

**REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY**

EN BANC

**COMMISSIONER OF
CUSTOMS,**

Petitioner,

**CTA EB NO. 3063
(CTA CASE NO. 10340)**

Present:

- versus -

**RINGPIS-LIBAN, P.J.,
BACORRO-VILLENA,
MODESTO-SAN PEDRO,
REYES-FAJARDO,
CUI-DAVID,
FERRER-FLORES,
ANGELES,
TESTON, and
CENTENO-DIJAMCO, JJ.**

MARVIN RULONA REYES,
Respondent.

Promulgated:

SEP 07 2026

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DECISION

ANGELES, J.:

Before the Court of Tax Appeals (CTA) *En Banc* (CTA *En Banc*) is a *Petition for Review*¹ filed by the Commissioner of Customs (COC) through the Office of the Solicitor General (OSG) (Petitioner) on February 3, 2025, praying that an order be issued reversing and setting aside the Decision² dated August 07, 2024 (Assailed Decision) and Resolution³ dated November 27, 2024 (Assailed Resolution) rendered by the CTA Second Division (CTA Division) in CTA Case No. 10340

¹ EB Docket, pp. 7 to 20.

² EB Docket, pp. 23 to 47, penned by Presiding Justice, then Associate Justice Ma. Belen M. Ringpis-Liban, and concurred in by Associate Justice Rowena Modesto-San Pedro, and with Concurring and Dissenting Opinion by Associate Justice Corazon G. Ferrer-Flores.

³ EB Docket, pp. 58 to 61.

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entitled, *Marvin Rulona Reyes v. Commissioner of Customs, Bureau of Customs*.

In sum, the CTA Division previously reversed, annulled, and set aside the Decision of the COC dated July 21, 2020⁴ (COC Decision), which affirmed the Decision of the Acting District Collector of the Port of Clark dated February 20, 2020 (ADC Decision) in forfeiting two (2) aluminum closed vans with plate numbers CAP 6868 and CAK 7736 (subject vans) in favor of the government.

The CTA Division ruled that the subject vans were exempt from forfeiture and ordered the release of the same to herein respondent.

THE PARTIES

Petitioner COC, as represented by the OSG, is the head of the Bureau of Customs (BOC), an agency under the Department of Finance (DOF), primarily tasked with the assessment and collection of lawful revenues from imported articles and all other dues, fees, charges, fines, and penalties accruing under the tariff and customs laws, among others.⁵

On the other hand, respondent Marvin Rulona Reyes, is the owner of the subject vans.⁶

THE FACTS

The following are the facts as found and narrated by the CTA Division in the Assailed Decision:⁷

On July 12, 2019, the shipment of Terratech Trading arrived at the Port of Clark, Pampanga, and was stored at a UPS Delbros International Express warehouse in Clark, Pampanga. The shipment was released and allowed to be loaded into the subject vans. On the same day, the subject vans were apprehended by Task Force Aguila and the shipment was thoroughly examined.

⁴ Exhibit "P-1", Decision entitled *Republic of the Philippines v. TWO ALUMINUM CLOSED VANS WITH PLATE NUMBERS CAP 6868 AND CAK 7736, MARVIN RULONA REYES*, Division Docket, pp. 17 to 23.

⁵ Pars. 5 and 6, Parties, *Petition for Review*, EB Docket, p. 8.

⁶ Par. 8, Parties, *Petition for Review*, EB Docket, p. 9.

⁷ The Facts, *Decision*, Division Docket, pp. 257 to 259.

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It was discovered that the shipment contained the following: 7,600 units Vivo V15, 800 units Leagoo M13 Model, 1,300 units Xiaomi Redmi 7s, 400 units Xiaomi Note 7, 800 units Xiaomi Honor 7s, 250 units Honor 8c, 1,620 units Xiaomi Mi 6A, 80 units Xiaomi Mi 4 Tablet, 30 units Smart Watch, 40 units Xiaomi Air Wireless Earphones, 200 units smart watch, 99 units Oppo, 20 units Xiaomi Mi 90T, 1 carton containing 1 unit Iphone, 8 pieces HDMI Cable and 1 piece Speaker, 6,000 units USB, 345 pieces Sports Watch, 20 units Iphone 6, 25 units Cellphone White casing and PGO6 marking at the back.

On July 15, 2019, a Warrant of Seizure and Detention ("WSD"), docketed as SI No. CFZ 020-2019, was issued by the Acting District Collector of the Port of Clark. The shipment and the subject vans were seized by the BOC for violations of the Customs Modernization and Tariff Act ("CMTA").

Petitioner [herein respondent] filed a *Motion for Intervention* on August 08, 2019 alleging that he is the rightful owner of the closed vans seized. Finding that he has a legal interest in the proceeding, he was allowed to intervene. Petitioner [herein respondent] consequently filed his *Position Paper* on September 10, 2019, attaching therewith copies of the Deeds of Sale, with an Offer of Settlement by Payment of Fine, for the release of the seized subject vans, pursuant to Section 1124 of the CMTA. Notably, the Acknowledgement Receipt (marked and attached as Exhibit "P-2") was not submitted in the proceedings before the BOC.

The Acting District Collector of the Port of Clark issued a Decision on February 20, 2020 forfeiting the subject vans in favor of the government.

On March 13, 2020, petitioner [herein respondent] filed his *Notice of Appeal* with *Memorandum on Appeal*, praying for the reversal and annulment of the Decision dated February 20, 2020.

Petitioner [herein respondent] received on August 06, 2020 respondent's [herein petitioner's] denial of his appeal in the Decision dated July 21, 2020 (Seizure Identification No. CFZ 020-2019), the dispositive portion of which, states:

"WHEREFORE, finding no reversible error, the Decision dated 20 February 2020 of the Acting District Collector, Port of Clark, which ordered the forfeiture of the Two Aluminum Closed Vans with Plate Numbers CAP 6868 and CAK 7736 in favor of the government is hereby **AFFIRMED**.

Let this case be forwarded to the Bureau's Action Team Against Smugglers (BATAS) and Intelligence Group (IG) to form part of the records of the case and continue the conduct of the necessary proceedings as may be required.

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SO ORDERED."

Aggrieved by the COC's ruling, petitioner [herein respondent] filed the present *Petition for Review* on September 04, 2020 with this Court, and the case was initially raffled to the Second Division.

On November 19, 2020, respondent [herein petitioner] filed his *Answer* and transmitted the BOC Records.

The Pre-Trial Conference was initially set on March 17, 2021. However, considering the non-appearance of petitioner's [herein respondent's] counsel on the said date, the Court rescheduled to May 03, 2021. Upon petitioner's [herein respondent's] *Motion* filed on May 17, 2021, the Pre-Trial Conference was reset to, and held on, July 26, 2021. Prior thereto, on March 10, 2021, petitioner [herein respondent] filed his *Pre-Trial Brief*, while respondent [herein petitioner] posted his *Pre-Trial Brief*. Notably, in his *Pre-Trial Brief*, respondent [herein petitioner] manifested that, considering that the entire case docket has already been elevated to this Court, he will no longer present the same and that no witnesses will be presented.

On November 29, 2021, the parties posted their *Joint Stipulation of Facts and Issues*, which was approved and adopted by the Court in the Pre-Trial Order dated February 17, 2022, thereby deeming the termination of the Pre-Trial.

Thereafter, trial ensued. Herein respondent presented himself as his sole witness, and submitted documentary evidence which consists of eight (8) Exhibits.⁸ On the other hand, herein petitioner manifested that he will no longer present evidence in this case.⁹ Eventually, respondent filed his *Memorandum*,¹⁰ while petitioner filed a *Manifestation and Motion*¹¹ that he is adopting his previous *Answer* as memorandum. The case was submitted for decision on June 20, 2023.¹²

On August 07, 2024, the Assailed Decision was promulgated. The dispositive portion¹³ of which provides:

Assailed Decision (August 7, 2024)

WHEREFORE, premises considered, the *Petition for Review* filed on September 04, 2020 is **GRANTED**. The assailed

⁸ *Formal Offer of Evidence*, Division Docket, pp. 168 to 16; *Supplemental Formal Offer of Evidence*, Division Docket, p. 221.

⁹ Hearing Order dated April 25, 2022, Division Docket, p. 162.

¹⁰ Division Docket, pp. 239 to 250.

¹¹ Division Docket, pp. 233 to 235.

¹² Resolution, Division Docket, p. 253.

¹³ Division Docket, p. 279.

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Decision dated July 21, 2020 of the Commissioner of Customs is **REVERSED, ANNULLED and SET ASIDE**. The Warrant of Seizure and Detention issued against the two (2) aluminum closed vans with plate numbers CAP 6868 and CAK 7736 is **LIFTED** and the vans are ordered **RELEASED** to Petitioner.

SO ORDERED.

In so ruling, the CTA Division found that herein respondent is exempt from forfeiture according to Section 1114 of the Customs Modernization and Tariff Act (CMTA) considering that he had no knowledge or participation in the conveyance of the smuggled goods. It likewise ruled that none of the circumstances of *prima facie* presumption is present and may be imputed to respondent.

Petitioner, through the OSG, received a copy of the Assailed Decision on August 12, 2024.¹⁴ Thereafter, a *Motion for Reconsideration (Re: Decision dated August 7, 2024)*¹⁵ (MR) was filed on August 27, 2024. Respondent then filed his *Comment/Opposition (Re: Respondent's [herein petitioner's] Motion for Reconsideration)*¹⁶ on September 20, 2024. Such MR was eventually denied in the Assailed Resolution. The dispositive portion¹⁷ of which is reproduced below, *viz.*:

Assailed Resolution (November 27, 2024)

WHEREFORE, premises considered, Respondent's [herein petitioner's] "Motion for Reconsideration (Re: Decision dated August 7, 2024)" is **DENIED** for lack of merit.

SO ORDERED.

On January 03, 2025, petitioner received a copy of the Assailed Resolution.¹⁸

THE PROCEEDINGS BEFORE THE CTA *EN BANC*

On January 17, 2025, petitioner filed a *Motion for Extension of Time to File Petition for Review*.¹⁹ The Court granted the same, and

¹⁴ Notice of Decision, Division Docket, p. 255.

¹⁵ Division Docket, pp. 286 to 289.

¹⁶ Division Docket, pp. 294 to 297.

¹⁷ Division Docket, p. 303.

¹⁸ Notice of Resolution, Division Docket, p. 299.

¹⁹ EB Docket, p. 1 to 3.

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petitioner was given until February 02, 2025 within which to file its Petition for Review.²⁰

Considering that February 02, 2025 fell on a Sunday, the present *Petition for Review*²¹ was filed on February 03, 2025, which is well within the extended period previously granted. The same was likewise duly electronically filed on the next day, February 04, 2025. Consequently, the Court directed herein respondent to file his comment thereto within ten (10) days from notice.²² On March 18, 2025, the *Comment (Re: Petitioner's Petition for Review)*²³ was filed. In a Resolution dated April 10, 2025, the Court noted the same and submitted the case for decision.²⁴

THE ISSUE²⁵

Whether the CTA Division erred in ruling that the subject vans are exempt from forfeiture.

THE ARGUMENTS

*Petitioner's arguments*²⁶

Petitioner respectfully contends that the CTA Division erred in reversing the decision of the COC, as it merely relied on the bare denial of respondent and the Acknowledgment Receipt which the latter purportedly submitted to show that he was simply paid to transport the shipment of the subject articles from Clark to Manila.

Petitioner likewise claims *prima facie* presumption that respondent had knowledge of or participation in the unlawful act considering that he is not in the usual business of trucking or hauling. This was allegedly admitted by respondent himself when he stated that he is still in the trial phase and without any license or permit for such purported business. Thus, there is a presumption that a person caught with smuggled goods is presumed to have knowledge of such unlawful act. In order to overcome such a *prima facie* presumption, petitioner

²⁰ Notice dated January 20, 2025, EB Docket, p. 6.

²¹ EB Docket, pp. 7 to 18.

²² Notice dated March 4, 2025, EB Docket, p. 69.

²³ EB Docket, pp. 71 to 80.

²⁴ Notice dated April 10, 2025, EB Docket, *unpaginated*.

²⁵ Issue, *Petition for Review*, EB Docket, p. 11.

²⁶ Discussion, *Petition for Review*, EB Docket, pp. 11 to 16.

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contends that the quantum of proof must be clear and convincing – and the bare denial of having knowledge of the smuggling activity and the belatedly submitted Acknowledgment Receipt is thus, insufficient. In addition, petitioner argues that even the CTA Division pronounced that there is grave doubt as to the probative value of such a receipt.

Furthermore, petitioner contends that since respondent did not present any of the drivers of the subject vans, respondent's lone testimony is thus, at best self-serving.

Respondent's counter-arguments

Respondent, by way of *Comment*,²⁷ counters that petitioner merely reiterated the assertions previously raised and failed to present any new or compelling arguments.

He maintains that he is a common carrier as defined under Section 3.4 of Customs Administration Order (CAO) No. 10-2020 and Article 1732 of the New Civil Code, and should thus be exempt from seizure and forfeiture. Moreover, he also stated that it was already previously established that he is engaged in the trucking business, transporting goods by land, albeit in its trial phase and without the necessary permits and/or licenses for formal registration.

Respondent contends that petitioner failed to prove that he has knowledge or participation of the smuggling activity. He then emphasized that he never knew or had no way of knowing that the mobile phones aboard the subject vans were untaxed. He likewise contends that he was not even present when these were loaded in the subject van, as he was only notified by his employees.

Lastly, respondent contends that since forfeiture cases under the Tariff and Customs laws are administrative in character, the required proof is merely by substantial evidence and that he adequately proved the same.

²⁷ EB Docket, pp. 71 to 80.

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TIMELINESS OF THE APPEAL BEFORE THE CTA *EN BANC*

The present Petition for Review was filed on time

As provided in Rule 8 of the Revised Rules of the Court of Tax Appeals (RRCTA),²⁸ a party adversely affected by a ruling, decision, or resolution of the CTA Division may elevate the matter, on appeal, to the CTA *En Banc* within fifteen (15) days from receipt thereof, to wit:

RULE 8 PROCEDURE IN CIVIL CASES

SEC. 3. *Who may appeal; period to file petition. —*

xxx xxx xxx

(b) A party adversely affected by a decision or resolution of a Division of the Court on a motion for reconsideration or new trial may appeal to the Court by filing before it a petition for review **within fifteen days from receipt of a copy of the questioned decision or resolution.** Upon proper motion and the payment of the full amount of the docket and other lawful fees and deposit for costs before the expiration of the reglementary period herein fixed, the Court may grant an additional period not exceeding fifteen days from the expiration of the original period within which to file the petition for review. (*Rules of Court, Rule 42, sec. 1a*) (*Emphasis supplied*)

Moreover, prior to the filing of an appeal before the CTA *En Banc*, it is crucial that a motion for reconsideration or new trial be previously filed before the CTA Division.²⁹ In the event that the adverse party failed to do so, jurisprudence dictates that such failure may be a ground for dismissal.³⁰

²⁸ Rules of the Court of Tax Appeals - approved by the Supreme Court on November 22, 2005 (A.M. No. 05-11-07-CTA); Amendments to the 2005 Rules of Court of the Court of Tax Appeals - approved by the Supreme Court on September 16, 2008 (A.M. No. 05-11-07-CTA); and Additional Amendments to the 2005 Revised Rules of the Court of Tax Appeals – approved by the Supreme Court on February 10, 2009 (A.M. No. 05-11-07-CTA).

²⁹ RULE 8, PROCEDURE IN CIVIL CASES, RRCTA, Section 1 provides:

SECTION 1. *Review of cases in the Court en banc.* — In cases falling under the exclusive appellate jurisdiction of the Court *en banc*, the petition for review of a decision or resolution of the Court in Division must be preceded by the filing of a timely motion for reconsideration or new trial with the Division. (*n*)

³⁰ *Asiatruster Development Bank, Inc. v. Commissioner of Internal Revenue*, G.R. Nos. 201530 & 201680-81, April 19, 2017.

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As previously stated, petitioner received a copy of the Assailed Decision on August 12, 2024.³¹ Thereafter, within the required fifteen (15) days, an *MR*³² was filed on August 27, 2024. Respondent then filed his *Comment/Opposition (Re: Respondent's [herein petitioner's] Motion for Reconsideration)*³³ on September 20, 2024. Such MR was eventually denied in the Assailed Resolution, and was received by petitioner on January 03, 2025.³⁴

Immediately thereafter, petitioner filed a *Motion for Extension of Time to File Petition for Review*³⁵ on January 17, 2025. The Court granted the same, and petitioner was given until February 02, 2025 within which to file its Petition for Review.³⁶

Considering that February 02, 2025 fell on a Sunday, the present *Petition for Review*³⁷ was timely filed on the next working day, February 03, 2025, and with the proper electronic transmittal filed on the next day, February 04, 2025.

Following the fifteen (15)-day reglementary period to file an appeal before the CTA *En Banc* as required by the RRCTA, the Court finds that the present *Petition for Review* was filed on time.

Hence, this Decision.

THE RULING

Upon careful review and consideration, the present *Petition for Review* is meritorious.

³¹ Notice of Decision, Division Docket, p. 255.

³² Division Docket, pp. 286 to 289.

³³ Division Docket, pp. 294 to 297.

³⁴ Notice of Resolution, Division Docket, p. 299.

³⁵ EB Docket, p. 1 to 3.

³⁶ Notice dated January 20, 2025, EB Docket, p. 6.

³⁷ EB Docket, pp. 7 to 18.

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The Assailed Decision and Resolution of the CTA Division must be reversed and set aside

To recall, the CTA Division previously reversed, annulled, and set aside the COC Decision dated July 21, 2020,³⁸ which affirmed the ADC Decision dated February 20, 2020, in forfeiting the subject vans in favor of the government. In doing so, the CTA Division concluded that the lack of knowledge or participation on the part of respondent as regards the conveyance of the smuggled goods, exempts the subject vans from forfeiture under Section 1114 of the CMTA. Thus, the WSD issued against the subject vans were ordered to be lifted, and that such vans were ordered to be released to herein respondent. It was likewise ruled that none of the circumstances of *prima facie* presumption is present and may be imputed to herein respondent.

After examination of the evidence offered and admitted by the Court, We find it proper to rule otherwise.

At the outset, it is very crucial to underscore that forfeiture proceedings are proceedings *in rem*, and are therefore directed against the *res* or a specific property (as in this case, **the subject vans**). This entails that the action centers on the involvement of the vehicles in the illegal act, and finds no relevance whether or not the agent or the owner thereof has knowledge or participation – as the action is not after the personal liability of the owner, but against the mode of transportation utilized in movement of the illegal activity. The main purpose of which is to enforce the administrative fines or forfeiture incident to unlawful importation of goods or their deliberate possession.³⁹

In *Commissioner of Customs v. Court of Tax Appeals*,⁴⁰ although involving vessels, the Supreme Court thus pronounced:

Forfeiture proceedings are in the nature of proceedings in rem (Vierneza vs. Commissioner of Customs, 24 SCRA 394) and are **directed against the res**. The fact that private respondent has allegedly no actual knowledge that M/B "Maria Victoria-P" was used illegally does not render the vessel immune from forfeiture. This is so because the **forfeiture proceedings in**

³⁸ Exhibit "P-1", Decision entitled *Republic of the Philippines v. TWO ALUMINUM CLOSED VANS WITH PLATE NUMBERS CAP 6868 AND CAK 7736, MARVIN RULONA REYES*, Division Docket, pp. 17 to 23.

³⁹ *People v. Court of First Instance of Rizal*, G.R. No. L-41686, November 17, 1980.

⁴⁰ G.R. No. L-31733, September 20, 1985.

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this case was instituted against the vessel itself. Private respondent's defense that he has **no actual knowledge** that the vessel was used illegally is personal to him but **cannot absolve the vessel from liability of forfeiture.**

Moreover, the aforequoted provision prescribes in an unequivocal term the imposition of the penalty of forfeiture in cases of unlawful importation of foreign articles regardless of whether such importation occurred with or without the knowledge of the owner of the vessel.

In *United States vs. Steamship "Rubi"* (32 Phil. 239), this Court, in resolving the question of whether or not the innocence of the owner in the illegal importation of foreign articles can withdraw the ship from the penalty of confiscation, said:

"The **vessel which commits the aggression is treated as the offender**, without any reference whatsoever to the character or conduct of the owner, . . . this is done from the necessity of the case, as the only adequate means of suppressing the offense or wrong, . . . The doctrine also is familiarly applied to cases of smuggling and other misconduct under our revenue laws; and . . . embargo and non-intercourse acts, . . . The same thing applies to proceeding in rem or seizures in admiralty. . . . the acts of the master and crew, in cases of this sort, bind the interest of the owner of the ship, whether he be innocent or guilty."
(*Emphasis supplied*)

Accordingly, the relevant provisions of the CMTA to the case at hand clearly provides that the ***mere carrying of smuggled goods on board any vehicle, may cause the outright seizure of the latter and subject the same to forfeiture***, save for some exceptions. Section 1113 is instructive on the matter, *viz.*:

CHAPTER 4 Seizure and Forfeiture

SECTION 1113. Property Subject to Seizure and Forfeiture.

Property that shall be subject to seizure and forfeiture include:

(a) Any **vehicle**, vessel or aircraft, including cargo, which shall be **used unlawfully** in the importation or exportation of goods or **in conveying or transporting smuggled goods in commercial quantities** into or from any Philippine port or place. The **mere carrying or holding on board of smuggled goods in commercial quantities** shall subject such vehicle, vessel, aircraft, or any other craft **to forfeiture**: Provided, That the vehicle,

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vessel, aircraft or any other craft is not used as a common carrier which has been chartered or leased for purposes of conveying or transporting persons or cargo;

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(k) Any conveyance actually used for the transport of goods subject to forfeiture under this Act, with its equipage or trappings, and any vehicle similarly used, together with its equipment and appurtenances. The **mere conveyance of smuggled goods by such transport vehicle shall be sufficient cause for the outright seizure and confiscation of such transport vehicle** but the forfeiture shall not be effected if it is established that the owner of the means of conveyance used as aforesaid, is engaged as common carrier and not chartered or leased, or that the agent in charge thereof at the time, has no knowledge of the unlawful act;⁴¹ (*Emphases and underscoring added*)

Moreover, the foregoing Sections 1113 (a) and (k) of the CMTA is a reiteration of Sections 2530 (a) and (k) of the previous Tariff and Customs Code of 1978 (TCCP).⁴² As provided in such Sections, it is apparent that the State aims to curtail smuggling and exercise its confiscatory powers over the vehicles or effects used in its facilitation. The declaration of policy of the CMTA is thus clear, to wit:

SECTION 101. Declaration of Policy. — It is hereby declared the policy of the State to **protect and enhance government revenue, institute fair and transparent customs and tariff management** that will efficiently facilitate international trade, **prevent and curtail any form of customs fraud and illegal acts**, and modernize customs and tariff administration.⁴³

Furthermore, the provisions on seizure and forfeiture of the CMTA, its declaration of policy, and other relevant customs laws likewise emanate from the *police power* of the state to promote the general welfare by the regulation and prevention of illegal activities such as smuggling. In the case of *Board of Commissioners of the Bureau of Immigration and the Jail Warden v. Wenle*, the constitutional concept of police power is thus extensively discussed as follows:

Police power is the power of the State, primarily vested in the legislature, to promote public welfare by **restraining and**

⁴¹ Customs Modernization and Tariff Act (CMTA), Republic Act No. 10863, May 30, 2016.

⁴² PRESIDENTIAL DECREE NO. 1464, A DECREE TO CONSOLIDATE AND CODIFY ALL THE TARIFF AND CUSTOMS LAWS OF THE PHILIPPINES, Tariff and Customs Code of 1978, June 11, 1978.

⁴³ Customs Modernization and Tariff Act (CMTA), Republic Act No. 10863, May 30, 2016.

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regulating the use of liberty and property — although it virtually extends to "all public needs" as it is not capable of an exact definition for being comprehensive in order to meet all exigencies and provide enough room for an efficient and flexible response to conditions and circumstances, thus, assuring the greatest benefits. Stated differently, it may be said to be "that **inherent and plenary power in the State which enables it to prohibit all things hurtful to the comfort, safety, and welfare of society**. Such power may be delegated to the President and administrative boards, as well as the law-making bodies of municipal corporations or local government units. Upon this power depends the security of social order, the life and health of the citizens, the comfort of an existence in a thickly populated community, the enjoyment of private and social life, and the beneficial use of property. "The maintenance of peace and order, the protection of life, liberty, and property, and the promotion of the general welfare are essential for the enjoyment by all the people of the blessings of democracy."⁴⁴

In the case at hand, it was admitted and remained undisputed by the parties, that the forfeiture of the subject vans was due to the fact that it was found to be loaded with untaxed mobile phones, and other electronic gadgets in commercial quantities, *viz.*:

4. It was discovered that the shipment contained the following: **7,600** units Vivo V15, **800** units Leagoo M13 Model, **1,300** units Xiaomi Redmi 7s, **400 units** Xiaomi Note 7, **800** units Xiaomi Honor 7s, **250 units** Honor 8c, **1,620 units** Xiaomi Mi 6A, **80 units** Xiaomi Mi 4 Tablet, **30 units** Smart Watch, **40 units** Xiaomi Air Wireless Earphones, **200 units** smart watch, **99 units** Oppo, **20 units** Xiaomi Mi 90T, 1 carton containing 1 unit Iphone, **8 pieces** HDMI Cable and **1 piece** Speaker, **6,000 units** USB, **345 pieces** Sports Watch, **20 units** Iphone 6, **25 units** Cellphone White casing and PGO6 marking at the back.⁴⁵

5. On July 15, 2019, a warrant of seizure and detention was issued by the Acting District Collector of the Port of Clark. The shipment and **the two (2) aluminum vans were seized, pursuant to the WSD, by the Bureau of Customs for violations of the Customs Modernization and Tariff Act (CMTA).**⁴⁶ (*Emphases supplied*)

Additionally, in the Decision of the Acting District Collector of the Port of Clark, it was likewise discussed that the seized electronic gadgets were forfeited in favor of the government in view of the

⁴⁴ G.R. No. 242957, February 28, 2023.

⁴⁵ Par. 4, *Joint Stipulation of Facts and Issues*, Division Docket, p. 109.

⁴⁶ Par. 5, *Joint Stipulation of Facts and Issues*, Division Docket, p. 109.

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discrepancy in the declared value of the subject shipment as found in the Informal Entry vs. the AWB.⁴⁷

Indeed, from the clear import of the provisions of the CMTA, and in view of the State's police power to regulate trade and the use of property, the outright seizure and the eventual forfeiture of the subject vans were warranted as they were utilized in the transportation of the questioned electronic gadgets and mobile phones in commercial quantities. As likewise found by the Court *a quo*:

To recall, **the two (2) closed aluminum vans owned by Petitioner were seized and apprehended *in flagrante* while transporting and conveying smuggled electronic goods imported by consignee Terratech Trading.** While it is clear that the shipment loaded on the said vans were deemed smuggled for failure to secure the necessary import permits and payment of correct duties and taxes, the determination whether forfeiture is warranted as to the vans used in transporting the goods is another story. (*Emphasis supplied*)

Even with such finding, the CTA Division concluded and gave credence to the evidence presented by herein respondent that the subject vans were exempted from forfeiture.

However, this Court *En Banc* finds otherwise.

We shall explain.

The Court a quo erred in ruling that the subject vans are exempt from forfeiture; the respondent failed to adduce sufficient evidence that would merit his claim for exemption

As a general rule, under Section 1113 of the CMTA, any vehicle, vessel, or aircraft, which is utilized in transporting goods, shall subject such vehicle, vessel, or aircraft to forfeiture. However, this is not without any exceptions. The law likewise provides that forfeiture cannot apply if the vehicle, vessel, or aircraft was used as a common carrier. To recapitulate:

⁴⁷ Pars. 11 to 12, Exhibit "P-1", Decision, Division Docket, p. 18.

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CHAPTER 4
Seizure and Forfeiture

SECTION 1113. Property Subject to Seizure and Forfeiture.

Property that shall be subject to seizure and forfeiture include:

(a) Any vehicle, vessel or aircraft, including cargo, which shall be used unlawfully in the importation or exportation of goods or in conveying or transporting smuggled goods in commercial quantities into or from any Philippine port or place. The mere carrying or holding on board of smuggled goods in commercial quantities shall subject such vehicle, vessel, aircraft, or any other craft to forfeiture: **Provided, That the vehicle, vessel, aircraft or any other craft is not used as a common carrier which has been chartered or leased for purposes of conveying or transporting persons or cargo;**

As previously ruled upon by the CTA Division, We affirm the latter's finding that respondent is **not a common carrier**, viz.:

From the foregoing, the true test for a common carrier is whether the undertaking is a part of the activity engaged in by the carrier that he or she has held out to the general public as his or her business or occupation. If the undertaking is a single transaction, not a part of the general business or occupation engaged in, as advertised and held out to the general public, the subject individual or entity rendering the service is a private carrier, and not a common carrier.

During cross-examination, petitioner admitted that he is just starting to try out the trucking business, sans any permit or license, and advertising it to friends.

xxx xxx xxx

Based on petitioner's answers, it can hardly be said that he holds himself out to the public as ready to act indiscriminately for all who may desire his services to transport goods from one place to another either gratuitously or for hire. At that time, petitioner admitted that his services are limited to friends and referrals. Although he mentioned that he had ongoing application, petitioner failed to substantiate the same. In fact, the vehicle registration classification of the Isuzu van with plate number CAK 7736 that was eventually transferred in his name on July 26, 2021 is still private.

Petitioner only has his testimony and the Acknowledgment Receipt he executed to prove his claim that he is engaged as a common carrier. Notably, and as pointed out by respondent, the Acknowledgment Receipt was not introduced at the administrative level, even though such should have been available at that time. This piece of evidence only came to light when petitioner filed this present

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petition. There was no explanation from petitioner as to why the Acknowledgment Receipt was offered belatedly on appeal. More so, the Acknowledgment Receipt does not bear any indication that it is registered with the Bureau of Internal Revenue. This raises grave doubt as to the probative value considering that this is the only document that would corroborate petitioner's claims and he even executed the same. The execution and authenticity of the Acknowledgment Receipt was also not attested to by petitioner.

From the foregoing, **Petitioner failed to discharge the burden of proving that he is engaged in the business or occupation of a common carrier.** Petitioner can therefore only be deemed a private carrier. There is, thus, no need to delve whether the contract of carriage was not chartered or leased. (*Emphasis supplied*)

However, even though the Court *a quo* ruled that respondent is not a common carrier, it still found that the subject vans were exempt from forfeiture on the other ground that respondent had no knowledge of the illegal activity that transpired. The CTA Division finds basis in Section 1114 of the CMTA, which provided that forfeiture is not allowed if it is established that the owner thereof has no knowledge of or participation in the conveyance or transportation of the smuggled goods, to wit:

Section 1114. *Properties not Subject to Forfeiture in the Absence of Prima facie Evidence.* — The forfeiture of the vehicle, vessel, or aircraft shall not be effected if it is established that **the owner thereof or the agent in charge of the means of conveyance used as aforesaid has no knowledge of or participation in the unlawful act:** *Provided,* That a *prima facie* presumption shall exist against the vehicle, vessel, or aircraft under any of the following circumstances:

If the conveyance has been used for smuggling before;

If the owner is not in the business for which the conveyance is generally used; and

If the owner is not financially in a position to own such conveyance. (*Emphasis supplied*)

Aside from the testimony of respondent, the Court in Division heavily relied on Exhibit "P-2",⁴⁸ or the Acknowledgment Receipt which purportedly proves that herein respondent was merely engaged by one Chris Pablo, to transport the subject articles from Clark to Manila.

⁴⁸ Exhibit "P-2", Division Docket, p. 24.

We disagree.

Fundamentally, under Section 1123 of the CMTA, it is clear that in forfeiture proceedings, the claimant of the subject vessel, aircraft, or vehicle – as in this case, has the burden of proof.

Section 1123. Burden of Proof in Forfeiture Proceedings. - In all proceedings for the forfeiture of any vehicle, vessel or aircraft, or goods under this Act, the **burden of proof shall be borne by the claimant.** (*Emphasis supplied*)

Equally important is that, as a rule, the degree of proof required in forfeiture proceedings is merely **substantial evidence** or such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.⁴⁹ We find significance in *Feeder International Line, Pte., Ltd. v. Court of Appeals*:⁵⁰

Considering, therefore, that **proceedings for the forfeiture of goods** illegally imported are not criminal in nature since they do not result in the conviction of the wrongdoer nor in the imposition upon him of a penalty, proof beyond reasonable doubt is not required in order to justify the forfeiture of the goods. In this case, **the degree of proof required is merely substantial evidence which means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion.** (*Emphases supplied*)

In the case at hand, in claiming exemption, aside from his bare denial, only the following pieces of evidence were formally offered⁵¹ by herein respondent, and admitted by the Court:⁵²

EXHIBIT	DOCUMENT	PURPOSE
"P-1"	Decision dated July 21, 2020	To establish that the Commissioner of Customs affirmed the Decision dated 20 February 2020 of the Acting District Collector, Port of Clark, which ordered the forfeiture of the Two Aluminum Closed Vans with Plate Numbers CAP6868 and CAK7736
"P-2"	Acknowledgment Receipt dated July 11, 2019	To establish that petitioner received Php8,500.00, from Chris Pablo, as 50% down-payment for hauling services
"P-3"	Airway Bill No. 558Y75FW9XN	To establish that the shipment being hauled by petitioner is consigned/owned by Terratech Trading

⁴⁹ *Commissioner of Customs v. Gold Mark Sea Carriers, Inc.*, G.R. No. 208318, June 30, 2021.
⁵⁰ G.R. No. 94262, May 31, 1991.
⁵¹ *Formal Offer of Evidence*, Division Docket, pp. 168 to 169.
⁵² Resolution dated February 16, 2023, Division Docket, pp. 231 to 232.

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EXHIBIT	DOCUMENT	PURPOSE
"P-4"	Deed of Sale dated May 15, 2015	To establish that on May 15, 2019, petitioner became the new owner of the HINO Aluminum Truck with Plate No. CAP 6868; To establish that at the time the said truck was seized, petitioner is already the owner of the vehicle
"P-5"	Deed of Sale dated June 4, 2019	To establish that on June 4, 2019, petitioner became the new owner of the IZUZU Aluminum Truck with Plate No. CAK 7736 To establish that at the time the said truck was seized, petitioner is already the owner of the vehicle
"P-6" ⁵³	OR/CR for Isuzu closed van	To establish that petitioner is now the registered owner
"P-7" ⁵⁴	OR/CR for Hino closed van	To establish that petitioner purchased the said motor vehicle from the registered owner
"P-8"	Judicial Affidavit of Marvin Reyes dated September 3, 2020	To establish that petitioner is the owner of the two (2) aluminum vans seized in Seizure Identification No. CFZ 20-2019, entitled Republic of the Philippines vs. Two Aluminum Closed Vans With Plate Numbers CAP 6868 and CAK 7736; To establish that petitioner was engaged by Chris Pablo, the broker/representative of Terratech, to haul and transport the shipment consigned to Terratech from UPS DelBros Warehouse located in the Port of Clark, Pampanga to a warehouse at 2240 Singalong St., Malate, Manila, Metro Manila; To establish that Chris Pablo paid petitioner PHP8,500.00 as a 50% down-payment for the hauling services; To establish that he had no knowledge of and lack of participation in the importation of the shipment consigned to Terratech Trading; To identify documents and other matters in relation to the foregoing

A careful examination of the foregoing evidence and the reason for their offer would reveal nothing but the fact of sale of the subject vans to herein respondent. The foregoing do not appear nor can be inferred to establish the fact that respondent is exempt from forfeiture even though they were offered for such purpose.

More importantly, if any, the only relevant evidence heavily relied upon by the CTA Division is Exhibit "P-2" or the Acknowledgment Receipt.⁵⁵ We cannot sustain the latter Court's reliance thereto in so ruling that respondent had no knowledge of the

⁵³ Supplemental Formal Offer of Evidence, Division Docket, p. 221.

⁵⁴ Supplemental Formal Offer of Evidence, Division Docket, p. 221.

⁵⁵ Exhibit "P-2", Division Docket, p. 24.

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illegal activity for the reason that he was merely engaged by one Chris Pablo, to transport the subject articles from Clark to Manila. For easy reference, such exhibit reproduced below:

P-2
APR 04 2021

ACKNOWLEDGMENT RECEIPT

Received from Chris Pablo the amount of Php 8,500
as 50% down-payment for hauling services from Pampanga to Manila

Signature Over Printed Name
[Signature]
Date 7/11/2019

A perusal of such Exhibit provides nothing but a mere acceptance of down-payment for hauling services. It does not in any way show and prove that herein respondent has no knowledge of the illegality of the subject articles that are being transported. Furthermore, there is even no such showing that the Acknowledgement Receipt covers the engagement of the subject vans of this case, as it lacks any necessary details and information.

Also crucial is the fact that Exhibit “P-2”, was never produced nor submitted during the forfeiture proceedings below. This was admitted and undisputed by both parties in their *Joint Stipulation of Facts and Issues*, as follows:

6. On September 10, 2019, Petitioner filed its Position Paper, attaching therein copies of the aforementioned Deeds of Sales, with an Offer of Settlement by Payment of Fine for the release of the seized two (2) aluminum closed vans pursuant to Section 1124 of the CMTA. **However, the acknowledgment receipt, marked and attached in the [petition] as Exhibit P-2 was not submitted in the proceedings before the Bureau of Customs.⁵⁶** (*Emphasis supplied*)

Notably, it was also the Court in Division which previously ruled that there is grave doubt as regards such Acknowledgment Receipt, and thus cannot be given probative value, hence:

Petitioner only has his testimony and the Acknowledgment Receipt he executed to prove his claim that he is engaged as a common carrier. **Notably, and as pointed out by respondent, the Acknowledgment Receipt was not introduced at the**

⁵⁶ Par. 6, *Joint Stipulation of Facts and Issues*, Division Docket, p. 109.

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administrative level, even though such should have been available at that time. This piece of evidence only came to light when petitioner filed this present petition. **There was no** explanation from petitioner as to why the Acknowledgment Receipt was offered belatedly on appeal. More so, the Acknowledgment Receipt does not bear any indication that it is registered with the Bureau of Internal Revenue. **This raises grave doubt as to the probative value considering that this is the only document that would corroborate petitioner's claims and he even executed the same. The execution and authenticity of the Acknowledgment Receipt was also not attested to by petitioner.** (*Emphasis supplied*)

Thus, it was erroneous for the CTA Division to overturn the forfeiture of the subject vans on the basis of an evidence which it previously ruled to be doubtful and without any probative value.

Unfortunately, upon closer evaluation by this Court *En Banc* of the other pieces of evidence presented by respondent in his attempt to reacquire the seized subject vans, his claim for exemption from forfeiture is still unsubstantially supported – as these evidence fail to prove and convince.

While it is true that the quantum of proof required in forfeiture proceedings is mere substantial evidence – or that relevant proof which would allow a reasonable mind to accept as adequate to support a conclusion, herein **respondent, unfortunately failed to meet even such a threshold.** Even a reasonable mind cannot automatically conclude that from the foregoing evidence, respondent is exempt from forfeiture.

Additionally, it is likewise worthy to address that since under Section 1123 of the CMTA, it is the *claimant* which has the burden of proof, it was incorrect for the Court *a quo* to reverse the forfeiture just because herein petitioner failed to present evidence. A portion of the Assailed Decision provides:

As respondent was unable to refute Petitioner's versions of events, the Court must accept that he indeed had no knowledge of or participation in the unlawful act.

All told, without any evidence presented during trial, there is no basis to sustain the forfeiture of the subject vans.⁵⁷

⁵⁷ Decision, Division Docket, pp. 278 to 279.

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Thus, the Court *En Banc* finds that the limited evidence and testimony previously offered by the respondent are self-serving, and therefore insufficient to establish that the subject vans are exempt from forfeiture on the ground that respondent had no knowledge of the illegal activity. It is apparently weak on its own to merit the overturning of forfeiture that was already ruled upon.

In addition, it may even be concluded from respondent's own statements, that the *prima facie* presumption against the subject vans exist under the second scenario of Section 1114 of the CMTA which provides that if the owner is not in the business for which the conveyance is generally used, the *prima facie* presumption applies, to wit:

Section 1114. *Properties not Subject to Forfeiture in the Absence of Prima facie Evidence.* — The forfeiture of the vehicle, vessel, or aircraft shall not be effected if it is established that the owner thereof or the agent in charge of the means of conveyance used as aforesaid has no knowledge of or participation in the unlawful act: *Provided*, That a *prima facie* presumption shall exist against the vehicle, vessel, or aircraft under any of the following circumstances:

If the conveyance has been used for smuggling before;

If the owner is not in the business for which the conveyance is generally used; and

If the owner is not financially in a position to own such conveyance. (*Emphasis supplied*)

As stated by respondent in his *Judicial Affidavit*, his occupation is actually a manager at a certain KTV in Angeles, Pampanga.⁵⁸ Likewise, during the hearing for his testimony, he admitted that he is new in the trucking business, and that he had no permits in relation to such undertaking, to wit:

ASSOC. SOL. YAP:

Q. Mr. Reyes, in Question No. 18, you answered that you started to advertise your business to people, mostly friends and co-workers that you have started a trucking business and requested for referrals?

MR. RULONA:

A. Yes po.

⁵⁸ Answer to Question 2, *Judicial Affidavit (Marvin Rulona Reyes)*, Division Docket, p. 35.

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ASSOC. SOL. YAP:

Q. In this regard Mr. Reyes, did you acquire the necessary permits and/or licenses for your tr[u]cking business?

MR. RULONA:

A. Ma'am, actually, **trial palang po** ang aking business kasi **bago palang po, almost one month pa lang po** noong nakuha ko yung truck. So tinatry ko palang po yung truck. Actually, pangatlong biyahe ko lang o pang-apat, hindi ko na po matandaan kung gaano katagal. Pagkatapos po noon, nangyari na ito so hindi ko na po siguro maaano yung trucking.

ASSOC. SOL. YAP:

Q. So Mr. Reyes, you are aware that for the operation of a trucking business, permits and licenses are needed to operate or a temporary permit is necessary?

MR. RULONA:

A. Yes po. As of now, kasi, noong time na iyon, puro friends lang po kasi so yung paglipat lang po ng mga gamit or bahay or mga ano. So yung time lang po na iyon kasi nirefer lang po talaga sakin.

ASSOC. SOL. YAP:

Q. Mr. Witness, just to clarify, no permits or licenses acquired by you?

MR. RULONA:

A. Yes po.

ASSOC. SOL. YAP:

Q. There are also no applications submitted?

MR. RULONA:

A. Actually, may application na ako, on-going na po noon time na iyon.

ASSOC. SOL. YAP:

Q. But you operated without the required permits and/or licenses?

MR. RULONA:

A. Yes po, for **trial po**.

ASSOC. SOL. YAP:

No further questions, Your Honors.⁵⁹ (*Emphases supplied*)

All told, in view of the weight and totality of the evidence offered by the respondent and admitted by this Court, We find the same insufficient to overturn the previous forfeiture of the subject vans by herein petitioner COC.

⁵⁹ Transcript of Stenographic Notes for the hearing dated April 25, 2022, pp. 8 to 10.

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WHEREFORE, premises considered, the *Petition for Review* is **GRANTED**. The Assailed Decision⁶⁰ dated August 7, 2024 and Assailed Resolution⁶¹ dated November 27, 2024 rendered by the CTA Second Division are **SET ASIDE**.

Accordingly, the Decision dated July 21, 2020 rendered by the Commissioner of Customs in Seizure Identification No. CFZ 020-2019,⁶² affirming the Decision dated 20 February 2020 of the Acting District Collector, Port of Clark, which ordered the forfeiture of the Two Aluminum Closed Vans with Plate Numbers CAP 6868 and CAK 7736 in favor of the government, is therefore **SUSTAINED**.

SO ORDERED.


HENRY S. ANGELES
Associate Justice

WE CONCUR:


MA. BELEN M. RINGPIS-LIBAN
Presiding Justice


JEAN MARIE A. BACORRO-VILLENA
Associate Justice

(On Leave)
MARIA ROWENA MODESTO-SAN PEDRO
Associate Justice

⁶⁰ EB Docket, pp. 23 to 47, penned by Associate Justice Ma. Belen M. Ringpis-Liban, and concurred in by Associate Justice Rowena Modesto-San Pedro, and with Concurring and Dissenting Opinion by Associate Justice Corazon G. Ferrer-Flores.

⁶¹ EB Docket, pp. 58 to 61.

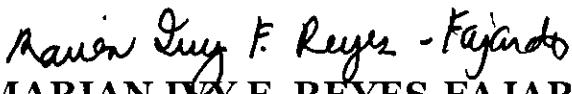
⁶² Exhibit "P-1", Decision entitled *Republic of the Philippines v. TWO ALUMINUM CLOSED VANS WITH PLATE NUMBERS CAP 6868 AND CAK 7736, MARVIN RULONA REYES*, Division Docket, pp. 17 to 23.

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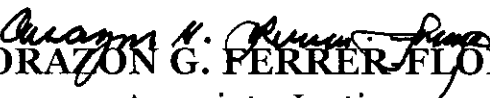
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MARIAN IVY F. REYES-FAJARDO
Associate Justice


LANEE S. CUI-DAVID
Associate Justice


CORAZON G. FERRER FLORES
Associate Justice


PAOLO S. TESTON
Associate Justice


DEBBIE JEAN I. CENTENO-DIJAMCO
Associate Justice

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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 M. RINGPIS-LIBAN

Presiding Justice