REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

THIRD DIVISION

DOLE PHILIPPINES INC. – STANFILCO DIVISION, *Petitioner,*	**CTA AC NO. 306** (Civil Case Nos. R-DVO-15-00469-CV; and R-DVO-16-01231-CV)
-versus-	Members:
THE SANGGUNIANG PANLUNGSOD OF THE CITY OF DAVAO, and the HON. RODRIGO R. DUTERTE and the HON. RODRIGO S. RIOLA, in their capacities as Mayor and Treasurer of the City of Davao, *Respondents.*	**MANAHAN,** *Chairperson,* **REYES-FAJARDO,** *and* **ANGELES,** *JJ.* Promulgated: FEB 17 2025 2:54 p.m.

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DECISION

ANGELES, *J.*:

Before the Court is a ***Petition for Review***[1] filed on October 20, 2023 by petitioner Dole Philippines Inc. – Stanfilco Division (DPI-Stanfilco), pursuant to Section 3(a)(3), Rule 4 of the Revised Rules of the Court of Tax Appeals (RRCTA), assailing the ***Decision***[2] dated April 18, 2023, and the ***Order***[3] dated August 31, 2023, in the consolidated cases docketed under Civil Case Nos. R-DVO-15-00469-CV and R-DVO-16-01231-CV, both issued by the Regional Trial Court (RTC)-Branch 17 of Davao City, dismissing petitioner's appeal from the denial of its payment under protest of the Environmental Tax assessments for taxable years (TY) 2015 and 2016.

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[1] Docket, pp. 5 to 40.
[2] Docket, pp. 46 to 70.
[3] Docket, p. 71.

PARTIES

Petitioner is a domestic corporation duly organized and existing by virtue of and under the laws of the Republic of the Philippines with a Stanfilco Division operating its business at Dona Socorro Street, Belisario Heights Subdivision, Lanang, Davao City.[4] Petitioner is primarily engaged in the business of producing and exporting fresh bananas, pineapples and other agricultural crops out of its offices in nine (9) zones, one of which is the Calinan Zone located in Davao City.[5]

Respondent Sangguniang Panlungsod of the City of Davao is a public corporation duly created and existing under the laws of the Philippines.[6] As a local government unit, it is empowered by the Local Government Code of 1991 (1991 LGC), *inter alia,* to enact local ordinances to impose taxes, fees and charges,[7] to assess and collect sales and business taxes on business establishments doing business in the City.[8]

Respondent Hon. Rodrigo R. Duterte is being sued in his capacity as the Mayor of the City of Davao, who is mandated to enforce laws and ordinances relative to the governance of and the exercise of corporate powers by the City.[9]

Respondent Rodrigo S. Riola is being sued in his capacity as Treasurer of the City of Davao, and as such is tasked to collect all taxes and fees imposed by the City and is the custodian of its funds.[10]

FACTS

On February 23, 2007, Mayor Rodrigo R. Duterte approved the Watershed Code [or Ordinance No. 0310-07], which was enacted by the Sangguniang Panlungsod on January 23, 2007.[11] Article 17 of the Watershed Code[12] provides:

> ARTICLE 17. ENVIRONMENTAL FUND – For the purpose of implementing the provisions of this Code, an annual

[4] The Parties, Appeal, par. 1, RTC Records (R-DVO-15-00469-CV, Peiza 1), p. 3.
[5] Pre-trial Order, par. 1, RTC Records (R-DVO-15-00469-CV, Peiza 2), p. 282.
[6] Pre-trial Brief (for Defendants-Appellees), par. 1, RTC Records (R-DVO-15-00469-CV, Peiza 2), p. 257.
[7] Pre-trial Brief (for Defendants-Appellees), par. 2, RTC Records (R-DVO-15-00469-CV, Peiza 2), p. 257.
[8] Pre-trial Brief (for Defendants-Appellees), par. 3, RTC Records (R-DVO-15-00469-CV, Peiza 2), p. 258.
[9] The Parties, Appeal, par. 3, RTC Records (R-DVO-15-00469-CV, Peiza 1), p. 4.
[10] The Parties, Appeal, par. 4, RTC Records (R-DVO-15-00469-CV, Peiza 1), p. 4.
[11] Statement of Facts, Appeal, par. 6, RTC Records (R-DVO-15-00469-CV, Peiza 1), p. 4.
[12] Exhibit "J-1", RTC Records (R-DVO-15-00469-CV, Peiza 2), p. 238.

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> **Environmental Tax** shall be imposed on all agricultural and other economic undertakings in the Agro-forestry/Non-Tillage Areas and Prime Agricultural Areas of not less than 50 hectares **at the rate of Twenty Five Centavos (P0.25) per square meter**; provided that:
>
> (i) The Environmental Tax shall also be imposed on corporate entities and persons engaged in agricultural and other economic undertakings on lands covered by growership contracts and other agreements;
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> (ii) The Environmental Tax collected shall accrue to the General Fund and shall be appropriated in the Annual Budget solely for the purpose of implementation of this Code, the operational expenses of the Watershed Management Council and all its instrumentalities and for watershed protection, conservation and management programs and projects, subject to the approval of the Davao City Council.

On May 18, 2015 and November 11, 2015, petitioner received tax assessments from the Office of the City Treasurer (OCT) pertaining to the Environmental Tax levied under Article 17 of the Watershed Code and its Implementing Rules and Regulations (IRR), as follows:[13]

2015			
ADDRESS	LAND AREA (in HECTARES)	SQUARE METERS	ANNUAL TAX (for the Year 2015)
Brgys. Tawan-Tawan, Cadalian and Carmen	400.00	4,000,000.00	1,000,000.00
Brgy. Tamayong	329.93	3,299,300.00	824,825.00
Brgy. Tamugan	500.00	5,000,000.00	1,250,000.00
Brgy. Malagos	100.00	1,000,000.00	250,000.00
TOTAL	1329.93		3,324,825.00

2016			
ADDRESS	LAND AREA (in HECTARES)	SQUARE METERS	ANNUAL TAX (for the Year 2016)
Brgys. Tawan-Tawan, Cadalian and Carmen	400.00	4,000,000.00	1,000,000.00
Brgy. Tamayong	329.93	3,299,300.00	824,825.00
Brgy. Tamugan	500.00	5,000,000.00	1,250,000.00
Brgy. Malagos	100.00	1,000,000.00	250,000.00
TOTAL	1329.93		3,324,825.00

[13] RTC Decision dated April 18, 2023, Docket, p. 47.

The OCT based its computations on the hectarages list furnished by the Watershed Management Council, which in turn, derives its data from the Environmental Management Bureau (EMB).[14]

On July 16, 2015, petitioner filed a written protest against the Environmental Tax assessment for TY 2015 and made Payment under Protest in the amount of ₱3,324,825.00.[15] Also, on January 8, 2016, petitioner filed another written protest against the Environmental Tax assessment for TY 2016 and made Payment under Protest amounting to ₱3,324,825.00.[16]

On July 21, 2015[17] and February 3, 2016[18], the OCT denied petitioner's protests against the Environmental Tax assessments for both TY 2015 and 2016 on the ground that the Watershed Code has not been declared invalid nor unconstitutional or annulled by a competent court, and in the absence of such declaration, it shall continue to assess and collect Environmental Tax as part of its mandate.

Proceedings Before the RTC

Aggrieved by the denial of its protests, petitioner filed an *Appeal* on August 20, 2015 before the RTC-Branch 17 of Davao City covering the Environmental Tax assessment for TY 2015 docketed under Civil Case No. R-DVO-15-00469-CV (2015 Appeal), and another *Appeal* on March 11, 2016 for the Environmental Tax assessment for TY 2016 docketed under Civil Case No. R-DVO-16-01231-CV (2016 Appeal). Both cases were subsequently consolidated.

After trial, the RTC-Branch 17 of Davao City rendered the assailed *Decision* on April 18, 2023, the dispositive portion of which provides:

> **WHEREFORE**, premises considered, the Appeal of **DOLE PHILIPPINES INC. – STANFILCO DIVISION** in CIVIL CASES [S.] **R-DVO-15-00469-CV** and **R-DVO-16-01231-CV** from the Davao City's Treasurer's Letter dated 21 July 2015 and Letter dated 3 February 2016 denying DOLE-Stanfilco's Payment under Protest dated 16 July 2015 and Protest dated 8 January 2016, respectively, are hereby **DENIED**. Consequently, these cases are **DISMISSED**.
>
> **SO ORDERED.**

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[14] *Id.*
[15] Exhibit "B", Appeal, RTC Records (R-DVO-15-00469-CV, Peiza 1), p. 29.
[16] Exhibit "B", Appeal, RTC Records (R-DVO-16-01231-CV, Peiza 1), p. 31.
[17] Exhibit "A", Appeal, RTC Records (R-DVO-15-00469-CV, Peiza 1), p. 27.
[18] Exhibit "A", Appeal, RTC Records (R-DVO-16-01231-CV, Peiza 1), p. 29.

Petitioner filed a *Motion for Reconsideration*[19] on July 11, 2023 which was likewise denied by the RTC-Branch 17 of Davao City in the assailed *Order* dated August 31, 2023, the dispositive portion of which read as follows:

> Despite the arguments raised in the "**Motion for Reconsideration**" the Court finds no cogent reason to alter, modify or set aside the assailed Decision dated April 18, 2023.
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> As such, the instant "**Motion for Reconsideration**" is hereby **DENIED**.
>
> **SO ORDERED.**

Proceedings Before this Court

On October 20, 2023, the instant *Petition for Review* was filed, seeking the Court to:

(1) reverse and set aside the assailed *Decision* and *Order*;

(2) nullify the Watershed Code for failure to comply with the procedural requirements to validly enact a tax ordinance or revenue measure under the 1991 LGC;

(3) declare the collection of the Environmental Tax under Article 17 of the Watershed Code erroneous and illegal;

(4) order the cancellation in full of the Environmental Tax Order of Payment against petitioner for TY 2015 and 2016;

(5) order the respondents to refund the amount of ₱3,324,825.00 to petitioner for each TY 2015 and 2016; or in the alternative, refund the amount of ₱1,312,500.00 for each TY 2015 and 2016 in excess of the Environmental Tax assessed based on the Environmental Clearance Certificates (ECCs) on record and submissions with the Department of Environment and Natural Resources (DENR)-EMB;

(6) order respondents to cease and desist from issuing further notices of assessment for Environmental Taxes based on the assailed provisions of the Watershed Code; and

(7) order respondents to pay attorney's fees and costs of suit.

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[19] Motion for Reconsideration dated June 22, 2023, RTC Records (R-DVO-16-01231-CV, Peiza 4), pp. 1027 to 1048.

On November 28, 2023, respondents filed through registered mail their *Comments to the Petition for Review (October 17,2023)*[20] which was received by the Court on December 14, 2023.

Accordingly, on February 26, 2024, the present case was submitted for decision.[21]

ISSUES

Petitioner submits the following issues for resolution:

I. Whether the RTC erred in holding that the Environmental Tax imposed by [Article] 17 of Davao City Ordinance No. 0310-07 entitled "Watershed Protection, Conservation and Management Ordinance" or the Watershed Code, is a regulatory fee rather than a tax primarily intended to generate revenue.

   a. The Environmental Tax accrues to the General Fund and is thereby commingled and indistinguishable from all other sources of revenue generated by the local government.

   b. The amount of Environmental Tax assessed and collected bears no reasonable relation to the cost of regulation.

   c. The Watershed Code does not specify standards for inspection or supervision.

   d. The Watershed Code is a tax ordinance and must therefore comply with the requirements of publication under Section 188 of the 1991 LGC.

   e. The RTC erred in ruling that petitioner was not able to overcome the presumption of validity in favor of local ordinances.

   f. The Watershed Code is unfair and oppressive.

II. Whether the enactment of the Watershed Code is an *ultra vires* act of the Local Government of Davao City for failure to comply with the conditions prescribed by the DENR and Department of Interior and Local Government (DILG).

III. Granting that the Watershed Code is not a tax ordinance but rather a regulatory fee, whether the RTC erred in failing to declare the same invalid and unjust for imposing a fee in excess of the cost of regulation.

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[20] Docket, pp. 383 to 392.
[21] Docket, p. 400.

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IV. Whether the RTC erred in holding that respondent's computation of the Environmental Tax due is correct and reasonable.

a. The actual hectarage within which Stanfilco operates and undertakes its agricultural activities is less than those set by the OCT.

b. Even assuming that the Watershed Code is valid, the Environmental Tax should only be imposed on Stanfilco's actual area of operations.

Petitioner's arguments

Petitioner argues the following: ***first***, that neither the Watershed Code nor its IRRs describe how the amount levied upon it (and other taxpayers engaged in agricultural undertakings) bears any reasonable relation to the cost of regulating, preserving, and conserving watersheds within Davao City's jurisdiction; ***second***, because the Environmental Tax is not segregated in a special trust fund, it should be considered a tax ordinance intended to generate revenue; ***third***, that the Watershed Code does not prescribe standards that would demonstrate the local government's intention to inspect, supervise, or regulate; ***fourth***, that the Watershed Code is a tax measure with penal provisions which must comply with the publication requirements under the 1991 LGC; ***fifth***, that petitioner provided preponderant evidence to overcome the presumption of validity in favor of local ordinances; ***sixth***, that petitioner demonstrated that the Environmental Tax is unjust, excessive, oppressive, confiscatory; ***seventh***, that the Watershed Code is an *ultra vires* act of the respondent Sangguniang Panlungsod because it has not presented a forest land use plan that delineates the site and location of the community watershed or an agreement with the DENR delegating its fundamental functions to supervise protected areas to respondents; and ***eighth***, that it does not operate nor undertake agricultural activities over the entire area covered by its ECCs and as such, the OCT erroneously relied on the data submitted by the EMB.

Respondents' counter-arguments

Respondents submit that the Watershed Code is not a local tax but merely a regulatory fee. According to the respondents, petitioner's assertion that the amounts collected can be used for any other purpose that the council may determine and approve is outright contrary to the provisions of the Watershed Code. Considering that petitioner did not provide evidence of actual or intended misuse of funds, it is the respondents' position that the RTC correctly upheld the validity of the Watershed Code. Respondents assert that the Watershed Code is an exercise of police power to regulate the conduct of agricultural and economic undertakings and is pursuant to the declared policy recognizing that a healthy and ecologically sound watershed area is vital to ecological balance.

Respondents maintain that the Watershed Code rests on a valid and reasonable classification when it imposes the Environmental Tax of ₱0.25 per square meter only on those persons or entities engaged in agricultural undertakings in areas of not less than 50 hectares. Respondents aver that there is a huge difference between a corporate entity engaged in mono-crop agriculture in an area of more than 50 hectares and that of an ordinary farmer within a smaller area in terms of its impact on the environment and capacity to pay the Environmental Tax. Respondents also counter-argue that the Watershed Code and its IRR did not confine the Environmental Tax to areas actually planted. Finally, respondents contend that the Environmental Tax assessed by the OCT is not unjust but aligned with the City Government's mandate to protect the environment, and therefore, serves a legitimate purpose pursuant to the regulations of the Watershed Code.

RULING OF THE COURT

The *Petition for Review* is dismissed for lack of jurisdiction.

Jurisdiction over the subject matter or nature of an action is fundamental for a court to act on a given controversy, and is conferred only by law and not by the consent or waiver upon a court which, otherwise, would have no jurisdiction over the subject matter or nature of an action. Lack of jurisdiction of the court over an action or the subject matter of an action cannot be cured by the silence, acquiescence, or even by express consent of the parties. If the court has no jurisdiction over the nature of an action, its only jurisdiction is to dismiss the case. The court could not decide the case on the merits.[22]

Pursuant thereto, the CTA, as a court of special jurisdiction, can only take cognizance of such matters as are clearly within its jurisdiction.[23] The jurisdiction of the CTA over local tax cases is provided under Section 7(a)(3) of Republic Act (RA) No. 1125, as amended by RA Nos. 9282 and 9503 (CTA Law), to wit:

SECTION 7. *Jurisdiction.* – The CTA shall exercise:

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[22] *Nippon Express (Philippines) Corp. v. Commissioner of Internal Revenue,* G.R. No. 185666, February 4, 2015, citing *Commissioner of Internal Revenue v. Villa,* et al., 130 Phil. 3, 4 (1968), *Laresma v. Abellana,* 484 Phil. 766, 778 (2004), and *Lt. Col. De Guzman v. Judge Escalona,* 186 Phil. 431, 437-438 (1980).

[23] *Commissioner of Internal Revenue v. Silicon Philippines, Inc. (formerly Intel Philippines Manufacturing, Inc.),* G.R. No. 169778, March 12, 2014.

> (a) Exclusive appellate jurisdiction to review by appeal, as herein provided:
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> (3) **Decisions, orders or resolutions of the Regional Trial Courts in <u>local tax cases</u>** originally decided or resolved by them in the exercise of their original or appellate jurisdiction. *(Emphasis Supplied)*

The above provision is likewise implemented under Section 3 (a)(3), Rule 4 of the RRCTA which states:

> SEC. 3. *Cases within the jurisdiction of the Court in Division.* – The Court in Division shall exercise:
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> (a) Exclusive original over or appellate jurisdiction to review by appeal the following:
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> xxx
>
> (3) **Decisions, resolutions or orders of the Regional Trial Courts in <u>local tax cases</u>** decided or resolved by them in the exercise of their original jurisdiction. *(Emphasis Supplied)*

It must be stressed that the CTA's appellate jurisdiction in Section 7(a)(3) of the CTA Law becomes operative only when the RTC has ruled on a local tax case. This means that the action before the RTC must be in the nature of a tax case or one which primarily involves a tax issue. A local tax case may involve the legality or validity of the real property tax assessment, protests of assessments, disputed assessments, surcharges, or penalties; the validity of a tax ordinance; claims for tax refund/credit; claims for tax exemption; actions to collect the tax due; and even prescription of assessments.[24]

After consideration of the issues raised by the petitioner, the Court must determine whether the instant *Petition* involves a "**local tax case**" that would fall under the jurisdiction of the CTA. More specifically, there is a need to determine whether the exaction denominated as Environmental Tax under the subject Watershed Code is a "**local tax**".

We rule in the negative.

At the outset, the Court notes that while the subject exaction was denominated as Environmental Tax under Article 17 of the Watershed Code, it is the nature and purpose which determines whether the

[24] *Republic v. City of Surigao*, G.R. No. 218056, 31 August 2022.

imposition is a tax or a fee. The Supreme Court's pronouncement in *Victorias Milling Co., Inc. v. Municipality of Victorias*[25] is instructive on this matter, thus:

> We accordingly say that the **designation given by the municipal authorities does not decide whether the imposition is properly a license tax or a license fee**. The determining factors are the **purpose and effect** of the imposition as may be apparent from the provisions of the ordinance. (*Emphasis Supplied*)

In *Smart Communications, Inc. v. Municipality of Malvar, Batangas*,[26] the Supreme Court discussed the distinction between a tax imposition and a regulatory imposition, as follows:

> The CTA refuses to take cognizance of this case since it challenges the constitutionality of Ordinance No. 18, which is outside the province of the CTA.
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> **The question now is whether the trial court resolved a <u>local tax case</u> in order to fall within the ambit of the CTA's appellate jurisdiction. This question, in turn, depends ultimately on whether the fees imposed under Ordinance No. 18 are in fact taxes.**
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> Smart argues that the "fees" in Ordinance No. 18 are actually taxes since they are not regulatory, but revenue-raising. Citing Philippine Airlines, Inc. v. Edu, Smart contends that the designation of "fees" in Ordinance No. 18 is not controlling.
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> **The Court finds that the fees imposed under Ordinance No. 18 are <u>not taxes</u>.**
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> In this case, the Municipality issued Ordinance No. 18, which is entitled "An Ordinance Regulating the Establishment of Special Projects," to regulate the "placing, stringing, attaching, installing, repair and construction of all gas mains, electric, telegraph and telephone wires, conduits, meters and other apparatus, and provide for the correction, condemnation or removal of the same when found to be dangerous, defective or otherwise hazardous to the welfare of the inhabitant[s]." It was also envisioned to address the foreseen "environmental depredation" to be brought about by these "special projects" to the Municipality. Pursuant to these objectives, the Municipality imposed fees on various structures, which included telecommunications towers.

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[25] G.R. No. L-21183, September 27, 1968
[26] G.R. No. 204429, February 18, 2014.

> As clearly stated in its whereas clauses, the primary purpose of Ordinance No. 18 is to regulate the "placing, stringing, attaching, installing, repair and construction of all gas mains, electric, telegraph and telephone wires, conduits, meters and other apparatus" listed therein, which included Smart's telecommunications tower. Clearly, **the purpose of the assailed Ordinance is to regulate the enumerated activities** particularly related to the construction and maintenance of various structures. The fees in Ordinance No. 18 are not impositions on the building or structure itself; rather, they are impositions on the activity subject of government regulation, such as the installation and construction of the structures.
>
> **Since the main purpose of Ordinance No. 18 is to regulate certain construction activities of the identified special projects, which included "cell sites" or telecommunications towers, the fees imposed in Ordinance No. 18 are <u>primarily regulatory in nature</u>, and not primarily revenue-raising.** While the fees may contribute to the revenues of the Municipality, this effect is merely incidental. Thus, the fees imposed in Ordinance No. 18 are not taxes.
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> In Progressive Development Corporation v. Quezon City, the Court declared that "**if the generating of revenue is the primary purpose and regulation is merely incidental, the imposition is a tax; but if regulation is the primary purpose, the fact that incidentally revenue is also obtained does not make the imposition a tax.**"
>
> In Victorias Milling Co., Inc. v. Municipality of Victorias, the Court reiterated that the **purpose and effect of the imposition determine whether it is a tax or a fee, and that the lack of any standards for such imposition gives the presumption that the same is a tax.**
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> **Considering that the fees in Ordinance No. 18 are not in the nature of local taxes, and Smart is questioning the constitutionality of the ordinance, the CTA correctly dismissed the petition for lack of jurisdiction.** *(Emphasis Supplied)*

In the more recent case of *Municipality of San Mateo, Isabela, represented by Municipal Mayor Crispina R. Agcaoili, M.D. and Atty. Alfredo S. Remigio, in his capacity as the Municipal Legal Officer v. Smart Communications, Inc.*,[27] the Supreme Court differentiated taxes from fees, as follows:

> The term "**taxes**" has been defined by case law as "the **enforced proportional contributions from persons and property levied by the state for the support of government and for all public needs.**" While, under the LGC, a "**fee**" is defined

[27] G.R. No. 219506, June 23, 2021.

> as "**any charge fixed by law or ordinance for the <u>regulation</u> or inspection of a business or activity**."
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> From the foregoing jurisprudential and statutory definitions, it can be gleaned that the **purpose of an imposition will determine its nature as either a tax or a fee. If the purpose is primarily revenue, or if revenue is at least one of the real and substantial purposes, then the exaction is properly classified as an exercise of the power to tax. On the other hand, if the purpose is primarily to regulate, then it is deemed an <u>exercise of police power in the form of a fee</u>, even though revenue is incidentally generated**. Simply stated, if generation of revenue is the primary purpose, the imposition is a tax, **but if regulation is the primary purpose, the imposition is properly categorized as a regulatory fee.**" (*Emphasis Supplied*)

As gleaned from the foregoing jurisprudential pronouncements, it can be concluded that if the primary purpose is revenue generation, then the imposition is a tax. On the other hand, if regulation is the primary purpose, then the imposition is considered a fee.

Regulation is said to be part of a government's exercise of police power. It has been held that police power is the power of the state to promote public welfare by restraining and regulating the use of liberty and property. Moreover, the power to "regulate" means the power to protect, foster, promote, preserve, and control, with due regard for the interests, first and foremost, of the public, then of the utility and of its patrons.[28]

In relation thereto, Section 458 of the 1991 LGC empowers a Sangguniang Panlungsod to enact ordinances for the general welfare of the city, including regulations for the protection of the environment as well as establishment, maintenance, protection, and conservation of watersheds, to wit:

> Section 458. *Powers, Duties, Functions and Compensation.*
>
> (a) The **Sangguniang panlungsod, as the legislative body of the city, shall enact ordinances, approve resolutions and appropriate funds for the general welfare of the city and its inhabitants** pursuant to Section 16 of this Code and in the proper exercise of the corporate powers of the city as provided for under Section 22 of this Code, and shall:
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> (1) Approve ordinances and pass resolutions necessary for an efficient and effective city government, and in this connection, shall:

[28] *Gerochi v. Department of Energy*, G.R. No, 159796, July 17, 2007.

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(vi) **Protect the environment and impose appropriate penalties for acts which endanger the environment**, such as dynamite fishing and other forms of destructive fishing, illegal logging and smuggling of logs, smuggling of natural resources products and of endangered species of flora and fauna, slash and burn farming, and such **other activities which result in pollution, acceleration of eutrophication of rivers and lakes, or of ecological imbalance**;

xxx

(5) Approve ordinances which shall ensure the efficient and effective delivery of the basic services and facilities as provided for under Section 17 of this Code, and in addition to said services and facilities, shall:

(i) Provide for the **establishment, maintenance, protection, and conservation** of communal forests and **watersheds**, tree parks, greenbelts, mangroves, and other similar forest development projects; xxx *(Emphasis Supplied)*

In the present case, a perusal of the declared policies and underlying principles of the Watershed Code show that its primary purpose is to protect, conserve, and manage watershed areas for the promotion of the general welfare, thus:

ARTICLE 2. DECLARATION OF POLICY – The City Government of Davao hereby declares the following as its policies:

a. Recognize that a **healthy and ecologically sound watershed area** is vital to ecological balance where man and nature thrive in perfect harmony with each other;

b. Recognize the watershed areas are central to the aspirations of a livable City for the Dabawenyos who must **maintain its sustainability** through a participative, empowered and environmentally conscious community;

c. Recognize that the watershed areas are recharge areas for the City's aquifers which are sources of the City's drinking water that **must be protected, conserved and managed for the continued and full enjoyment of the present and future generations**.

ARTICLE 3. UNDERLYING PRINCIPLES – The underlying principles of this Code are as follows:

a. That a **healthy watershed areas are crucial to a balanced eco-system**;

> b. That the **watershed areas are sources of life-giving water that is vital to public health and welfare and economic growth and development**;
>
> c. That water despite its abundance is not an infinite resource that **must be protected, conserved and managed to maintain its sustainability**. *(Emphasis Supplied)*

A review of Article 17 of the Watershed Code also reveals that the collection of Environmental Tax is for the purpose of supporting the operations of the Watershed Management Council, and its instrumentalities, who are responsible for ensuring the protection, conservation and management of the watershed areas pursuant to Article 13 of the Watershed Code, *viz*:

> **ARTICLE 13. THE WATERSHED MANAGEMENT COUNCIL** – The Watershed Management Council shall be a participatory monitoring and evaluation council of relevant stakeholders and interest groups bound by the common vision of **ensuring the protection, conservation and management of the watershed areas**;
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> xxx
>
> (d) **DUTIES AND POWERS** – The Watershed Council shall:
>
> (i) Prepare and develop a Comprehensive Watershed Protection, Conservation and Management Framework and Watershed Protection, Conservation and Management Plan to **ensure the health and sustainability of the watershed areas**;
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> xxx
>
> (iv) **Prohibit or regulate activities that may damage the environment or cause environmental degradation or threaten the health and sustainability of the watershed areas**;
>
> xxx
>
> (vi) **Issue clearance to all forms of undertakings in the conservation**, agro-forestry/agricultural non-tillage areas declared as Environmentally Critical Areas on the basis of the recommendation of the [Watershed Multipartite Monitoring Team] and the [Barangay Watershed Management Council], which shall be a requirement for the issuance of the Environmental Clearance Certificate by the DENR;
>
> (vii) **Exercise police and visitorial powers in the implementation of the provisions of this Code necessary for the discharge of its functions**;

xxx

> ARTICLE 17. ENVIRONMENTAL FUND – For the purpose of implementing the provisions of this Code, an annual **Environmental Tax** shall be imposed on all agricultural and other economic undertakings in the Agro-forestry/Non-Tillage Areas and Prime Agricultural Areas of not less than 50 hectares **at the rate of Twenty Five Centavos (P0.25) per square meter**; provided that:
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> xxx
>
> (ii) The Environmental Tax collected shall accrue to the General Fund and shall be appropriated in the Annual Budget solely **for the purpose of implementation of this Code, the operational expenses of the Watershed Management Council and all its instrumentalities and for watershed protection, conservation and management programs and projects**, subject to the approval of the Davao City Council. *(Emphasis Supplied)*

In sum, it can be inferred from the foregoing that the Watershed Code was enacted for the purpose of the protection, conservation and management of the watershed areas in Davao City, and not as a revenue-raising measure. Accordingly, the Environmental Tax imposed under Article 17 of the Watershed Code is primarily regulatory in nature and not characterized as a "local tax". Verily, the Court has no jurisdiction to take cognizance over the instant case. Thus, when a court has no jurisdiction over the subject matter, the only power it has is to dismiss the action.[29]

With the foregoing conclusion, it is no longer necessary for the Court to delve into the other issues raised by the petitioner.

WHEREFORE, premises considered, the instant *Petition for Review* filed on October 20, 2023 by petitioner Dole Philippines Inc. – Stanfilco Division is hereby **DISMISSED** for lack of jurisdiction.

SO ORDERED.

HENRY S. ANGELES
Associate Justice

[29] Mitsubishi Motors Phils. Corp. v. Bureau of Customs, G.R. No. 209830, June 17, 2015.

WE CONCUR:

Catherine T. Manahan
CATHERINE T. MANAHAN
Associate Justice

Marian Ivy F. Reyes-Fajardo
MARIAN IVY F. REYES-FAJARDO
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

Catherine T. Manahan
CATHERINE T. MANAHAN
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution and the Division Chairperson's Attestation, it is hereby certified that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ROMAN G. DEL ROSARIO
Presiding Justice