



Republic of the Philippines  
Supreme Court  
Manila

FIRST DIVISION

**MITSUBISHI  
PHILIPPINES  
CORPORATION,**

**MOTORS**  
  
Petitioner,

**G.R. No. 209830**

Present:

- versus -

**BUREAU OF CUSTOMS,**  
Respondent.

SERENO, C.J., Chairperson,  
LEONARDO-DE CASTRO,  
BERSAMIN,  
PEREZ, and  
PERLAS-BERNABE, JJ.

Promulgated:

**JUN 17 2015**

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**DECISION**

**PERLAS-BERNABE, J.:**

Assailed in this petition for review on *certiorari*<sup>1</sup> are the Resolutions dated June 7, 2013<sup>2</sup> and November 4, 2013<sup>3</sup> of the Court of Appeals (CA) in CA-G.R. CV No. 99594, which referred the records of the instant case to the Court of Tax Appeals (CTA) for proper disposition of the appeal taken by respondent Bureau of Customs (respondent).

**The Facts**

The instant case arose from a collection suit<sup>4</sup> for unpaid taxes and customs duties in the aggregate amount of ₱46,844,385.00 filed by respondent against petitioner Mitsubishi Motors Philippines Corporation

<sup>1</sup> *Rollo* (G.R. No. 209830), pp. 10-51.  
<sup>2</sup> Id. at 58-61. Penned by Associate Justice Priscilla J. Baltazar-Padilla with Associate Justices Rosalinda Asuncion-Vicente and Agnes Reyes-Carpio concurring.  
<sup>3</sup> Id. at 62-68.  
<sup>4</sup> See Complaint for Collection of Money with Damages filed on June 7, 2002; id. at 87-90.

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(petitioner) before the Regional Trial Court of Manila, Branch 17 (RTC), docketed as Civil Case No. 02-103763 (collection case).

Respondent alleged that from 1997 to 1998, petitioner was able to secure tax credit certificates (TCCs) from various transportation companies; after which, it made several importations and utilized said TCCs for the payment of various customs duties and taxes in the aggregate amount of ₱46,844,385.00.<sup>5</sup> Believing the authenticity of the TCCs, respondent allowed petitioner to use the same for the settlement of such customs duties and taxes. However, a post-audit investigation of the Department of Finance revealed that the TCCs were fraudulently secured with the use of fake commercial and bank documents, and thus, respondent deemed that petitioner never settled its taxes and customs duties pertaining to the aforesaid importations.<sup>6</sup> Thereafter, respondent demanded that petitioner pay its unsettled tax and customs duties, but to no avail. Hence, it was constrained to file the instant complaint.<sup>7</sup>

In its defense,<sup>8</sup> petitioner maintained, *inter alia*, that it acquired the TCCs from their original holders in good faith and that they were authentic, and thus, their remittance to respondent should be considered as proper settlement of the taxes and customs duties it incurred in connection with the aforementioned importations.<sup>9</sup>

Initially, the RTC dismissed<sup>10</sup> the collection case due to the continuous absences of respondent's counsel during trial.<sup>11</sup> On appeal to the CA,<sup>12</sup> and eventually the Court,<sup>13</sup> the said case was reinstated and trial on the merits continued before the RTC.<sup>14</sup>

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<sup>5</sup> Id. at 87-88.

<sup>6</sup> Id. at 88.

<sup>7</sup> See id. at 375-376.

<sup>8</sup> See Answer with Compulsory Counterclaims filed on November 11, 2002; id. at 96-111.

<sup>9</sup> Id. at 107-108.

<sup>10</sup> See Order dated May 17, 2005 penned by Judge Eduardo B. Peralta, Jr.; id. at 253.

<sup>11</sup> See id. at 16.

<sup>12</sup> Respondent elevated the collection case before the CA, which was docketed as CA-G.R. SP No. 97301 entitled "*Republic of the Philippines, represented by the Bureau of Customs v. Hon. Eduardo Peralta, Jr., in his capacity as Presiding Judge of the Regional Trial Court, National Capital Judicial Regional, Branch 17, Manila and Mitsubishi Motors Corporation.*" In a Decision dated June 27, 2008, the CA granted its petition and ordered the reinstatement of the collection case (see id. at 173-186. Penned by Associate Justice Rebecca De Guia-Salvador with Associate Justices Vicente S.E. Veloso and Apolinario D. Bruselas, Jr. concurring).

<sup>13</sup> Petitioner filed a petition before the Court challenging the June 27, 2008 CA Decision, which was docketed as G.R. No. 186106 entitled "*Mitsubishi Motors Corporation v. Court of Appeals, former Eleventh Division, and Republic of the Philippines, represented by the Bureau of Customs.*" In a Resolution dated February 23, 2009, the Court, however, dismissed the petition (see *rollo* [G.R. No. 186106], p. 120).

<sup>14</sup> See *rollo* (G.R. No. 209830), pp. 19-20.

After respondent's presentation of evidence, petitioner filed a Demurrer to Plaintiff's Evidence<sup>15</sup> on February 10, 2012, essentially contending that respondent failed to prove by clear and convincing evidence that the TCCs were fraudulently procured,<sup>16</sup> and thus, prayed for the dismissal of the complaint.<sup>17</sup> In turn, respondent filed an Opposition<sup>18</sup> dated March 7, 2012 refuting petitioner's contentions.

### **The RTC Ruling**

In an Order<sup>19</sup> dated April 10, 2012, the RTC granted petitioner's Demurrer to Plaintiff's Evidence, and accordingly, dismissed respondent's collection case on the ground of insufficiency of evidence.<sup>20</sup> It found that respondent had not shown any proof or substantial evidence of fraud or conspiracy on the part of petitioner in the procurement of the TCCs.<sup>21</sup> In this connection, the RTC opined that fraud is never presumed and must be established by clear and convincing evidence, which petitioner failed to do, thus, necessitating the dismissal of the complaint.<sup>22</sup>

Respondent moved for reconsideration,<sup>23</sup> which was, however, denied in an Order<sup>24</sup> dated August 3, 2012. Dissatisfied, it appealed<sup>25</sup> to the CA.

### **The CA Ruling**

In a Resolution<sup>26</sup> dated June 7, 2013, the CA referred the records of the collection case to the CTA for proper disposition of the appeal taken by respondent. While the CA admitted that it had no jurisdiction to take cognizance of respondent's appeal, as jurisdiction is properly lodged with the CTA, it nevertheless opted to relax procedural rules in not dismissing the appeal outright.<sup>27</sup> Instead, the CA deemed it appropriate to simply refer the matter to the CTA, considering that the government stands to lose the amount of ₱46,844,385.00 in taxes and customs duties which can then be used for various public works and projects.<sup>28</sup>

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<sup>15</sup> Id. at 321-347.

<sup>16</sup> Id. at 324.

<sup>17</sup> Id. at 346.

<sup>18</sup> Id. at 348-353.

<sup>19</sup> Id. at 403-407. Penned by Acting Presiding Judge Ma. Theresa Dolores C. Gomez-Estoesta.

<sup>20</sup> Id. at 407.

<sup>21</sup> Id. at 406.

<sup>22</sup> Id. at 406-407.

<sup>23</sup> See motion for reconsideration dated May 7, 2012; id. at 354-359.

<sup>24</sup> Id. at 408-409. Penned by Presiding Judge Felicitas O. Laron-Cacanindin.

<sup>25</sup> See Notice of Appeal dated August 28, 2012; id. at 69-70.

<sup>26</sup> Id. at 58-61.

<sup>27</sup> Id. at 60.

<sup>28</sup> Id. at 60-61.

Aggrieved, petitioner filed a motion for reconsideration<sup>29</sup> on June 23, 2013, arguing that since the CA does not have jurisdiction over respondent's appeal, it cannot perform any action on it except to order its dismissal.<sup>30</sup> The said motion was, however, denied in a Resolution<sup>31</sup> dated November 4, 2013, hence, this petition.

### **The Issue Before the Court**

The core issue for the Court's resolution is whether or not the CA correctly referred the records of the collection case to the CTA for proper disposition of the appeal taken by respondent.

### **The Court's Ruling**

The petition is meritorious.

Jurisdiction is defined as the power and authority of a court to hear, try, and decide a case.<sup>32</sup> In order for the court or an adjudicative body to have authority to dispose of the case on the merits, it must acquire, among others, jurisdiction over the subject matter.<sup>33</sup> It is axiomatic that jurisdiction over the subject matter is the power to hear and determine the general class to which the proceedings in question belong; it is conferred by law and not by the consent or acquiescence of any or all of the parties or by erroneous belief of the court that it exists.<sup>34</sup> Thus, when a court has no jurisdiction over the subject matter, the only power it has is to dismiss the action.<sup>35</sup>

Guided by the foregoing considerations and as will be explained hereunder, the Court finds that the CA erred in referring the records of the collection case to the CTA for proper disposition of the appeal taken by respondent.

Section 7 of Republic Act No. (RA) 1125,<sup>36</sup> as amended by RA 9282,<sup>37</sup> reads:

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<sup>29</sup> Dated June 21, 2013. Id. at 71-84.

<sup>30</sup> Id. at 81.

<sup>31</sup> Id. at 62-68.

<sup>32</sup> *Spouses Genato v. Viola*, 625 Phil. 514, 527 (2010), citing *Zamora v. CA*, 262 Phil. 298, 304 (1990).

<sup>33</sup> See id. at 527-528, citing *Perkin Elmer Singapore Pte Ltd. v. Dakila Trading Corp.*, 556 Phil. 822, 836 (2007).

<sup>34</sup> See *Philippine Coconut Producers Federation, Inc. v. Republic*, G.R. Nos. 177857-58, January 24, 2012, 663 SCRA 514, 569, citing *Allied Domecq Philippines, Inc. v. Villon*, 482 Phil. 894, 900 (2004).

<sup>35</sup> *Katon v. Palanca, Jr.*, 481 Phil. 168, 182 (2004), citing *Zamora v. CA*, supra note 31, at 305-306.

<sup>36</sup> Entitled "AN ACT CREATING THE COURT OF TAX APPEALS" (June 16, 1954)

<sup>37</sup> Entitled "AN ACT EXPANDING THE JURISDICTION OF THE COURT OF TAX APPEALS (CTA), ELEVATING ITS RANK TO THE LEVEL OF A COLLEGIATE COURT WITH SPECIAL JURISDICTION AND ENLARGING ITS MEMBERSHIP, AMENDING FOR THE PURPOSE CERTAIN SECTIONS OF REPUBLIC ACT NO. 1125, AS AMENDED, OTHERWISE KNOWN AS THE LAW CREATING THE COURT OF TAX APPEALS, AND FOR OTHER PURPOSES" (approved on March 30, 2004).

Sec. 7. Jurisdiction. – The CTA shall exercise:

x x x x

c. Jurisdiction over tax collection cases as herein provided:

x x x x

2. Exclusive appellate jurisdiction in tax collection cases:

a. Over appeals from the judgments, resolutions or orders of the Regional Trial Courts in tax collection cases originally decided by them in their respective territorial jurisdiction.

x x x x

Similarly, Section 3, Rule 4 of the Revised Rules of the Court of Tax Appeals, as amended,<sup>38</sup> states:

Sec. 3. *Cases within the jurisdiction of the Court in Divisions.* – The Court in Divisions shall exercise:

x x x x

c. Exclusive jurisdiction over tax collections cases, to wit:

x x x x

2. Appellate jurisdiction over appeals from the judgments, resolutions or orders of the Regional Trial Courts in tax collection cases originally decided by them within their respective territorial jurisdiction.

Verily, the foregoing provisions explicitly provide that the CTA has **exclusive appellate jurisdiction** over tax collection cases originally decided by the RTC.

In the instant case, the CA has no jurisdiction over respondent’s appeal; hence, it cannot perform any action on the same except to order its dismissal pursuant to Section 2, Rule 50<sup>39</sup> of the Rules of Court. Therefore,

<sup>38</sup> A.M. No. 05-11-07-CTA, as amended per Supreme Court Resolution dated September 16, 2008, which took effect on October 15, 2008.

<sup>39</sup> Section 2, Rule 50 of the Rules of Court reads:

Sec. 2. *Dismissal of improper appeal to the Court of Appeals.* – An appeal under Rule 41 taken from the Regional Trial Court to the Court of Appeals raising only

the act of the CA in referring respondent's wrongful appeal before it to the CTA under the guise of furthering the interests of substantial justice is blatantly erroneous, and thus, stands to be corrected. In *Anderson v. Ho*,<sup>40</sup> the Court held that the invocation of substantial justice is not a magic wand that would readily dispel the application of procedural rules,<sup>41</sup> viz.:

x x x procedural rules are designed to facilitate the adjudication of cases. Courts and litigants alike are enjoined to abide strictly by the rules. **While in certain instances, we allow a relaxation in the application of the rules, we never intend to forge a weapon for erring litigants to violate the rules with impunity. The liberal interpretation and application of rules apply only in proper cases of demonstrable merit and under justifiable causes and circumstances. While it is true that litigation is not a game of technicalities, it is equally true that every case must be prosecuted in accordance with the prescribed procedure to ensure an orderly and speedy administration of justice.** Party litigants and their counsels are well advised to abide by rather than flaunt, procedural rules for these rules illumine the path of the law and rationalize the pursuit of justice.<sup>42</sup> (Emphasis and underscoring supplied)

Finally, in view of respondent's availment of a wrong mode of appeal *via* notice of appeal stating that it was elevating the case to the CA – instead of appealing by way of a petition for review to the CTA within thirty (30) days from receipt of a copy of the RTC's August 3, 2012 Order, as required by Section 11 of RA 1125, as amended by Section 9 of RA 9282<sup>43</sup> – the

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questions of law shall be dismissed, issues purely of law not being reviewable by said court. Similarly, an appeal by notice of appeal instead of by petition for review from the appellate judgment of a Regional Trial Court shall be dismissed.

**An appeal erroneously taken to the Court of Appeals shall not be transferred to the appropriate court but shall be dismissed outright.** (Emphasis and underscoring supplied)

<sup>40</sup> G.R. No. 172590, January 7, 2013, 688 SCRA 8.

<sup>41</sup> *Ramirez v. People*, G.R. No. 197832, October 2, 2013, 706 SCRA 667, 673.

<sup>42</sup> *Anderson v. Ho*, supra note 39, at 21, citing *Land Bank of the Philippines v. Hon. Natividad*, 497 Phil. 738, 744-745 (2005).

<sup>43</sup> The pertinent parts of Section 11 of RA 1125 as amended by Section 9 of RA 9282 read:

Sec. 11. Who May Appeal; Mode of Appeal; Effect of Appeal. – **Any party adversely affected by a decision, ruling or inaction of the Commissioner of Internal Revenue, the Commissioner of Customs, the Secretary of Finance, the Secretary of Trade and Industry or the Secretary of Agriculture or the Central Board of Assessment Appeals or the Regional Trial Courts may file an appeal with the CTA within thirty (30) days after the receipt of such decision or ruling or after the expiration of the period fixed by law for action as referred to in Section 7(a) (2) herein.**

Appeal shall be made by filing a petition for review under a procedure analogous to that provided for under Rule 42 of the 1997 Rules of Civil Procedure with the CTA within thirty (30) days from the receipt of the decision or ruling or in the case of inaction as herein provided, from the expiration of the period fixed by law to act thereon. A Division of the CTA shall hear the appeal: Provided, however, **That with respect to decisions or rulings of the Central Board of Assessment Appeals and the Regional Trial Court in the exercise of its appellate jurisdiction appeal shall be made by filing a petition for review under a procedure analogous to that provided for under Rule 43 of the 1997 Rules of Civil Procedure with the CTA, which shall hear the case en banc.**

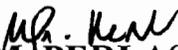
x x x x (Emphases and underscoring supplied)

Court is constrained to deem the RTC's dismissal of respondent's collection case against petitioner final and executory. It is settled that the perfection of an appeal in the manner and within the period set by law is not only mandatory, but jurisdictional as well, and that failure to perfect an appeal within the period fixed by law renders the judgment appealed from final and executory.<sup>44</sup> The Court's pronouncement in *Team Pacific Corporation v. Daza*<sup>45</sup> is instructive on this matter, to wit:<sup>46</sup>

Although appeal is an essential part of our judicial process, it has been held, time and again, that the right thereto is not a natural right or a part of due process but is merely a statutory privilege. Thus, the perfection of an appeal in the manner and within the period prescribed by law is not only mandatory but also jurisdictional and failure of a party to conform to the rules regarding appeal will render the judgment final and executory. Once a decision attains finality, it becomes the law of the case irrespective of whether the decision is erroneous or not and no court — not even the Supreme Court — has the power to revise, review, change or alter the same. The basic rule of finality of judgment is grounded on the fundamental principle of public policy and sound practice that, at the risk of occasional error, the judgment of courts and the award of quasi-judicial agencies must become final at some definite date fixed by law.

**WHEREFORE**, the petition is **GRANTED**. Accordingly, the Resolutions dated June 7, 2013 and November 4, 2013 of the Court of Appeals (CA) in CA-G.R. CV No. 99594 are hereby **REVERSED** and **SET ASIDE**. Accordingly, a new one is entered **DISMISSING** the appeal of respondent Bureau of Customs to the Court of Appeals.

**SO ORDERED.**

  
**ESTELA M. PERLAS-BERNABE**  
Associate Justice

**WE CONCUR:**

  
**MARIA LOURDES P. A. SERENO**  
Chief Justice  
Chairperson

<sup>44</sup> See *Securities and Exchange Commission v. PICOP Resources, Inc.*, 588 Phil. 136, 154 (2008), citing *Land Bank of the Philippines v. Ascot Holdings and Equities, Inc.*, 562 Phil. 974, 983-984 (2007).

<sup>45</sup> G.R. No. 167732, July 11, 2012, 676 SCRA 82.

<sup>46</sup> *Id.* at 95, citing *Zamboanga Forest Managers Corp. v. New Pacific Timber & Supply Co.*, 647 Phil. 403, 415 (2010).

*Teresita Leonardo de Castro*  
**TERESITA J. LEONARDO-DE CASTRO**  
Associate Justice

*Lucas P. Bersamin*  
**LUCAS P. BERSAMIN**  
Associate Justice

*Jose Portugal Perez*  
**JOSE PORTUGAL PEREZ**  
Associate Justice

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution, 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's Division.

*Maria Lourdes P. A. Sereno*  
**MARIA LOURDES P. A. SERENO**  
Chief Justice