohibition, and mandamus.[82]

Respondents also allege that the Petition raises factual issues, which

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70 Id.
71 Id. at 9–10.
72 Id. at 11.
73 Id.
74 Id.
75 Id. at 10–12.
76 Id. at 230–256.
77 Id. at 231.
78 Id.
79 Id. at 232.
80 Id. at 231–234.
81 Id. at 233–234.
82 Id.

warrants the dismissal of the Petition.[83]

Going into the substantive aspect of the case, petitioners contend that the ordinance created only two (2) categories of real properties. Petitioners point out that Sections III C and D, which pertain to the classification of commercial and industrial lands, list all the streets and barrios in Tagum City.[84] Because of this, petitioners argue that the ordinance effectively categorized all lands in Tagum City either into commercial or industrial lands, regardless of the purpose to which they were devoted and the extent of their development.[85]

Petitioners further contend that since all lands in Tagum City had been classified as commercial or industrial, all buildings and improvements would likewise be classified as commercial or industrial. Otherwise, an absurd situation would arise where the building and the land on which it stands would have a different classification.[86]

In other words, petitioners claim that the ordinance created a blanket classification of real properties without regard to the principle of actual use. To the mind of petitioners, this blanket classification "does not conform to the reality that Tagum City is not that far advanced and commercially developed like Ayala Avenue [in] Makati City where [almost all] of the properties fronting the entire breadth of Ayala Avenue are . . . used for commercial purposes."[87]

In classifying real properties based on location, petitioners argue that the ordinance contravenes Section 217 of the Local Government Code of 1991, which provides that "[r]eal property shall be classified, valued and assessed on the basis of its actual use regardless of where located, whoever owns it, and whoever uses it."[88] Petitioners highlight the necessity in properly classifying real properties based on actual use because the classification of real property determines the assessment level that would be applied in computing the real property tax due.[89]

Petitioners add that because all real properties in Tagum City were classified into commercial or industrial properties, their valuation would then correspond to that of commercial or industrial properties as the case may be.[90] In effect, the ordinance provided a uniform market value for all

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83 Id. at 251–252.
84 Id. at 24–25.
85 Id.
86 Id. at 26.
87 Id. at 25–26.
88 Id. at 27.
89 Id.
90 Id. at 312.

real properties without regard to the principle of actual use.[91] According to petitioners, this is erroneous. They further add that the schedule of fair market values was arbitrarily prepared by those who do not know the basic principles of property valuation.[92]

By way of example, petitioners point out that the market values of residential lands, which were reclassified under the ordinance as commercial, increased from ₱600.00 per square meter to ₱5,000.00 per square meter, or by 833% in a span of only three (3) years.[93] According to petitioners, this violates Section 191 of the Local Government Code of 1991.[94]

Petitioners allege that the ordinance equated the market values of unused and undeveloped lands to that of fully developed lands.[95] Hence, the ordinance discriminates against poor land owners who do not have the means to pay the increased amount of real property taxes.[96] Petitioners claim that what the Sangguniang Panlungsod had actually determined were the zonal values of real properties in Tagum City and not the market values.[97]

Petitioners contend that respondents committed grave abuse of discretion in fixing the new schedule of market values by usurping or arrogating unto itself the City Assessor's authority to fix the schedule of market values.[98] Being "personally acquainted with the nature, condition, and value of the said real properties" in a given locality, the City Assessor is in the best position to fix the schedule of market values.[99] However, petitioners believe that the schedule of market values was prepared by the Sangguniang Panlungsod of Tagum City, and not by the City Assessor.[100] They also believe that the City Assessor abdicated his duty and unlawfully neglected to perform what was mandated under Section 212 of the Local Government Code of 1991.[101]

Petitioners conclude that what the Sangguniang Panlungsod of Tagum City had undertaken was a general revision of real property assessments and property classification under Section 212 of the Local Government Code of 1991.[102] They argue that "the general revision of [real property] assessments

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91 Id. at 28.
92 Id. at 33.
93 Id. at 43.
94 Id.
95 Id. at 28.
96 Id. at 28–29.
97 Id. at 35.
98 Id. at 34.
99 Id. at 32.
100 Id. at 32–34.
101 Id. at 45–46.
102 Rep. Act No. 7160 (1991), sec. 212 provides:

and property classification cannot be made simultaneously with the ordinance adopting [a new] schedule of fair market values."[103]

Petitioners raise the sole substantive issue of whether respondents committed grave abuse of discretion in preparing, enacting, and approving City Ordinance No. 558, s-2012, which imposes exorbitant real property taxes in violation of the equal protection clause, due process clause, and the rule on uniformity in taxation.[104]

On the other hand, respondents argue that petitioners misconstrued the ordinance.[105] They claim that a careful reading of the provisions would reveal that there were four (4) categories by which real properties were to be classified, valued, and assessed, namely: agricultural, residential, commercial, and industrial.[106] Although the ordinance lists specific roads and areas in Tagum City classified as commercial and industrial, this does not mean that all properties located in commercial and industrial areas would automatically be classified as such.[107]

Respondents stress that the principle of actual use still plays an important role in the classification and assessment of real properties.[108] For the proper computation of the real property tax due, real properties located in commercial and industrial areas will be assessed depending on how they are used.[109] To illustrate, if a parcel of land located along a commercial area is used partly for commercial purposes and partly for agricultural purposes, then the fair market value of the portion used for commercial purposes will correspond to that of commercial lands, while the fair market value of the portion used for agricultural purposes will correspond to that of agricultural lands.[110]

Respondents reiterate their claim that the Sangguniang Panlalawigan of Davao del Norte acted beyond the 30-day reglementary period under Section 56(d) of the Local Government Code of 1991.[111] Citing Department of Interior and Local Government's Opinion No. 151 dated November 25,

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SECTION 212. *Preparation of Schedule of Fair Market Values.* — Before any general revision of property assessment is made pursuant to the provisions of this Title, there shall be prepared a schedule of fair market values by the provincial, city and municipal assessors of the municipalities within the Metropolitan Manila Area for the different classes of real property situated in their respective local government units for enactment by ordinance of the sanggunian concerned. The schedule of fair market values shall be published in a newspaper of general circulation in the province, city or municipality concerned, or in the absence thereof, shall be posted in the provincial capitol, city or municipal hall and in two (2) other conspicuous public places therein.

103 Id. at 39.
104 Id. at 24.
105 Id. at 244.
106 Id.
107 Id. at 242–247.
108 Id. at 244.
109 Id.
110 Id. at 244–246.
111 Id. at 240.

2010, respondents argue that the phrase "take action" means that the Sangguniang Panlalawigan, within 30 days from receipt of the ordinance or resolution, "should have issued their legislative action in the form of a [r]esolution containing their disapproval in whole or in part [of] any ordinance or resolution submitted to them for review[.]"[112] Since the Sangguniang Panlalawigan of Davao del Norte received the questioned ordinance on April 12, 2012, it had until May 12, 2012 to take action.[113] However, the Sangguniang Panlalawigan of Davao del Norte only issued Resolution No. 428 on June 18, 2012.[114]

For this Court's resolution are the following issues:

Procedural

First, whether this case falls under the exceptions to the doctrine on hierarchy of courts;

Second, whether this case falls under the exceptions to the rule on exhaustion of administrative remedies;

Third, whether petitioners correctly availed themselves of the extraordinary remedies of certiorari, prohibition, and mandamus; and

Lastly, whether respondent Gementiza should be dropped as a respondent in the case.

Substantive

First, whether respondents committed grave abuse of discretion amounting to lack or excess of jurisdiction in preparing, enacting, and approving City Ordinance No. 558, s-2012;

Second, whether City Ordinance No. 558, s-2012 classifies all real properties in Tagum City into commercial or industrial properties only;

Third, whether the schedule market values conform to the principle that real properties shall be valued on the basis of actual use;

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[112] Id. at 240.
[113] Id. at 241.
[114] Id. at 240.

Fourth, whether City Ordinance No. 558, s-2012 imposes exorbitant real property taxes; and

Lastly, whether City Ordinance No. 558, s-2012 is unconstitutional for violation of the equal protection clause, due process clause, and the rule on uniformity in taxation.

We deny the Petition for serious procedural errors.

I

The doctrine on hierarchy of courts is a practical judicial policy designed to restrain parties from directly resorting to this Court when relief may be obtained before the lower courts.[115] The logic behind this policy is grounded on the need to prevent "inordinate demands upon the Court's time and attention which are better devoted to those matters within its exclusive jurisdiction," as well as to prevent the congestion of the Court's dockets.[116] Hence, for this Court to be able to "satisfactorily perform the functions assigned to it by the fundamental charter[,]" it must remain as a "court of last resort."[117] This can be achieved by relieving the Court of the "task of dealing with causes in the first instance."[118]

As expressly provided in the Constitution, this Court has original jurisdiction "over petitions for certiorari, prohibition, mandamus, quo warranto, and habeas corpus."[119] However, this Court has emphasized in *People v. Cuaresma*[120] that the power to issue writs of certiorari, prohibition, and mandamus does not exclusively pertain to this Court.[121] Rather, it is shared with the Court of Appeals and the Regional Trial Courts.[122] Nevertheless, "this concurrence of jurisdiction" does not give parties unfettered discretion as to the choice of forum. The doctrine on hierarchy of courts is determinative of the appropriate venue where petitions for extraordinary writs should be filed.[123] Parties cannot randomly select the court or forum to which their actions will be directed.

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115 *See De Castro v. Carlos,* 709 Phil. 389, 396–397 (2013) [Per C.J. Sereno, En Banc]; *People v. Cuaresma*, 254 Phil. 418, 426–428 (1989) [Per J. Narvasa, First Division]; *Bañez, Jr. v. Concepcion*, 693 Phil. 399, 411–414 (2012) [Per J. Bersamin, First Division]; *Kalipunan ng Damayang Mahihirap, Inc. v. Robredo*, G.R. No. 200903, July 22, 2014, 730 SCRA 322, 332–333 (2014) [Per J. Brion, En Banc]; *Ouano v. PGTT International Investment Corp.*, 434 Phil. 28, 34–35 (2002) [Per J. Sandoval-Gutierrez, Third Division]; *Vergara, Sr. v. Suelto*, 240 Phil. 719, 732–733 (1987) [Per J. Narvasa, First Division].

116 *People v. Cuaresma*, 254 Phil. 418, 427 (1989) [Per J. Narvasa, First Division].

117 *Vergara, Sr. v. Suelto*, 240 Phil. 719, 732 (1987) [Per J. Narvasa, First Division].

118 Id.

119 CONST., art. VIII, sec. 5, par. (1).

120 *People v. Cuaresma*, 254 Phil. 418 (1989) [Per J. Narvasa, First Division].

121 Id. at 427.

122 Id.

123 Id.

There is another reason why this Court enjoins strict adherence to the doctrine on hierarchy of courts. As explained in *Diocese of Bacolod v. Commission on Elections*,[124] "[t]he doctrine that requires respect for the hierarchy of courts was created by this court to ensure that every level of the judiciary performs its designated roles in an effective and efficient manner."[125] Thus:

> Trial courts do not only determine the facts from the evaluation of the evidence presented before them. They are likewise competent to determine issues of law which may include the validity of an ordinance, statute, or even an executive issuance in relation to the Constitution. To effectively perform these functions, they are territorially organized into regions and then into branches. Their writs generally reach within those territorial boundaries. Necessarily, they mostly perform the all-important task of inferring the facts from the evidence as these are physically presented before them. In many instances, the facts occur within their territorial jurisdiction, which properly present the 'actual case' that makes ripe a determination of the constitutionality of such action. The consequences, of course, would be national in scope. There are, however, some cases where resort to courts at their level would not be practical considering their decisions could still be appealed before the higher courts, such as the Court of Appeals.
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> The Court of Appeals is primarily designed as an appellate court that reviews the determination of facts and law made by the trial courts. It is collegiate in nature. This nature ensures more standpoints in the review of the actions of the trial court. But the Court of Appeals also has original jurisdiction over most special civil actions. Unlike the trial courts, its writs can have a nationwide scope. It is competent to determine facts and, ideally, should act on constitutional issues that may not necessarily be novel unless there are factual questions to determine.
>
> This court, on the other hand, leads the judiciary by breaking new ground or further reiterating — in the light of new circumstances or in the light of some confusions of bench or bar — existing precedents. Rather than a court of first instance or as a repetition of the actions of the Court of Appeals, this court promulgates these doctrinal devices in order that it truly performs that role.[126] (Citation omitted)

Consequently, this Court will not entertain direct resort to it when relief can be obtained in the lower courts.[127] This holds especially true when questions of fact are raised.[128] Unlike this Court, trial courts and the Court of Appeals are better equipped to resolve questions of fact.[129] They are in the best position to deal with causes in the first instance.

However, the doctrine on hierarchy of courts is not an inflexible

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[124] G.R. No. 205728, January 21, 2015, 747 SCRA 1 [Per J. Leonen, En Banc].
[125] Id. at 43.
[126] Id. at 43–44.
[127] *Santiago v. Vasquez*, 291 Phil. 664, 683 (1993) [Per J. Regalado, En Banc].
[128] Id.
[129] Id.

rule.[130] In *Spouses Chua v. Ang*,[131] this Court held that "[a] strict application of this rule may be excused when the reason behind the rule is not present in a case[.]"[132] This Court has recognized that a direct invocation of its original jurisdiction may be warranted in exceptional cases as when there are compelling reasons clearly set forth in the petition,[133] or when what is raised is a pure question of law.[134]

In a fairly recent case, we summarized other well-defined exceptions to the doctrine on hierarchy of courts. Immediate resort to this Court may be allowed when any of the following grounds are present: (1) when genuine issues of constitutionality are raised that must be addressed immediately; (2) when the case involves transcendental importance; (3) when the case is novel; (4) when the constitutional issues raised are better decided by this Court; (5) when time is of the essence; (6) when the subject of review involves acts of a constitutional organ; (7) when there is no other plain, speedy, adequate remedy in the ordinary course of law; (8) when the petition includes questions that may affect public welfare, public policy, or demanded by the broader interest of justice; (9) when the order complained of was a patent nullity; and (10) when the appeal was considered as an inappropriate remedy.[135]

None of the exceptions to the doctrine on hierarchy of courts are present in this case. Significantly, although petitioners raise questions of law, other interrelated factual issues have emerged from the parties' arguments, which this Court deems indispensable for the proper disposition of this case.

In *Republic v. Sandiganbayan*,[136] this Court explained that a question of fact exists:

> when the doubt or difference arises as to the truth or falsehood of facts or when the query invites calibration of the whole evidence considering mainly the credibility of the witnesses, the existence and relevancy of specific surrounding circumstances as well as their relation to each other and to the whole, and the probability of the situation.[137] (Citations omitted)

The resolution of the first substantive issue of whether respondents

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130 *Diocese of Bacolod v. Commission on Elections*, G.R. No. 205728, January 21, 2015, 747 SCRA 1, 44 [Per J. Leonen, En Banc].
131 614 Phil. 416 (2009) [Per J. Brion, Second Division].
132 Id. at 426.
133 *People v. Cuaresma*, 254 Phil. 418, 427 (1989) [Per J. Narvasa, First Division].
134 *Spouses Chua v. Ang*, 614 Phil. 416, 426–427 (2009) [Per J. Brion, Second Division].
135 *Diocese of Bacolod v. Commission on Elections*, G.R. No. 205728, January 21, 2015, 747 SCRA 1, 45–50 [Per J. Leonen, En Banc].
136 425 Phil. 752 (2002) [Per J. Davide, Jr., En Banc].
137 Id. at 765–766.

committed grave abuse of discretion in preparing, enacting, and approving City Ordinance No. 558, s-2012 requires the presentation of evidence on the procedure undertaken by the City Government of Tagum.

The second substantive issue, which involves the alleged blanket classification of real properties, is likewise factual in nature. There is still a dispute on whether the questioned ordinance truly limited the classification of real properties into two (2) categories. This Court cannot resolve this issue without further evidence from the parties, particularly from the Sangguniang Panlungsod of Tagum City.

The third and fourth issues, which are essential for the proper disposition of this case, are questions of fact. To determine whether the schedule of fair market values conforms to the principle of actual use requires evidence from the person or persons who prepared it. These individuals must show the process and method they employed in arriving at the schedule of market values.

It is worth mentioning that several of petitioners' assertions, on which their arguments are based, are purely speculative. For instance, petitioners claim that the Sangguniang Panlungsod of Tagum City usurped the City Assessor's authority in fixing the schedule of fair market values.[138] Yet, they offer no evidence to support their allegation. They merely rely on a comparison between the new schedule of market values and the schedule of market values in a previous ordinance.[139]

With regard to the fourth issue, petitioners invite this Court to compare the new schedule of fair market values with the old schedule of fair market values and determine whether the increase was exorbitant. In the absence of any evidence, this Court does not have the technical expertise to make such determination. We cannot simply rely on bare numbers.

In order to resolve these factual issues, we will be tasked to receive evidence from both parties. However, the initial reception and appreciation of evidence are functions that this Court cannot perform. These functions are best left to the trial courts. This Court is not a trier of facts.[140] The factual issues in this case should have been raised and ventilated in the proper forum.

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138 *Rollo*, p. 33.

139 Id.

140 *Don Orestes Romualdez Electric Cooperative, Inc. v. National Labor Relations Commission*, 377 Phil. 268, 274 (1999) [Per J. Pardo, First Division], *citing Caruncho III v. Commission on Elections*, 374 Phil. 308 (1999) [Per J. Ynares-Santiago, En Banc].

II

Parties are generally precluded from immediately seeking the intervention of courts when "the law provides for remedies against the action of an administrative board, body, or officer."[141] The practical purpose behind the principle of exhaustion of administrative remedies is to provide an orderly procedure by giving the administrative agency an "opportunity to decide the matter by itself correctly [and] to prevent unnecessary and premature resort to the courts."[142]

Under Section 187 of the Local Government Code of 1991, aggrieved taxpayers who question the validity or legality of a tax ordinance are required to file an appeal before the Secretary of Justice before they seek intervention from the regular courts. Section 187 of the Local Government Code of 1991 provides:

> SECTION 187. *Procedure for Approval and Effectivity of Tax Ordinances and Revenue Measures; Mandatory Public Hearings.* — The procedure for approval of local tax ordinances and revenue measures shall be in accordance with the provisions of this Code: *Provided*, That public hearings shall be conducted for the purpose prior to the enactment thereof: *Provided, further*, That any question on the constitutionality or legality of tax ordinances or revenue measures may be raised on appeal within thirty (30) days from the effectivity thereof to the Secretary of Justice who shall render a decision within sixty (60) days from the date of receipt of the appeal: *Provided, however*, That such appeal shall not have the effect of suspending the effectivity of the ordinance and the accrual and payment of the tax, fee, or charge levied therein: *Provided, finally*, That within thirty (30) days after receipt of the decision or the lapse of the sixty-day period without the Secretary of Justice acting upon the appeal, the aggrieved party may file appropriate proceedings with a court of competent jurisdiction.

In *Reyes v. Court of Appeals*,[143] this Court declared the mandatory nature of Section 187 of the Local Government Code of 1991:

> [T]he law requires that the dissatisfied taxpayer who questions the validity or legality of a tax ordinance must file his appeal to the Secretary of Justice, within 30 days from effectivity thereof. In case the Secretary decides the appeal, a period also of 30 days is allowed for an aggrieved party to go to court. But if the Secretary does not act thereon, after the lapse of 60 days, a party could already proceed to seek relief in court.

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141 *Lopez v. City of Manila,* 363 Phil. 68, 80 (1999) [Per J. Quisumbing, Second Division].

142 *Antonio v. Tanco,* 160 Phil. 467, 474 (1975) [Per J. Aquino, En Banc], *citing Cruz v. Del Rosario,* 119 Phil. 63 (1963) [Per J. Regala, En Banc].

143 378 Phil. 234 (1999) [Per J. Quisumbing, En Banc].

> *These three separate periods are clearly given for compliance as a prerequisite before seeking redress in a competent court. Such statutory periods are set to prevent delays as well as enhance the orderly and speedy discharge of judicial functions. For this reason the courts construe these provisions of statutes as mandatory.*[144] (Emphasis supplied, citations omitted)

The same principle was reiterated in *Jardine Davies Insurance Brokers, Inc. v. Aliposa.*[145]

In *Jardine*, the then Sangguniang Bayan of Makati enacted Municipal Ordinance No. 92-072, otherwise known as the Makati Revenue Code, which provided for the schedule of "real estate, business, and franchise taxes . . . at rates higher than those in the Metro Manila Revenue Code." Under this ordinance, Jardine Davies Insurance Brokers, Inc. (Jardine) was assessed taxes, fees, and charges. Jardine believed that the ordinance was void. It filed before the Regional Trial Court a case seeking a refund for alleged overpayment of taxes. The trial court dismissed the complaint. Aggrieved, Jardine filed before this Court a Petition for review raising pure questions of law. Ruling on the Petition, this Court observed that Jardine essentially questioned the validity of the tax ordinance without filing an appeal before the Secretary of Justice, in violation of Section 187 of the Local Government Code of 1991:

> In this case, petitioner, relying on the resolution of the Secretary of Justice in *The Philippine Racing Club, Inc. v. Municipality of Makati* case, posited in its complaint that the ordinance which was the basis of respondent Makati for the collection of taxes from petitioner was null and void. However, the Court agrees with the contention of respondents that petitioner was proscribed from filing its complaint with the RTC of Makati for the reason that petitioner failed to appeal to the Secretary of Justice within 30 days from the effectivity date of the ordinance as mandated by Section 187 of the Local Government Code[.][146]

The doctrine of exhaustion of administrative remedies, like the doctrine on hierarchy of courts, is not an iron-clad rule. It admits of several well-defined exceptions. *Province of Zamboanga del Norte v. Court of Appeals*[147] has held that the principle of exhaustion of administrative remedies may be dispensed in the following instances:

> (1) [W]hen there is a violation of due process; (2) when the issue involved is purely a legal question; (3) when the administrative action is patently

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144 Id. at 237–238 (1999) [Per J. Quisumbing, En Banc]. *See also Jardine Davies Insurance Brokers, Inc. v. Aliposa,* 446 Phil. 243 (2003) [Per J. Callejo, Sr., Second Division].

145 446 Phil. 243 (2003) [Per J. Callejo, Sr., Second Division].

146 Id. at 253–254.

147 396 Phil. 709 (2000) [Per J. Pardo, First Division].

> illegal and amounts to lack or excess of jurisdiction; (4) when there is estoppel on the part of the administrative agency concerned; (5) when there is irreparable injury; (6) when the respondent is a department secretary whose acts, as an alter ego of the President, bears the implied and assumed approval of the latter; (7) when to require exhaustion of administrative remedies would be unreasonable; (8) when it would amount to a nullification of a claim; (9) when the subject matter is a private land in land case proceedings; (10) when the rule does not provide a plain, speedy and adequate remedy; (11) when there are circumstances indicating the urgency of judicial intervention; and unreasonable delay would greatly prejudice the complainant; (12) when no administrative review is provided by law; (13) where the rule of qualified political agency applies; and (14) when the issue of non-exhaustion of administrative remedies has been rendered moot.[148]

Thus, in *Alta Vista Golf and Country Club v. City of Cebu*,[149] this Court excluded the case from the strict application of the principle on exhaustion of administrative remedies, particularly for non-compliance with Section 187 of the Local Government Code of 1991, on the ground that the issue raised in the Petition was purely legal.[150]

In this case, however, the issues involved are not purely legal. There are factual issues that need to be addressed for the proper disposition of the case. In other words, this case is still not ripe for adjudication.

To question the validity of the ordinance, petitioners should have first filed an appeal before the Secretary of Justice. However, petitioners justify direct resort to this Court on the ground that they are entangled in a "catch-22 situation."[151] They believe that filing an appeal before the Secretary of Justice would merely delay the process and give the City Government of Tagum ample time to collect real property taxes.[152]

The questioned ordinance was published in July 2012.[153] Had petitioners immediately filed an appeal, the Secretary of Justice would have had enough time to render a decision. Section 187 of the Local Government Code of 1991 gives the Secretary of Justice 60 days to act on the appeal. Within 30 days from receipt of an unfavorable decision or upon inaction by the Secretary of Justice within the time prescribed, aggrieved taxpayers may opt to lodge the appropriate proceeding before the regular courts.[154]

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148 Id. at 718–719.

149 G.R. No. 180235, January 20, 2016 <http://sc.judiciary.gov.ph/pdf/web/viewer.html?file=/jurisprudence/2016/january2016/180235.pdf> [Per J. Leonardo-De Castro, First Division].

150 Id. at 10.

151 *Rollo*, pp. 11–12.

152 Id. at 10.

153 Id. at 23.

154 Rep. Act No. 7160 (1991), sec. 187.

The "catch-22 situation" petitioners allude to does not exist. Under Section 166 of the Local Government Code of 1991, local taxes "shall accrue on the first (1st) day of January of each year."[155] When the questioned ordinance was published in July 2012, the City Government of Tagum could not have immediately issued real property tax assessments. Hence, petitioners had ample time within which to question the validity of the tax ordinance.

In cases where the validity or legality of a tax ordinance is questioned, the rule that real property taxes must first be paid before a protest is lodged does not apply. Taxpayers must first receive an assessment before this rule is triggered.[156] In *Jardine*, this Court ruled that prior payment under protest is not required when the taxpayer is questioning the very authority of the assessor to impose taxes:

> Hence, if a taxpayer disputes the reasonableness of an increase in a real estate tax assessment, he is required to "first pay the tax" under protest. Otherwise, the city or municipal treasurer will not act on his protest. In the case at bench, however, the petitioners are questioning the very authority and power of the assessor, acting solely and independently, to impose the assessment and of the treasurer to collect the tax. These are not questions merely of amounts of the increase in the tax but attacks on the very validity of any increase.[157] (Emphasis and citation omitted)

Given the serious procedural errors committed by petitioners, we find no genuine reason to dwell on and resolve the other issues presented in this case. The factual issues raised by petitioners could have been properly addressed by the lower courts had they adhered to the doctrines of hierarchy of courts and exhaustion of administrative remedies. These rules were established for a reason. While petitioners' enthusiasm in their advocacy may be admirable, their overzealousness has further delayed their cause.

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[155] Rep. Act No. 7160 (1991), sec. 166.

[156] Rep. Act No. 7160 (1991), sec. 195 provides:
SECTION 195. *Protest of Assessment.* — When the local treasurer or his duly authorized representative finds that correct taxes, fees, or charges have not been paid, he shall issue a notice of assessment stating the nature of the tax, fee, or charge, the amount of deficiency, the surcharges, interests and penalties. Within sixty (60) days from the receipt of the notice of assessment, the taxpayer may file a written protest with the local treasurer contesting the assessment; otherwise, the assessment shall become final and executory. The local treasurer shall decide the protest within sixty (60) days from the time of its filing. If the local treasurer finds the protest to be wholly or partly meritorious, he shall issue a notice cancelling wholly or partially the assessment. However, if the local treasurer finds the assessment to be wholly or partly correct, he shall deny the protest wholly or partly with notice to the taxpayer. The taxpayer shall have thirty (30) days from the receipt of the denial of the protest or from the lapse of the sixty (60)-day period prescribed herein within which to appeal with the court of competent jurisdiction otherwise the assessment becomes conclusive and unappealable.

[157] *Jardine Davies Insurance Brokers, Inc. v. Aliposa*, 446 Phil. 243, 253 (2003) [Per J. Callejo, Sr., Second Division].

WHEREFORE, the Petition for Certiorari, Prohibition, and Mandamus is **DISMISSED.**

SO ORDERED.

MARVIC M.V.F. LEONEN
Associate Justice

WE CONCUR:

MARIA LOURDES P. A. SERENO
Chief Justice

ANTONIO T. CARPIO
Associate Justice

PRESBITERO J. VELASCO, JR.
Associate Justice

TERESITA J. LEONARDO-DE CASTRO
Associate Justice

DIOSDADO M. PERALTA
Associate Justice

LUCAS P. BERSAMIN
Associate Justice

MARIANO C. DEL CASTILLO
Associate Justice

JOSE CATRAL MENDOZA
Associate Justice

BIENVENIDO L. REYES
Associate Justice

ESTELA M. PERLAS-BERNABE
Associate Justice

FRANCIS H. JARDELEZA
Associate Justice

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

CERTIFICATION

I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the court.

MARIA LOURDES P. A. SERENO
Chief Justice