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All Petitioners,

- All versus -

ELEUTERIO CAPAPAS, as Commissioner of Customs and
PEDRO PACIS, as Acting Collector of Customs,

Respondents.

Sept. 28/60

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D E C I S I O N

These are appeals from a decision of the respondent Commissioner of Customs affirming the orders of respondent Acting Collector of Customs Pedro Pacis denying the motion for the immediate execution of certain decisions rendered by his predecessor in office, the late Collector of Customs Isidro C. Angangco.

La Perla Cigar & Cigarette Factory, Inc., and Assandas filed Protests Nos. 159 and 160 (which are now covered by CTA Cases Nos. 1225 and 1226), respectively, with the Collector of Customs of Manila against the collection not only of 25% of the ordinary customs duty on certain articles imported from the United States under the tariff provisions of the Laurel-Langley Agreement but also the incremental duty under Executive Order No. 150, dated December 31, 1955 of the late President Magsaysay. After due hearing, the then Collector of Customs Isidro C. Angangco rendered a joint decision dated October 15, 1959 declaring illegal the collection of customs duties on articles imported from the United States under the said Agreement as well as the incremental duties provided in the said Executive Order. Accordingly, he ordered the reliquidation of the corresponding customs entries and authorized the refund of the customs and incremental duties collected thereon.

With regard to the rest of the protest cases which are now covered by CTA Cases Nos. 1227 to 1236, the importers submitted them to the Collector of Customs for resolution conformably to the latter's decision in Protests Nos. 159 and 160. Without further hearing, the then Collector of Customs Angangco rendered on October 23, 1960 his decisions in all those protests by sustaining the same and incorporating therein his decision in Protest Cases Nos. 159 and 160.

Subsequently, Collector of Customs Angangco was considered resigned by order of the President of the Philippines, effective February 15, 1960, and respondent Acting Collector of Customs Pedro Pacis took his place. After the relief of Collector Angangco, all the importers concerned, who are now the petitioners herein, requested Collector Pacis the immediate execution of the former Collector's decisions. However, before the expiration of the statutory period of fifteen days within which to appeal the decisions of former Collector Angangco to the Commissioner of Customs, the Office of the Solicitor General filed a motion for the reconsideration of the aforesaid decisions, except the decisions in some protest cases that are now covered by C.T.A. Cases Nos. 1235 and 1236. And within the said period of fifteen days, Collector Pacis rendered a decision on reconsideration setting aside the decisions of his predecessor and denying the motion for their immediate execution.

With respect to the protest cases now covered by C.T.A. Cases Nos. 1235 and 1236, which were not included in the motion for reconsideration of the Office of the

Solicitor General, Collector Pacis issued formal orders denying also the motion for the execution of the decisions of his predecessor in the said protests. The denial is based on the ground, among others, that all the decisions of former Collector Angangco in these cases were invalid and of no legal effect for having been rendered without authority.

The importers then appealed to the Commissioner of Customs, asking him to direct the Acting Collector to execute the decisions of former Collector Angangco. Acting upon the said appeal, the Commissioner of Customs instead rendered a joint decision on the merits in Customs Cases Nos. 173 and 174, formerly Protests Nos. 159 and 160 and now C.T.A. Cases Nos. 1225 and 1226, holding among others, that former Collector of Customs Angangco had no jurisdiction to declare the Laurel-Langley Agreement invalid and to render Executive Order No. 150 inoperative. With respect to the other protest cases (C.T.A. Cases Nos. 1227 to 1236), the Commissioner rendered no decision on the merits for the reason, among others, that former Collector Angangco did not conduct hearings and/or require the presentation of evidence as to the facts of importation, country of origin of the articles, payment of duties and other circumstances which were necessary to be considered before refund could be authorized. Hence, the Commissioner promulgated interlocutory resolutions incorporating therein by reference his decision in Customs Cases Nos. 173 and 174, remanding the aforesaid protest cases to the Office of the Acting Collector of Customs for formal hearings. In all these cases, however, the Commissioner denied the urgent motion of the importers for the immediate execution of the decisions of Collector Angangco. Hence, these appeals.

The principal issue in these cases is whether or not the decisions of former Collector of Customs of Manila Isidro C. Angangco sustaining the protests of the petitioners and authorizing the refund of the customs and incremental duties collected on said importations became final and executory immediately so as to deprive his successor in office, Acting Collector of Customs Pedro Pacis, of his power to act on the motion for reconsideration filed by the Office of the Solicitor General and to bar the Commissioner of Customs from reviewing the decisions or actions of either or both former Collector Angangco and Collector Pacis. In the affirmative, whether or not this Court can compel respondents Commissioner of Customs and Acting Collector of Customs to execute the decisions of former Collector Angangco.

In support of their thesis that the decisions of former Collector of Customs Angangco sustaining their protests had become final and executory immediately so that Collector Pacis is without authority to act on the motion for reconsideration filed by the Solicitor General, petitioners anchor their arguments on Section 3502 of the Tariff and Customs Code, which reads as follows:

> SEC. 3502. Application of Established Ruling or Decision—A ruling or decision of the Bureau of Customs which determines the construction or application of any provision of law imposing customs duties and which changes any existing established classification, interpretation or practice shall not take effect until after thirty days public notice shall be given to the form of a published tariff decision. When such ruling or decision favors the taxpayers it shall become effective immediately.

It is advanced that if under the above-quoted provisions the decisions of former Collector Angangco became effective immediately, it necessarily follows that the motion for reconsideration of such decisions, especially if filed by the lawyers of the Government like the one in these cases, is out of place. Consequently, it was illegal for respondent Collector Pacis to entertain the same.

At first blush, it would seem that the view of the petitioners is tenable, but a perusal of the provisions of Section 3502 will readily show that it is the ruling or decision of the Bureau of Customs, which favors the taxpayers, which is required to be effective immediately. If we are to adhere, as we should, to the commonly accepted meaning of words in accordance with settled rules of interpretation, the logical view is that the term "ruling or decision of the Bureau of Customs" means the ruling or decision of the Bureau of Customs as headed by the Commissioner and not the ruling or decision of a collection district, like Manila, as headed by a Collector of Customs. Certainly, a ruling or decision of a Collector of one collection district, like Manila, which is only one of more than a dozen collection districts in the Philippines, could not by any stretch of the imagination be considered a ruling or decision of the Bureau of Customs. To say, therefore, that a ruling or decision of a Collector of Customs is a ruling or decision of the Bureau of Customs is to ignore the unmistakable meaning of plain words. It does not also conform to the present set-up of the Bureau of Customs as established by the Tariff and Customs Code.

Section 2315 of the Tariff and Customs Code argues strongly against the position taken by petitioners. It provides that in any case involving the assessment of duties, if the importer fails to protest the ruling of the Collector, and the Commissioner is of the opinion that the ruling of the Collector is erroneous, the latter may order a reliquidation. Obviously, any ruling of a Collector of Customs which is favorable to a taxpayer is not immediately enforceable, as contended by petitioners, but is subject to review motu proprio by the Commissioner if he deems that the action of the Collector is erroneous.

Again, the law provides that when any new or unsettled question is determined by a Collector, which is not appealed in due course, by the proper party, the Collector must notify the Commissioner of his decision and submit an adequate statement of the facts involved (Sec. 3501, Tariff and Customs Code). The purpose of the law is to enable the Commissioner to exercise his supervisory power over Collectors of Customs under Section 2315.

Petitioners insist that based on the decisions of the Supreme Court in the cases of Sy Man v. Jacinto, G. R. No. L-5612, Oct. 31, 1953; Ursal v. Court of Tax Appeals and Consuelo Noel, G. R. No. L-10123 and G. R. No. L-10355, April 26, 1957; Ursal v. Court of Tax Appeals and Jesusa Samson, G. R. No. L-10165, Aug. 30, 1957; and Acting Collector of Customs v. Court of Tax Appeals and Commissioner of Customs, G. R. No. L-8811, Oct. 31, 1957, the Government has no right of appeal from a decision of the Collector of Customs or the Commissioner of Customs favorable to the taxpayer. But nowhere in these cases has the Government appealed from the decisions of the Collector of Customs of Manila.

What merely transpired was that Collector Pacis, who succeeded Collector Angangco, reconsidered the decisions rendered by his predecessor and rendered a different ruling, which action of Collector Pacis is perfectly valid. There is no law which prohibits a new collector of customs to revoke a decision or ruling of his predecessor in protest cases.

Anent the argument of the petitioners that the respondent Collector Pacis rendered his decision and reconsideration without hearing and, therefore, in violation of the due process of clause of the Constitution, suffice it to state that:

> "No rule requires that actual hearing is necessary on a motion for reconsideration. The practice before the courts is that a movant in such kind of a motion sets forth all the grounds in his written motion and does not ordinarily need another hearing in court where personally he or his counsel would expound his reasons or grounds for the reconsideration. Such actual hearing is not considered, in practice, essential to due process." (Manansala v. Heras, G. R. No. L-10582, Sept. 15, 1958, 54 O. G. 6065.)

We are, therefore, of the opinion that the decisions of former Collector Angangco in sustaining the protests of petitioners and authorizing the refund of the customs and incremental duties collected on their importations did not become final and effective immediately. Consequently, his successor Collector Pacis acted with lawful authority in (1) taking cognizance of the motion for reconsideration filed by the Office of the Solicitor General, (2) rendering a decision on reconsideration setting aside the decisions of his predecessor which were sought to be reconsidered, and (3) denying the motion for the immediate execution of the said decisions. It follows that the respondent Commissioner of Customs also acted within the scope of his power when he (1) rendered a joint decision on the merits in Customs Cases Nos. 173 and 174 (formerly Protests Nos. 159 and 160 and now C. T. A. Cases Nos. 1225 and 1226), holding, among others, that former Collector Angangco had no authority to declare the Laurel-Langley Agreement invalid and unconstitutional, and to render Executive Order No. 150 of the late President Magsaysay inoperative; (2) rendered no decision on the merits on the protest cases covered by C. T. A. Cases Nos. 1227 to 1236, for the reason, among others, that former Collector Angangco did not conduct hearings, nor require the presentation on the records of the corresponding customs entries covering the different importations; (3) promulgated interlocutory resolutions in the said protest cases covered in C. T. A. Cases Nos. 1227 to 1236 incorporating therein by reference his decision on the merits in Customs Cases Nos. 173 and 174 and remanding these cases to the Office of the Acting Collector of

Customs for formal hearings and/or presentation of the records of the pertinent facts and evidence necessary for a complete adjudication of the cases; and (4) denied the urgent motion of all the importers for the immediate execution of the decisions of former Collector Angangco.

WHEREFORE, all the appeals in the above-entitled cases are hereby dismissed, with costs against petitioners.

SO ORDERED.

Quezon City, September 30, 1966.

ROMAN M. UMALI
Presiding Judge

WE CONCUR:

ESTANISLAO R. ALVAREZ
Associate Judge

RAMON L. AVANCEÑA
Associate Judge