REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SECOND DIVISION

MILLIONSTAR GRAINS CORPORATION, represented by its President MS. JAENA BAUTISTA-MANUNTAG,
Petitioner,

- versus -

HON. DISTRICT COLLECTOR OF CUSTOMS, Port of MICP, North Harbor, Port Area, Manila and HON. REY LEONARDO B. GUERERRO, Commissioner of Customs, South Harbor, Port Area, Manila,
Respondents.

CTA CASE NO. 10576

Members:

RINGPIS-LIBAN, *Chairperson,*
MODESTO-SAN PEDRO, *and*
FERRER-FLORES, *JJ.*

Promulgated:

4:15 pm

x - x

DECISION

FERRER-FLORES, J.:

The **Amended Petition for Review of Protest and Appeal for Duty and Tax Refund** filed on November 4, 2021, prays for the refund of customs duties and taxes made on its rice shipments in the amount of **₱1,134,817.94.**[1]

THE PARTIES

Petitioner **Millionstar Grains Corporation**, represented by its President Ms. Jaena Bautista-Manuntag, is a corporation duly organized and existing under Philippine laws.[2]

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1 Statement of the Case, Pre-Trial Order dated January 10, 2024, Docket, pp. 354 to 358. The original *Petition for Duty and Tax Refund* was filed on July 9, 2021 (Docket, pp. 6 to 9), and the amended *Petition for Duty and Tax Refund* was filed on November 4, 2021 (Docket, pp. 30 to 33).

2 Par. 1 Admitted Facts, *Joint Stipulations of Facts and Issues* (JSFI), Docket, p. 340.

Respondent **District Collector of Customs (DCC)** is responsible for assessment and collection of customs revenues for imported goods, and other dues, fees, charges, fines, and penalties accruing under Republic Act (R.A.) No. 10863, otherwise known as the *Customs Modernization and Tariff Act* (CMTA).[3]

Respondent **Commissioner of Customs (COC)** is the head of the Bureau of Customs (BOC), which is responsible for assessment and collection of customs revenues for imported goods, and other dues, fees, charges, fines, and penalties accruing under the CMTA.[4]

ANTECEDENTS (ADMINISTRATIVE LEVEL)

On March 3, 2021, a shipment of 41,600 bags of 50 kilograms per bag of Vietnam White Rice 5% broken arrived in Manila covered by Bill of Lading Number ONEYSDNB3375400 with Manifest Waybill Registry Number ONX0024-21.[5]

After lodging of the *Single Administrative Document* (SAD),[6] a computer-generated *Temporary Assessment Notice*,[7] using the transactional value, was issued to petitioner, amounting to ₱8,154,786.28.

The final assessment (or *Assessment Notice*),[8] however, using reference value in accordance with Memorandum No. 31-2021 dated February 8, 2020 issued by the BOC Commissioner,[9] amounted to ₱9,289,604.22, or an increase of ₱1,134,817.94 from the initial assessment using the transactional value.[10]

On March 15, 2021, petitioner paid under protest and filed its *Protest and Appeal for Duty and Tax Refund* before the COC,[11] relative to the alleged over-charged duty collected and disputed by petitioner, in the amount of ₱1,134,817.94.

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3 Par. 2 Admitted Facts, JSFI, Docket, p. 341.
4 Par. 3 *Id.* at 341.
5 Par. 4 *Id.* at 341, Docket, p. 352; Exhibit "R-1", Docket, p. 144.
6 Exhibit "P-4", BOC Records, p. 182.
7 Exhibit "P-5", *Id.* at 180.
8 Exhibit "R-3", Docket, p. 149.
9 Exhibit "R-2", *Id.* at 145 to 148.
10 Par. 5, Admitted Facts, JSFI, Docket, p. 341.
11 Refer to par. 6, *Id.* at 341; Exhibit "P-1", BOC Records, pp. 177 to 179.

PROCEEDINGS BEFORE THIS COURT

Petitioner filed its *Petition for Duty and Tax Refund* on July 9, 2021.[12] Thereafter, on November 4, 2021, petitioner filed through registered mail a *Motion for Leave to Admit Amended Petition for Review of Protest and Appeal for Duty and Tax Refund,*[13] attaching therewith its *Amended Petition for Review of Protest and Appeal for Duty and Tax Refund.*[14]

On November 29, 2022, respondents filed their *Verified Answer (to the Petition for Duty and Tax Refund dated 25 June 2021).*[15]

On December 9, 2022, respondents transmitted the BOC records of the case consisting of one folder of 23 pages.[16] On December 20, 2022, the Office of the Solicitor General likewise forwarded the record of this case through its *Compliance* dated December 7, 2022.[17]

The Pre-Trial Conference was initially set on March 16, 202[3].[18] However, the same was reset to, and held on, September 28, 2023.[19] Prior thereto, respondents' *Pre-Trial Brief* was filed on March 13, 2023,[20] while petitioner's *Pre-Trial Brief* was submitted on September 26, 2023.[21]

On October 24, 2023, the parties filed their *Joint Stipulation of Facts and Issues*,[22] which was admitted and approved by the Court in its Resolution dated November 15, 2023,[23] thereby deeming the termination of the Pre-Trial. Thereafter, the Pre-Trial Order dated January 10, 2024 was then issued.[24]

Trial then ensued, with the parties presenting and offering their respective testimonial and documentary evidence.

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12 Docket, pp. 6 to 9.
13 *Id.* at 29.
14 *Id.* at 30 to 33.
15 *Id.* at 115 to 132.
16 *Id.* at 157.
17 *Id.* at 193 to 250.
18 Notice of Pre-Trial Conference, Docket, pp. 152 to 153. Refer also to the Resolution dated January 18, 2023, Docket, pp. 257 to 258.
19 Minute Resolution, Docket, p. 287; Minutes of the Hearing held on, and Order dated, September 28, 2023, Docket, pp. 329 to 330, and 336 to 337, respectively.
20 Docket, pp. 267 to 273.
21 *Id.* at 302 to 306.
22 *Id.* at 340 to 345.
23 *Id.* at 347.
24 *Id.* at 354 to 358.

Petitioner offered the testimony of its broker, Mr. Michael C. Mertalla.[25]

On January 29, 2024, petitioner filed its *Formal Offer of Evidence*,[26] to which respondents submitted their *Comment (to Petitioner's Formal Offer of Evidence dated 29 January 2024)* on February 13, 2024.[27] In the Resolution dated April 17, 2024,[28] the Court admitted petitioner's offered exhibits, except the sub-marking of Exhibit "P-8" as no such sub-marked exhibit exists in the records, and for failure of petitioner to identify exactly what this sub-marked exhibit would be.

For their part, respondents offered the testimony of Customs Operations Officer III Omar Madcasim.[29]

On June 26, 2024, respondents filed their *Formal Offer of Evidence,*[30] to which petitioner submitted its *Comment / Opposition [To Respondent's Formal Offer of Evidence]* on July 11, 2024. The Court admitted all of respondents' exhibits in the Resolution dated September 18, 2024.[31]

Petitioner's *Memorandum* was filed on October 28, 2024,[32] while respondents' *Memorandum* was submitted on November 8, 2024.[33]

The case was considered submitted for decision on November 26, 2024.[34]

THE STIPULATED ISSUE

The parties stipulated the following issue for this Court's resolution, to wit:

> WHETHER OR NOT THE PETITIONER IS ENTITLED TO ITS CLAIM FOR REFUND OF CUSTOMS DUTIES AND

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[25] *Judicial Affidavit of Michael C. Mertalla*, Docket, pp. 307 to 314; Minutes of the Hearing held on, and Order dated, January 18, 2024, Docket, pp. 359 to 361.
[26] Docket, pp. 362 to 365.
[27] *Id.* at 370 to 374.
[28] *Id.* at 384 to 385.
[29] Exhibit "R-4", Docket, pp. 134 to 141; Minutes of the Hearing held on, and Order dated, June 20, 2024, Docket, pp. 387 to 388.
[30] Docket, pp. 389 to 392.
[31] *Id.* at 402 to 403.
[32] *Id.* at 405 to 414.
[33] *Id.* at 426 to 440.
[34] *Id.* at 444.

TAXES MADE ON ITS RICE SHIPMENT IN THE AMOUNT OF ₱1,134,817.94.[35]

Petitioner's arguments

Petitioner asserts that it is entitled to its claim of refund. It contends that respondent DCC used the wrong method of valuation and should have used Method One, which is based on the transaction value of the goods being assessed. It further argues that respondent DCC has no legal basis to use Method Three. Finally, petitioner maintains that this Court has jurisdiction over the inaction of the COC, as petitioner did not fail to exhaust its administrative remedies.

Respondents' counter-arguments

Respondents contend that the instant petition must be dismissed for lack of jurisdiction. Respondents argue that the filing of the *Petition* is premature since there is still a pending protest. Moreover, respondents assert that petitioner failed to substantiate its position to warrant the application of Method One – Transaction Value Method in Section 701 of the CMTA, and hence, the customs examiner's resort to Method Three - Transaction Value of Similar Goods under Section 703 of the CMTA is proper.

THE COURT'S RULING

The present *Petition for Duty and Tax Refund* must be dismissed on jurisdictional grounds.

Sections 1106, 1107, and 1110 of R.A. No. 10863 (or the CMTA) read as follows:

> SEC. 1106. *Protest.* – When a ruling or decision of the District Collector or customs officer involving goods with **valuation**, rules of origin, and other customs issues is made, except the fixing of fines in seizure cases, **the party adversely affected may appeal by way of protest against such ruling or decision by presenting to the Commissioner at the time when payment of the amount claimed to be due the government is made, or within fifteen (15) days thereafter**, a written protest setting forth the objection to the ruling or decision in question and the reasons therefore.

[35] Par. II Issue, JSFI, Docket, p. 341.

> Subject to the approval of the Secretary of Finance, the Commissioner shall provide such rules and regulations as to the requirement for payment or nonpayment of the disputed amount and in case of nonpayment, the release of the importation under protest upon posting of sufficient security. *(Emphases and underscoring added)*
>
> SEC. 1107. *Protest Exclusive Remedy in Protestable Case.* – In all cases subject to protest, the interested party who desires to have the action of the District Collector reviewed, shall file a protest as provided in Section 1106 of this Act, otherwise the action of the District Collector shall be final and conclusive.
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> SEC. 1110. *Decision in Protest.* — **When a protest is filed in proper form, the Commissioner shall render a decision within thirty (30) days from receipt of the protest**. In case the protest is sustained, in whole or in part, the appropriate order shall be made, and the entry reassessed, if necessary. *(Emphasis added)*

Based on the foregoing provisions, it is clear that when a ruling or decision of the District Collector or customs officer involving, *inter alia*, goods with valuation issues, the party adversely affected may appeal by way of a written protest against such ruling or decision before respondent COC, when payment has been made, or within 15 days thereafter.

As a corollary, Sections 7 and 11 of R.A. No. 1125,[36] as amended by R.A. No. 9282,[37] provides, in part, as follows, to wit:

> SEC. 7. *Jurisdiction.* – **The CTA shall exercise**:
>
> (a) **Exclusive appellate jurisdiction to review by appeal, as herein provided**:
>
> (1) **Decisions of the Commissioner of Internal Revenue** in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue;
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> (2) **Inaction by the Commissioner of Internal Revenue** in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue, **where the National Internal Revenue Code provides a specific period of action**, in which case the inaction shall be deemed a denial;

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36 AN ACT CREATING THE COURT OF TAX APPEALS.

37 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.

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> (4) **Decisions of the Commissioner of Customs** in cases involving liability for customs duties, fees or other money charges, seizure, detention or release of property affected, fines, forfeitures or other penalties in relation thereto, or other matters arising under the Customs Law or other laws administered by the Bureau of Customs;
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> xxx xxx xxx
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> SEC. 11. *Who May Appeal; Mode of Appeal; Effect of Appeal.* – **Any party adversely affected by a decision, ruling** or **inaction of the** xxx xxx xxx **Commissioner of Customs** xxx xxx xxx **may file an appeal with the CTA within thirty (30) days after the receipt of such decision or ruling or <u>after the expiration of the period fixed by law for action as referred to in Section 7(a)(2) herein</u>**.
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> xxx xxx xxx. *(Emphases and underscoring added)*

Based on the foregoing provisions, this Court has exclusive appellate jurisdiction to review by appeal the <u>decisions and inactions</u> of the Commissioner of Internal Revenue (CIR) involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code (NIRC) of 1997, as amended, or other laws administered by the Bureau of Internal Revenue.

Moreover, this Court has also exclusive appellate jurisdiction to review by appeal the <u>decisions</u> of respondent COC in cases involving liability for customs duties, fees or other money charges, seizure, detention or release of property affected, fines, forfeitures or other penalties in relation thereto, or other matters arising under the Customs Law or other laws administered by the BOC. Unlike, however, in the case of the CIR, there is nothing in the foregoing provisions which states that an <u>inaction</u> by respondent COC is appealable to this Court. Specifically, the law did not grant exclusive appellate jurisdiction to review by appeal cases involving or over inaction of respondent COC.

In this case, respondent COC has yet to decide the protest lodged before him. In fact, petitioner is of the position that what is being appealed to this Court is the **<u>inaction</u>** of the said respondent COC, as shown in its averments both in the *Petition for Duty and Tax Refund* and the *Amended Petition for Review of Protest and Appeal For Duty and Tax Refund*, to wit:

Petition For Duty and Tax Refund:

> 4. That, despite of the fact of a palpable lapse of the intervening period, the herein Petitioner remain to be adversely affected by **the shackles of the inaction of the Respondents** on the disputed or questioned issues of duty/tax valuations or assessments, and on the demanded or claimed refund of the excessive charges of customs duty/tax upon the rice shipments of the Petitioner, not taking any action for just the request of the Petitioner, even just by way of a drawback or credit, adjustment, reduction, or abatement, neither even just by settlement or compromise; hence, substantially **by such cause of the inaction of the Respondents**, the Petitioner deems it fitting for now to file before this Honorable Court this Petition in pursuance to Rule 8 of the 2005 Revised Rules of the Court of Tax Appeals, as amended;[38] *(Emphases and underscoring added)*

Amended Petition for Review of Protest and Appeal For Duty and Tax Refund:

> 7. That for over a year now, **Respondents have remained without taking any action on the disputed issues of duty and tax valuations or assessments**, and on the demanded refund of the excess charges of customs duty and tax upon the rice shipments of the Petitioner. **Such inaction adversely, unfairly, unjustly and unnecessarily affected the legitimate rights and interests of herein Petitioner.** For such cause, the Petitioner deems it fitting to file before this Honorable Court this instant Petition in conformity with Rule 8 of the 2005 Revised Rules of the Court of Tax Appeals, as amended;[39] *(Emphases and underscoring added)*

However, as already intimated, this Court has no jurisdiction to entertain inactions of respondent COC. To be sure, petitioner's invocation of Rule 8 of the 2005 Revised Rules of the Court of Tax Appeals, as amended, is misplaced. This is so because nothing therein allows or authorizes the filing of a case involving inactions of respondent COC, to which this Court may take cognizance of. The pertinent provisions of the said Rule 8 read as follows:

> SEC. 3. *Who may appeal; period to file petition.* –
>
> (a) **A party adversely affected by a decision, ruling or the inaction of the Commissioner of Internal Revenue** on disputed assessments or claims for refund of internal revenue taxes, or by **a decision or ruling of the Commissioner of Customs**, the Secretary of Finance, the Secretary of Trade and Industry, the Secretary of Agriculture, or a Regional Trial Court in the exercise of its original jurisdiction may appeal to the Court by petition for review filed within thirty days after receipt of a copy of such decision or ruling, **or expiration of the period fixed by law for the Commissioner of Internal Revenue to act on the**

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[38] Docket, p. 7.
[39] *Id.* at 32.

> **disputed assessments.** In case of the inaction of the Commissioner of Internal Revenue on claims for refund of internal revenue taxes erroneously or illegally collected, the taxpayer must file a petition for review within the two-year prescribed by law from payment or collection of the taxes.
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> xxx xxx xxx
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> SEC. 4. *Where to appeal; mode of appeal.* –
>
> (a) **An appeal from a decision or ruling or the <u>inaction of the Commissioner of Internal Revenue</u>** on disputed assessments or claim for refund of internal revenue taxes erroneously or illegally collected, **<u>the decision or ruling of the Commissioner of Customs</u>**, the Secretary of Finance, the Secretary of Trade & Industry, the Secretary of Agriculture, and the Regional Trial Court in the exercise of their original jurisdiction, **shall be taken to the Court by filing before it a petition for review as provided in Rule 42 of the Rules of Court.** The Court in Division shall act on the appeal. *(Emphases and underscoring added)*

As can be gleaned from the foregoing provisions and consistent with the above-quoted provisions of R.A. No. 1125, as amended, any inaction that was referred to <u>only</u> pertains to the CIR. <u>None has been provided for regarding the supposed inaction of respondent COC</u>. If at all, it is only the *"decisions of the Commissioner of Customs"*, which are appealable to this Court.

It must be emphasized that while under the aforequoted Section 1110 of R.A. No. 10863, it is mandated that respondent COC *"render a decision within thirty (30) days from receipt of the protest"*, the same does not automatically vest this Court with jurisdiction to entertain any inaction of respondent COC. This is simply because it is not conferred by any law.

Apropos, 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.[40]

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[40] *Nippon Express (Philippines) Corp. vs. Commissioner of Internal Revenue*, G.R. No. 185666, February 4, 2015.

Moreover, *expressio unius est exclusio alterius*, the express inclusion of one implies the exclusion of all others.[41] The rule of *expressio unius est exclusio alterius* is formulated in a number of ways. One variation of the rule is the principle that what is expressed puts an end to that which is implied. *Expressium facit cessare tacitum.* Thus, where a statute, by its terms, is expressly limited to certain matters, it may not, by interpretation or construction, be extended to other matters.[42] The rule of *expressio unius est exclusio alterius* and its variations are canons of restrictive interpretation. They are based on the rules of logic and the natural workings of the human mind. They are predicated upon one's own voluntary act and not upon that of others. **They proceed from the premise that the legislature would not have made specified enumeration in statute had the intention been not to restrict its meaning and confine its terms to those expressly mentioned.**[43]

Applying the foregoing rule of statutory construction, had the legislature intended to include inactions of respondent COC as falling under this Court's exclusive appellate jurisdiction, it could have easily done so. The fact that the legislature only and expressly limited inactions of the CIR under the aforequoted Section 7 of R.A. No. 1125, as amended, thereby shows its intent not to include inactions of respondent COC under this Court's exclusive appellate jurisdiction.

In fine, this Court, being a court of special jurisdiction, can take cognizance only of matters that are clearly within its jurisdiction.[44] Considering that the present case is not within this Court's jurisdiction, it must be dismissed.

Furthermore, CAO No. 02-2020[45] provides:

Section 6. Dispute Settlement Arising from Customs Valuation.

6.1. Upon lodgement of goods declaration and before Assessment becomes final, the Customs Officer may challenge the declaration made by the importer as to the dutiable value of the goods pursuant to Section 707 of the CMTA. **If the importer does not agree with the valuation, he may elevate the matter to the principal appraiser and thereafter to the Chief, Formal Entry Division or equivalent unit, then to the Deputy Collector for Assessment and finally to the District Collector.**

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41 *Commissioner of Internal Revenue vs. Michel J. Lhuiller Pawnshop, Inc.*, G.R. No. 150947, July 15, 2003.
42 *Malinias vs. Commission on Elections*, G.R. No. 146943, October 4, 2002.
43 *Ibid.*
44 *Applied Food Ingredients Company, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 184266, November 11, 2013.
45 SUBJECT: DISPUTE SETTLEMENT AND PROTEST.

6.2. If the District Collector finds that the Valuation Issue involves difficult or highly technical questions relating to the application of customs valuation rules, the following procedures shall be undertaken:

6.2.1. The District Collector shall accordingly inform the importer within two (2) days that the Valuation Issue involves difficult or highly technical questions;

6.2.2. In such case, the District Collector shall require the importer and the Customs Officer to submit position papers to support their declaration or findings, respectively within five (5) days from the receipt of the notice;

6.2.3. If the nature of the goods permit, the District Collector shall require the taking of samples subject to verification of the Customs Officer concerned to be returned to the importer upon termination of the dispute settlement;

6.2.4. The importer may request release of the goods under Tentative Assessment upon payment of duties and taxes as declared in the goods declaration and posting of sufficient Security to cover the disputed amount of duties, taxes and other charges as determined by the examiner and appraiser and compliance with other pertinent applicable rules and regulations; and

6.2.5. The District Collector shall resolve in writing the Valuation Issue within fifteen (15) days from submission of the position papers.

6.3 If the dispute does not involve difficult or highly technical questions on proper application of methods of valuation and the District Collector adopts the findings of the Customs Officer, the District Collector shall notify within forty-eight (48) hours the aggrieved importer of his ruling in writing stating his reasons and with a directive to pay the duties and taxes in full based on the valuation made by the Customs Officer.

6.4. In case of a ruling adverse to the importer, the importer shall be liable to pay the additional duties and taxes as adjudged or if the goods are released under Tentative Assessment, any posted security shall be made to answer for the deficiency in duties and taxes resulting from the ruling.

6.5 **The aggrieved importer adversely affected may appeal by way of protest against such ruling in accordance with this CAO.**

6.6 **In case the ruling of the Commissioner is adverse to the importer, he may seek reconsideration or appeal the ruling in accordance with this CAO.**

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Section 10. Protest.

10.1 **The aggrieved importer or exporter or any stakeholder directly affected by the adverse ruling of the District Collector in all Protestable Cases** arising from tariff classification, valuation, rules of origin or other customs issues, **may appeal by way of protest in writing to the Commissioner within fifteen (15) days** from receipt of the adverse ruling of the District Collector or, **when payment is made as a result of the adverse ruling, within fifteen (15) days from such payment**. Otherwise, the action of the District Collector shall be final and conclusive.

10.2 A protest filed shall specify the particular ruling of the District Collector for which protest is being made, and shall indicate the particular ground or grounds upon which the protesting party bases the claim for relief. The scope of a protest shall be limited to the particular goods subject of a goods declaration, but any number of issues may be raised in a protest with reference to the goods declaration constituting the subject matter of the protest.

10.3 **When a protest is filed in proper form, the Commissioner shall render a ruling within thirty (30) days from receipt of the protest. Otherwise, the ruling of the Collector shall be deemed affirmed if the Commissioner fails to act on the same.**

Section 11. Motion for Reconsideration. The importer aggrieved by the ruling of the Commissioner, other than a ruling on tariff classification, **may, within fifteen (15) calendar days, from receipt of the ruling, file a Motion for Reconsideration with the Commissioner.**

Section 12. Finality of the Decision. Unless an appeal is made to the CTA in the manner and within the period herein prescribed, the ruling of the Commissioner shall be final and executory.

Section 13. Appeal. An importer aggrieved by the decision of the Commissioner may **appeal the said decision to the CTA within thirty (30) days from receipt of the adverse decision or final order of the Commissioner.** (*Emphases added)*

OCOM Memorandum No. 110-2020[46] likewise states:

6. In case the decision of the District Collector is adverse to the importer, the importer shall be liable to pay the additional duties and taxes as adjudged or if the goods are released under tentative assessment, any posted security shall be made to answer for the deficiency in duties and taxes resulting from the decision.

7. The aggrieved importer may file a written appeal by way of protest to the Commissioner, within fifteen (15) days from receipt of the adverse ruling of the District Collector or, when payment is made as a result of the adverse decision, within fifteen (15) days

[46] SUBJECT: DISPUTE SETTLEMENT ARISING FROM VALUATION.

> from such payment. Otherwise, the action of the District Collector shall be final and conclusive.
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> 8. **There must be a prior payment of the disputed assessment as well as payment of protest fees, before any appeal by way of protest may prosper**. *(Emphasis added)*

Based on the foregoing, if an importer does not agree with the valuation of a Customs Officer, it may elevate the matter to the principal appraiser and thereafter to the Chief, Formal Entry Division or equivalent unit, then to the Deputy Collector for Assessment, and finally to the District Collector. Thereafter, an importer aggrieved by a ruling of respondent DCC may appeal by way of protest in writing to respondent COC within 15 days from receipt of the adverse ruling of respondent DCC or, when payment is made as a result of the adverse ruling, within 15 days from such payment. Further, when a protest is filed in proper form, respondent COC shall render a ruling within 30 days from receipt of the protest. Otherwise, the ruling of respondent DCC shall be deemed affirmed if respondent COC fails to act on the same. The importer aggrieved by the ruling of respondent COC, other than a ruling on tariff classification, may then file a Motion for Reconsideration with respondent COC within 15 calendar days from receipt of the said ruling.

Applying the above provisions to the present case, respondent COC has 30 days from March 15, 2021, or until April 14, 2021, to render a ruling; otherwise, the ruling of respondent DCC shall be deemed affirmed. Thus, respondent COC having failed to act on the protest within the 30-day period, the ruling of respondent DCC, if any, is deemed affirmed. Petitioner should have then filed a Motion for Reconsideration of the said ruling within 15 calendar days from April 14, 2021 or until April 29, 2021 with respondent COC. There is also nothing in the records, however, that establishes the foregoing. There is likewise no proof that respondent COC issued an adverse decision or final order that is appealable to this Court under Section 13 of CAO No. 02-2020.

Section 1, Rule 9 of the Rules of Court states:

> Section 1. *Defenses and objections not pleaded.* – Defenses and objections not pleaded either in a motion to dismiss or in the answer are deemed waived. However, **when it appears from the pleadings or the evidence on record that the court has no jurisdiction over the subject matter**, that there is another action pending between the same parties for the same cause, or that the action is barred by a prior judgment or by statute of limitations, **the court shall dismiss the claim**. *(Emphases added)*

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Courts are bound to take notice of the limits of their authority and they may, by their own motion, even though the question is not raised by the pleadings, or not even suggested by counsel, recognize the want of jurisdiction and act accordingly by staying pleadings, dismissing the action, or otherwise noticing the defect, at any stage of the proceedings.[47] To inquire into the existence of jurisdiction over the subject matter is the primary concern of a court, for thereon would depend the ability of its entire proceedings.[48] It bears emphasis that this Court, being a court of special jurisdiction, can take cognizance only of matters that are clearly within its jurisdiction.[49] Relative thereto, when it appears from the pleadings or the evidence on record that the Court has no jurisdiction over the subject matter, the Court shall dismiss the claim. The Court could not decide the case on the merits.[50]

WHEREFORE, premises considered, the present **Amended Petition for Review of Protest and Appeal for Duty and Tax Refund** filed on November 4, 2021 is **DISMISSED** on jurisdictional grounds.

SO ORDERED.

CORAZON G. FERRER-FLORES
Associate Justice

WE CONCUR:

MA. BELEN M. RINGPIS-LIBAN
Associate Justice

MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

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47 *Bureau of Customs vs. Devanadera, et al.*, G.R. No. 193253, September 8, 2015 citing *Ace Publication, Inc. vs. The Commissioner of Customs, et al.*, G.R. No. L-18808, May 29, 1964.

48 *AT&T Communications Services Philippines, Inc. vs. Commissioner of Internal Revenue*, G.R. No. 185969, November 19, 2014 citing *Commissioner of Internal Revenue vs. Villa, et al.*, G.R. No. L-23988, January 2, 1968.

49 *Commissioner of Internal Revenue vs. V.Y. Domingo Jewellers, Inc.*, G.R. No. 221780, March 25, 2019.

50 *Nippon Express (Philippines) Corp. vs. Commissioner of Internal Revenue,* G.R. No. 185666, February 4, 2015.

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, 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.

Ma. Belen

MA. BELEN M. RINGPIS-LIBAN
Acting Presiding Justice