CTA Form No. 8

24-000689-0011

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SPECIAL FIRST DIVISION

CTA CRIM CASE NO. A-25

PEOPLE OF THE PHILIPPINES,
Plaintiff-Appellee,

- versus -

PATRICK JOSHUA GARCIA ESCOBAR, ET AL.,
Accused-Appellant.

NOTICE OF DECISION

To:

SOLICITOR GENERAL MENARDO I. GUEVARRA
ASST. SOLICITOR GENERAL JAMES LEE CUNDANGAN
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HON. ALMA CRISPINA B. COLLADO-LACORTE
Presidng Justice
Thru: Atty. Jasmin S. Cabansag
Clerk of Court V
National Capital Judicial Region
Regional Trial Court
Branch 21- Manila

GREETINGS:

You are hereby notified by these presents that on **April 8, 2026,** a Decision was rendered in the above-entitled case, copy of which is attached hereto.

Quezon City, Philippines, **April 10, 2026.**

Atty. Maria Johoanna F. Chan-Te
Executive Clerk of Court III

REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
Quezon City

SPECIAL FIRST DIVISION

PEOPLE OF THE PHILIPPINES, Plaintiff-Appellee,	**CTA Crim. Case No. A-25** Re: Violation of Section 1403 in relation to Section 1401, par. (d) of the Customs Modernization and Tariff Act (CMTA)
- versus -	Members: **BACORRO-VILLENA,** *Acting Chairperson, and* **CUI-DAVID,** *JJ.*
PATRICK JOSHUA GARCIA ESCOBAR, ET AL., Accused-Appellant.	Promulgated: APR 08 2026; 4:00 PM

x - x

DECISION

BACORRO-VILLENA, J.:

Before the Court is accused-appellant Patrick Joshua Garcia Escobar's (**accused-appellant**'s/**Escobar**'s) appeal[1] filed on 03 October 2024, pursuant to Section 9(a),[2] Rule 9 of the Revised Rules of the Court

[1] Notice of Appeal, Division Docket, pp. 23-25.

[2] **RULE 9**
PROCEDURE IN CRIMINAL CASES

...

SEC. 9. *Appeal; period to appeal.* —
(a) An appeal to the Court in criminal cases decided by a Regional Trial Court in the exercise of its original jurisdiction shall be taken by filing a notice of appeal pursuant to Sections 3(a) and 6, Rule 122 of the Rules of Court within fifteen days from receipt of a copy of the decision or final order with the court which rendered the final judgment or order appealed from and by serving a copy upon the adverse party. The Court in Division shall act on the appeal.

of Tax Appeals[3] (**RRCTA**) and Sections 3(a) and 6,[4] Rule 122 of the Revised Rules of Criminal Procedure (**RRCP**); contesting the Decision dated 14 June 2024[5] (**assailed Decision**) and the Order dated 30 August 2024[6] (**assailed Order**), issued by the Regional Trial Court (**RTC**) of Manila City, Branch 21 (**court *a quo***), in Criminal Case No. R-MNL-21-09188CR entitled *People of the Philippines v. Jonathan Pangilinan Rivera (AL), Patrick Joshua Garcia Escobar (CB).*

FACTS OF THE CASE

On 01 July 2020, a shipment of 1x40' container van bearing Container No. TCNU4375187,[7] consigned to Sharjosh International Trading (**Sharjosh**), owned by Jonathan Pangilinan Rivera (**accused Rivera**), arrived at the Port of Manila supported by Commercial Invoice with Invoice No.: DW20664 dated 16 June 2020,[8] a Packing List with Invoice No.: DW20664 dated 16 June 2020,[9] ASEAN-China Free Trade Area (**AFTA**) Preferential Tariff Certificate of Origin with Reference No. E20MA2E7JRJ00393[10] (**Form E**) and the Bill of Lading (**BL**) No. 031A519726[11] (collectively, **shipping documents**) on board the vessel SITC SEMARANG 2012S and declared under a Single Administrative Document (**SAD**) with Entry No. 1019430[12] filed through the Bureau of Customs (**BOC**) electronic-to-mobile (**E2M**) system, with accused-appellant as the licensed customs broker.[13] Acting on an alleged derogatory information that the shipment contained misdeclared goods,

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3 A.M. No. 05-11-07-CTA.

4 **RULE 122**
APPEAL

...

SEC. 3. *How Appeal Taken.* —

(a) The appeal to the Regional Trial Court, or to the Court of Appeals in cases decided by the Regional Trial Court in the exercise of its original jurisdiction, shall be taken by filing a notice of appeal with the court which rendered the judgment or final order appealed from and by serving a copy thereof upon the adverse party.

...

SEC. 6. *When Appeal to be Taken.* — An appeal must be taken within fifteen (15) days from promulgation of the judgment or from notice of the final order appealed from. This period for perfecting an appeal shall be suspended from the time a motion for new trial or reconsideration is filed until notice of the order overruling the motion has been served upon the accused or his counsel at which time the balance of the period begins to run.

5 Division Docket, pp. 12-20.

6 Id., pp. 21-22.

7 Exhibit "L", RTC Records, p. 174-175.

8 Exhibits "N-4" and "3", id., p. 139.

9 Exhibits "N-5" and "4", id., p. 140.

10 Exhibits "N-6" and "5", id., p. 141.

11 Exhibits "F" and "2", id., p. 123.

12 Exhibits "G" and "1", id., p. 32.

13 Id.

District Collector (**DC**) Michael Angelo DC. Vargas (**Vargas**) issued Alert Order (**AO**) No. A/POM/20200806-00080[14] on 06 August 2020, which led to a 100% physical examination conducted by Customs Operations Officer (**COO**) III Cesar Cordero (**Cordero**).[15]

Cordero's examination revealed that instead of *900 packages of King P-69 foldable portable metal desks* (as declared), the shipment contained various undeclared items such as plastic tumblers, stick hooks, wallpaper, sponges, basketballs, plug adapters, printers, beverages, books, keyboards, and toothbrushes.[16] As a result, an Examination Returns for Entry No. 1019430 (**examination return**) was prepared showing a deficiency in duties and taxes totaling ₱306,578.74.[17] Thereafter, the Commissioner of Customs (**COC**) directed the filing of complaint against accused Rivera before the Department of Justice (**DOJ**).[18]

PROCEEDINGS BEFORE THE REGIONAL TRIAL COURT

On 23 November 2021, after due investigation, the DOJ, through Assistant State Prosecutor (**ASP**) Rosemarie Gabriel Gonzales (**Gonzales**), in an Information dated 31 March 2021,[19] then accused Rivera and accused-appellant herein were both charged with violation of Section 1403 in relation to Section 1401(d) of the Customs Modernization and Tariff Act (**CMTA**), the accusatory portion of which reads:

> ...
> That on or about July 2020, in the City of Manila and within the jurisdiction of this Honorable Court, accused **JONATHAN PANGILINAN RIVERA, a licensed customs broker and PATRICK JOSHUA GARCIA ESCOBAR** of [Sharjosh] International Trading, conspiring and confederating together with John and Jane Does, with the evident intent to defraud the government of legitimate taxes accruing to it from the imported articles, did then and there, willfully, unlawfully and knowingly cause and facilitate the making and filing of an Import Entry with the Bureau of Customs by means of false and fraudulent import documents, consisting of, but not limited to, a bill of lading and declaration as regards the true kind, nature, quality and

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14 Exhibit "H", id., p. 170.
15 Exhibit "I", id., pp. 172-173.
16 Id.
17 Exhibit "B", id., p. 22.
18 Id., pp. 9-10.
19 Id., p. 1.

> quantity of the goods indicting therein to consist of nine hundred (900) packages of King P-69 Foldable [Portable] Metal Desk when, in truth and in fact, they consisted of nine hundred (900) packages of plastic tumbler, stick hook, wallpaper, Scotch Brite sponge dishwashing, molten basketball, plug adaptor, printer, letter cut[-]outs, thermal barcode, printer series, tea, beverages, books, network printer server, turtle wax, keyboard and toothbrush, with aggregate dutiable value of Php1, 203,614.86 and duties and taxes of Php306,578.74 so as to pay less that the amount legally due to the Government to its damage and prejudice.
>
> **CONTRARY TO LAW.**
>
> ...

On 25 November 2021, after finding probable cause,[20] the court *a quo* ordered the issuance of a warrant of arrest[21] (**WOA**) against accused Rivera and accused-appellant. By virtue of the WOA, accused-appellant was apprehended on 01 December 2021.[22] As to accused Rivera, however, he remains at large.[23]

After accused-appellant posted a cash bond[24] in the amount of ₱60,000.00, he was granted provisional liberty and the case was set for arraignment. In the arraignment that followed, accused-appellant entered a plea of not guilty of the criminal charge against him.[25]

After the pre-trial was concluded, plaintiff-appellee proceeded to present COO Cordero and Joel Espejo (**Espejo**) as its witness.

On the witness stand, COO Cordero, testified that: (1) he had been connected with the BOC since 2003 and was, at the time material to the case, assigned as Customs Examiner (**CE**) at Section 15 of the Formal Entry Division (**FED**), Port of Manila; (2) as examiner, his primary duty was to ensure that the shipping documents correspond with the actual goods imported; (3) he came to know the name of accused-appellant through the BOC E2M system, which reflects the details of a shipment including the broker, consignee and shipment particulars; (4) the subject shipment was examined by virtue of an AO issued by DC Vargas based

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20 See Order dated 25 November 2021, id., p. 59.
21 Id., p. 60.
22 See Order dated 03 December 2021, id., p. 67.
23 See Order dated 10 June 2024, id., p. 258.
24 See Order of Release dated 03 December 2021, id., p. 77.
25 See Order dated 06 December 2021, id., p. 82.

on derogatory information from the BOC'S Intelligence Group (**IG**) that the shipment allegedly also contained undeclared electronic items; (5) upon verification, the shipment was found at the Asian Terminals, Inc. (**ATI**) area at the Port of Manila and, thereafter, the broker's representative and other concerned offices were contacted for the conduct of a physical examination; (6) during the examination held on 06 August 2020, he found that the container declared to contain foldable portable desks actually also contained various undeclared items such as plastic tumblers, hooks, wallpaper, sponges, basketballs, adapters, printers, beverages, books, keyboards and toothbrushes; (7) based on his computation reflected in the examination return, the dutiable value of the shipment amounted to about ₱1,203,614.86 with corresponding duties and taxes of ₱306,578.74, whereas only ₱96,518.44 was paid based on the declaration in the SAD; (8) he prepared the Examination Report,[26] AO Report[27] and took photographs[28] of the goods found inside the container; (9) accused-appellant was the declared broker of the shipment and that Sharjosh, owned by Rivera, was the consignee; (10) following the examination, their office recommended the issuance of a Warrant of Seizure and Detention[29] (**WSD**).[30]

During his cross-examination, COO Cordero clarified that: (1) SAD contains not only the basic shipment details but also tariff classifications, valuation data and computation of duties and taxes; (2) during the physical examination of the subject shipment, he also saw softcopies of the Commercial Invoice, Packing List, BL and Form E in the BOC system, although he did not have hardcopies at that time; (3) the BL is ordinarily prepared by the shipping line at the place of origin, which in this case was indicated to be in China; (4) the description of the goods in the BL and in the SAD slightly differed, the former referring to "folding desk" and the latter to "foldable portable desk"; (5) he had no personal knowledge as to whether accused-appellant participated in the preparation of the BL or the SAD; (6) he could only rely on the documents appearing in the E2M system and could not categorically state who actually prepared the entries; (7) he confirmed that the physical examination of the shipment was conducted on 06 August 2020 based on the Examination Report; (8) while he stated the broker's or consignee's representative was present during the examination, he could no longer

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26 Exhibit "8", RTC Records, p. 37-38.
27 Exhibit "I", supra at note 15.
28 Exhibit "K", RTC Records, pp. 181-188.
29 Exhibit "L", supra at note 7.
30 TSN dated 20 May 2022, pp. 3-19.

recall the name of (such representative) and admitted that the Examination Report did not bear any proof the representative's presence (like a signature); (9) Warehouse 3 within the ATI container yard was the place of examination, although he could no longer recall the precise location due to the lapse of time; (10) the container was opened in a designated examination area in the presence of enforcement personnel and other witnesses, after which the contents were inventoried and photographed; and (11) while he took some photographs, he could no longer identify which among the submitted photographs he personally took.[31]

When examined on redirect, COO Cordero declared that: (1) the BL, SAD, Packing List, Commercial Invoice and Form E presented in court are the same types of documents uploaded ordinarily into the E2M system; (2) only licensed customs brokers are authorized to file and upload these documents into the system; (3) in the present case, the broker indicated in the E2M system in relation to the subject importation was accused-appellant; and (4) considering that accused-appellant filed the pertinent importation documents, he facilitated the processing of the subject importation in his capacity as customs broker.[32]

No re-cross examination followed.[33]

Following the termination of COO Cordero's testimony, plaintiff-appellee proceeded to present its final witness, Espejo, a BOC employee assigned at the Customer Care Center (**CCC**) of the Port of Manila, who declared that: (1) he currently serves as CCC's Supervisor and Customs Service Officer in charge of the operations, particularly the receipt of documents from external stakeholders; (2) with respect to the subject shipment under Entry No. 1019430 consigned to Sharjosh, their office did not receive any original hardcopies of the importation documents; (3) instead, the pertinent documents were obtained from the BOC online portal based on their verification efforts; (4) under existing customs memorandum orders (**CMOs**), stakeholders such as brokers may file importation documents electronically, subject to the later submission of hardcopies after the lifting of ECQ restrictions; (5) based on their records, only online submissions were made in relation to the subject shipment and no hardcopies were submitted to the CCC; (6) he

31 TSN dated 16 September 2022, pp. 2-30; TSN dated 25 November 2022, pp. 2-7.
32 TSN dated 25 November 2022, pp. 7-8.
33 Id., p. 8.

personally accessed the BOC portal and printed copies of the relevant documents, including the SAD, Temporary Assessment Notice, BL, Commercial Invoice, Packing List and Form E; (7) the BOC portal only allows registered stakeholders, such as the consignee or licensed customs broker, to upload documents using their unique account credentials and passwords; and (8) thus, the uploading of the subject documents could only have been made by the authorized stakeholder or broker and not by BOC personnel.[34]

When subjected to cross-examination, Espejo made clear that: (1) he presently serves as CCC's Head, a position he has held since its establishment on 06 February 2020; (2) his participation with respect to the Commercial Invoice, Packing List and AFTA Form was limited to accessing the BOC portal and printing the digital copies thereof; (3) he did not personally upload or originate the said documents, which he clarified were digital records retrievable from the BOC portal; (4) he was able to access the portal by virtue of his official account as Head of the CCC, which granted him second-level access to retrieve and print documents, subject to the system permissions granted by the BOC; (5) he is not part of the Management Information Systems and Technology Group (**MISTG**), which serves as the system administrator, but his office was authorized to access the portal in the performance of its functions; and (6) the documents he printed from the BOC portal form part of the BOC's official records.[35]

No redirect examination followed.[36]

Pursuant to the court *a quo*'s Order dated 17 August 2023,[37] plaintiff-appellee filed its Formal Offer of Evidence[38] (**FOE**) on 21 September 2023. With accused-appellant's "Comment/Opposition (to Prosecution's [FOE])"[39] filed on 05 October 2023, plaintiff-appellee's FOE was immediately thereafter submitted for resolution.[40]

34 TSN dated 25 November 2022, pp. 3-11.
35 Id., pp. 11-14.
36 Id., p. 14.
37 RTC Records, pp. 168-169.
38 Id., pp. 189-191.
39 Id., pp. 201-205.
40 See Order dated 21 September 2023, id., pp. 193-194.

On 10 October 2023, the court *a quo* admitted all of plaintiff-appellee's exhibits.[41] In the same Order, the Court set the initial presentation of accused-appellant's evidence on 18 October 2023.[42]

Thereafter, on 16 October 2023, accused-appellant, through his *pro bono* collaborating counsel, filed a "Motion for Leave to File Demurrer to Evidence."[43] The court *a quo* denied the motion on the ground that it was filed without the conformity of accused-appellant's lead counsel, Atty. Tito Oneza (**Atty. Oneza**).[44]

Following several resets,[45] accused-appellant proceeded to present his defense and took the witness stand adopting his Judicial Affidavit dated 13 November 2023,[46] in lieu of direct testimony.[47]

During the 15 March 2024 hearing, accused-appellant testified that: (1) he is a duly licensed customs broker; (2) as a customs broker, his duties include classifying imported articles under the proper tariff headings, declaring the correct description of the goods and computing the corresponding duties and taxes based on the shipping documents submitted to him; (3) in relation to the subject shipment consigned to Sharjosh, he declared and electronically lodged the import entry based solely on the BL, Commercial Invoice, Packing List and Form E provided by Sharjosh; (4) these documents uniformly described the shipment as consisting of *900 packages of King P-69 foldable portable desks*, which he reflected in the SAD; (5) it was the foreign supplier and shipping line that prepared or issued the shipping documents and he had no participation therein; (6) he had no means of verifying the container's actual contents since the goods were packed and sealed abroad under the notation "shipper's load, count and seal," and customs brokers are neither present during packing nor authorized to open containers upon arrival, as only the BOC may conduct such examination; and (7) he could not be held liable for the alleged misdeclaration because he relied in good faith on the shipping documents and had no personal knowledge that the shipment contained items other than those declared therein.[48]

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41 See Order dated 10 October 2023, id., p. 206.
42 Id.
43 Id., pp. 207-210.
44 See Order dated 18 October 2023, id., p. 212.
45 See Orders dated 18 October 2023, 21 November 2023, 22 February 2024, id., pp. 212, 239 and 247, respectively.
46 Exhibit "7", id., pp. 215-222.
47 See Order dated 15 March 2024, id., pp. 249-252.
48 Exhibit "7", supra at note 46.

As elicited on cross-examination, accused-appellant stated further that: (1) his participation in the subject importation consisted of receiving the shipping documents, preparing and lodging the import entry through the BOC's E2M portal and computing the duties and taxes due based on the documents submitted to him; (2) he did not initiate the importation and it was his client, *i.e.*, Sharjosh, who ordered the goods from abroad and merely transmitted the documents to him for processing; (3) his participation consisted of receiving the shipping documents, computing the duties and taxes, and lodging/filing the entries through InterCommerce/Manila International Container Port (**MICP**) portal using his own account; (4) all transactions and submissions were coursed through a person he identified only as "John," whom he described as a "processor," not a BOC employee, whose full name and exact relation to Sharjosh he did not know; (4) from 2019 until 2022, all shipments he processed pertained to Sharjosh, and he received his compensation from "John" in the amount of about ₱500.00 *per* shipment and handled approximately fifty (50) to 100 shipments monthly; (5) he used his own customs broker account in lodging the import entry in the BOC E2M portal; (6) without the lodging of the import documents, the importation could not proceed, although he insisted that the initiation of the importation did not originate from him; (7) he had been a licensed customs broker for about six (6) years and acknowledged that customs brokers may be charged for violations of the Tariff and Customs Code, including misdeclaration or underdeclaration; (8) he did not conduct any independent verification of the correctness of the shipping documents and merely relied on the shipping documents; (9) he accomplished and signed the SAD containing a certification that the information therein was true and correct to the best of his knowledge; (10) it was later discovered that the actual contents of the shipment differed from those declared in the SAD and shipping documents; and (11) he admitted that his computation of duties and taxes, amounting to about ₱96,518.44, was lower than the BOC's subsequent assessment of about ₱306,578.74, which he attributed to his reliance on the values stated in the Commercial Invoice.[49]

In response to questions propounded on redirect, accused-appellant asserted that: (1) in preparing the SAD for the shipment in question, including the description of *900 packages King P-69 portable foldable desk*, he relied solely and exclusively upon the shipping documents transmitted to him, all of which he identified as having been

49 TSN dated 15 March 2024, pp. 17-40.

issued abroad—the BL by Wan Hai Shipping Line, the Commercial Invoice and Packing List by the foreign exporter and the Form E by a government agency of the country of origin; (2) he had no means, prior to lodgement, to ascertain the actual contents of the shipment independent of the face of the documents provided to him; (3) his knowledge of the goods was limited to what appeared in the shipping documents and that there was no instance that would have prompted or enabled him to verify the true contents of the container before he lodged the entry; (4) since he was not present and had no participation in the transaction, he could not have then witnessed personally what specific items were placed inside the container during the loading of the shipment at the foreign port; (5) upon arrival of the shipment in the Philippines, there was still no opportunity for him to know or inspect the actual contents prior to lodging the SAD, as his role as a customs broker did not include physical verification of the cargo before submission; and (6) his declaration reflected only the information contained in the shipping documents issued by the shipper and foreign authorities, and that any discrepancy later discovered by the BOC was beyond his actual knowledge at the time of lodgement.[50]

On re-cross examination, accused-appellant disclosed that: (1) he alone prepared and submitted the SAD; (2) as the licensed customs broker, he alone bore the statutory duty to accomplish the SAD and to attest to the truthfulness and correctness of its contents, *albeit* based on the shipping documents furnished to him; and (3) being the sole declarant of the SAD, the BOC would rely on him for the accuracy of the entries therein.[51]

During the 15 March 2024 hearing, accused-appellant formally offered his documentary evidence to which plaintiff-appellee made its comment. Immediately thereafter, the court *a quo* admitted all accused-appellant's exhibits and submitted the case for decision.[52]

On 14 June 2024, the court *a quo* rendered the assailed Decision convicting accused-appellant of the offense charged.[53] The dispositive portion of the assailed Decision reads:[54]

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50 Id., pp. 40-45.
51 Id., pp. 46-48.
52 See Order dated 15 March 2024, supra at note 47.
53 Supra at note 5.
54 Id., p. 19; Emphasis in the original text.

> ...
>
> **WHEREFORE**, accused **PATRICK JOSHUA GARCIA ESCOBAR** is hereby declared **GUILTY** beyond reasonable doubt of the crime of Violation of Section 1403 in relation to Section 1401, paragraph (d) of the Customs Modernization Tariff Act (CMTA) docketed as Criminal Case No. R-MNL-21-09188-CR and he is hereby sentenced to suffer an indeterminate imprisonment of three (3) years and one (1) day, as minimum to four (4) years, as maximum.
>
> **SO ORDERED.**
>
> ...

The court *a quo* held that accused-appellant's act of lodging the importation of the subject shipment with Container No. 1x40' TCNU4375187 in the MICP portal under his own account was "indispensable" to the importation and, on this basis, inferred an implied conspiracy. It further noted that accused-appellant allegedly catered only to Sharjosh as a customer and handled roughly 50 to 100 shipments *per* month for Sharjosh.[55]

On, 28 June 2024, accused-appellant filed a "Most Respectful Motion for Reconsideration (To the June 14, 2024 Decision)"[56] (**MR**), arguing that: (1) accused-appellant was merely charged in his capacity as licensed customs broker whose participation was the electronic lodgement in the E2M portal of the subject importation; (2) accused-appellant merely relied on the shipping documents provided to him by certain "John"; (3) no proof that accused-appellant was involved in the drafting of the shipping documents, no knowledge of the falsity of the shipping documents nor knew of the actual contents of the subject shipping container; (4) conspiracy is not presumed, the elements thereof must be proven beyond reasonable doubt, here the court *a quo* merely presumed conspiracy on the basis that accused-appellant was the customs broker of the subject shipment; and (5) customs broker is not required to go beyond the documents presented to him in filing an entry on the basis of such documents, which accused-appellant did in the case at bar.

After evaluating the parties' arguments, the court *a quo* denied accused-appellant's MR in its assailed Order, emphasizing that its

55 Supra at note 5.
56 RTC Records, pp. 272-285.

assailed Decision had already extensively discussed his criminal liability.[57] The dispositive portion reads:[58]

> ...
>
> Accordingly, the Court finds no cogent reason to reverse or modify the assailed Decision dated June 14, 2024 and the Motion for Reconsideration of the said Decision filed by accused Patrick Joshua Garcia Escobar thru counsel is hereby DENIED.
>
> SO ORDERED.
>
> ...

PROCEEDINGS BEFORE THE COURT

Unsuccessful in his bid for reconsideration, accused-appellant filed a Notice of Appeal[59] before the court *a quo* on 03 October 2024, manifesting his intention to elevate the case to this Court. Finding the appeal to be timely filed, the court *a quo* ordered the elevation of the entire records of the case to this Court.[60]

Thereafter, on 09 January 2025, accused-appellant received the Notice to File Brief dated 07 January 2025.[61] He timely filed his Appellant's Brief on 04 February 2025.[62] For its part, plaintiff-appellee filed its Appellee's Brief on 06 March 2025.[63] Subsequently, accused-appellant filed his "Reply to Appellee's Brief" on 04 April 2025.[64]

Consequently, on 08 April 2025, the Court submitted the case for decision.[65]

ISSUE

As can be gleaned from his Appellant's Brief,[66] accused-appellant raised the following issue for this Court's resolution:

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57 Supra at note 6.
58 Division Docket, p. 22.
59 Supra at note 1.
60 See Order dated 07 October 2024, RTC Records, p. 304.
61 Division Docket, p. 31.
62 Id., pp. 38-59.
63 Id., pp. 75-86.
64 Id., pp. 90-98.
65 Id., p. 101.
66 Supra at note 62.

> WHETHER THE COURT *A QUO* COMMITTED REVERSIBLE ERROR IN CONVICTING ACCUSED-APPELLANT PATRICK JOSHUA GARCIA ESCOBAR OF VIOLATION OF SECTION 1403, IN RELATION TO SECTION 1401, PARAGRAPH (D) OF THE CUSTOMS MODERNIZATION AND TARIFF ACT (CMTA) DESPITE THE ALLEGED FAILURE OF PLAINTIFF-APPELLEE TO PROVE BEYOND REASONABLE DOUBT THAT HE CONSPIRED WITH THE IMPORTER OR PERFORMED ANY FRAUDULENT ACT IN RELATION TO THE IMPORTATION.

ARGUMENTS

Accused-appellant maintains that his participation was limited to electronically lodging the SAD based solely on the shipping documents provided to him, without involvement in their preparation or knowledge of any falsity or of the shipment's actual contents and, thus, argues that conspiracy cannot be presumed absent proof of agreement or intent to defraud. According to him, jurisprudence recognizes that a customs broker may rely in good faith on the documents that an importer submits and does not have to go beyond them such that his mere professional engagement, even as exclusive broker for prior shipments, does not establish conspiracy or fraudulent intent.

Plaintiff-appellee, on the other hand, counter-argues that accused-appellant is criminally liable for violating Section 1403, in relation to Section 1401 paragraph (d) of the CMTA, emphasizing that such offense is a *malum prohibitum*, where intent or knowledge is not required and the only issue is whether the law was violated. Evidence showed that the shipment declared as *900 packages of foldable desks* actually contained various undeclared items, resulting in a significant deficiency in duties and taxes paid. Plaintiff-appellee maintains that the accused-appellant's act of uploading and submitting the SAD, which contained false declarations, facilitated the importation and constituted sufficient participation to establish liability and implied conspiracy, regardless of his claim that he merely relied on shipping documents or did not participate in packing the goods. Thus, given the totality of evidence and the doctrine of implied conspiracy, plaintiff-appellee contends that the conviction should be affirmed.

RULING OF THE COURT

Before addressing the merits of the instant appeal, We find it propitious to first determine whether this Court validly acquired jurisdiction over it.

THE COURT HAS JURISDICTION OVER THE CASE.

Section 7(b)(2)(a) of Republic Act (**RA**) No. 1125,[67] as amended by RA 9282,[68] provides for the exclusive appellate jurisdiction of Court of Tax Appeals (**CTA**) in criminal offenses —

> ...
> Sec. 7. *Jurisdiction*. — The CTA shall exercise:
> ...
>
> b. Jurisdiction over cases involving criminal offenses as herein provided:
> ...
>
> 2. Exclusive appellate jurisdiction in criminal offenses:
>
> a. Over appeals from the judgments, resolutions or orders of the Regional Trial Courts in tax cases originally decided by them, in their respected territorial jurisdiction.
> ...

Relative thereto, Section 9, Rule 9 of the RRCTA states the reglementary period to file a notice of appeal in criminal cases decided by the RTC in the exercise of its original jurisdiction, *viz*:

> ...
> SEC. 9. *Appeal; Period to Appeal*. — (a) An appeal to the Court in criminal cases decided by a Regional Trial Court in the exercise of its original jurisdiction shall be taken by **<u>filing a notice of appeal</u> pursuant to Sections 3(a) and 6, Rule 122 of the Rules of Court <u>within fifteen days</u> from receipt of a copy of the decision or final**

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67 AN ACT CREATING THE COURT OF TAX APPEALS.

68 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 OR REPUBLIC ACT NO. 1125, AS AMENDED, OTHERWISE KNOWN AS THE LAW CREATING THE COURT OF TAX APPEALS, AND FOR OTHER PURPOSES.

> **order with the court which rendered the final judgment or order appealed from** and by serving a copy upon the adverse party. The Court in Division shall act on the appeal.[69]
>
> ...

Applying the foregoing in this case, accused-appellant received the assailed Order on 23 September 2024.[70] Counting fifteen (15) days therefrom, accused-appellant had until 08 October 2024 within which to file a notice of appeal. On **03 October 2024**, accused-appellant duly filed its Notice of Appeal.[71] Since the filing was well within the prescribed period, this Court validly acquired jurisdiction to act on the appeal

Proceeding to the resolution of the substantial issues raised, and after careful and thorough evaluation of the parties' respective evidence and the applicable laws, rules and regulations, the Court finds accused-appellant's appeal impressed with merit.

PLAINTIFF-APPELLEE FAILED TO PROVE ALL THE ELEMENTS OF THE VIOLATION OF SECTION 1403, IN RELATION TO SECTION 1401, PARAGRAPH (D) OF THE CUSTOMS MODERNIZATION AND TARIFF ACT (CMTA).

The law allegedly violated, Section 1403 [previously Section 3602[72] of the Tariff and Customs Code of the Philippines (**TCCP**) of 1999], in

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69 Italics in the original text, emphasis and underscoring supplied.

70 See Notice of Resolution, RTC Records, p. 299.

71 Supra at note 1.

72 SEC. 3602. *Various Fraudulent Practices Against Customs Revenue.* — Any person who makes or attempts to make any entry of imported or exported article by means of any false or fraudulent invoice, declaration, affidavit, letter, paper or by any means of any false statement, written or verbal, or by any means of any false or fraudulent practice whatsoever, or knowingly effects any entry of goods, wares or merchandise, at less than true weight or measures thereof or upon a false classification as to quality or value, or by the payment of less than the amount legally due, or knowingly and willfully files any false or fraudulent entry or claim for the payment of drawback or refund of duties upon the exportation of merchandise, or makes or files any affidavit abstract, record, certificate or other document, with a view to securing the payment to himself or others of any drawback, allowance, or refund of duties on the exportation of merchandise, greater than that legally due thereon, or who shall be guilty of any willful act or omission, shall, for each offense, be punished in accordance with the penalties prescribed in the preceding section.

relation to Section 1401(d),[73] of the CMTA provides:

> ...
>
> SEC. 1403. *Other **Fraudulent** Practices against Customs Revenue.* — Any person who makes or attempts to make any entry of imported or exported goods by means of any false or fraudulent statement, document or practice or **knowingly and willfully** files any false or fraudulent claim for payment of drawback or refund of duties shall, for each act, be punished in accordance with the penalties prescribed in Section 1401 of this Act.[74]
>
> ...

According to jurisprudence, the elements of a violation of the said section are:[75]

(1) there must be an entry of imported or exported articles/goods;
(2) the entry was made by means of any false or fraudulent invoice, declaration, affidavit, document or fraudulent practice; and
(3) there must be intent to avoid payment of taxes.

THE FIRST TWO (2) ELEMENTS ARE PRESENT IN THE CASE AT BAR

As the court *a quo* observed, plaintiff-appellee was able to establish that the imported goods passed through the customs authorities by reason of the documents, particularly the SAD (which do not reflect the actual imported goods). Notably, even his Appellant's Brief before this Court, accused-appellant confines his challenge to the third element, claiming that the description in the SAD, *i.e., King P-69 Foldable Portable*

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73 SEC. 1401. *Unlawful Importation or Exportation.* — Any person who shall fraudulently import or export or bring into or outside of the Philippines any goods, or assist in so doing, contrary to law, or shall receive, conceal, buy, sell, or in any manner facilitate the transportation, concealment, or sale of such goods after importation, or shall commit technical smuggling as defined in this Act shall be penalized by:

...

d. Imprisonment of not less than three (3) years and one (1) day but not more than six (6) years, or a fine of not less than three hundred thousand pesos (P300,000.00) but not more than one million five hundred thousand pesos (P1,500,000.00),or both, if the appraised value of the goods unlawfully imported, to be determined in the manner prescribed under this Act, including duties and taxes, exceeds one million pesos (P1,000,000.00) but not more than five million pesos (P5,000,000.00);

74 Emphasis supplied and italics in the original text.

75 *Danilo L. Opiniano v. People of the Philippines,* G.R. No. 243517, 05 December 2022.

Desk, was merely lifted from the shipping documents, negating thus any intent to evade the payment of duties and taxes. Accordingly, the first two (2) elements of the offense have been established.

THE THIRD ELEMENT WAS NOT PROVEN BEYOND REASONABLE DOUBT

The third element, however, requires the intent to avoid payment of taxes. Hence, it is not enough that there be entry into Philippine ports by reason of the false or fraudulent document or practice. Likewise, it must be established independently that such acts were done with the intent to avoid the payment of taxes. This is bolstered by Section 1400 of the CMTA which provides:

> ...
>
> SEC. 1400. *Misdeclaration, Misclassification, Undervaluation in Goods Declaration.* — Misdeclaration as to quantity, quality, description, weight, or measurement of the goods, or misclassification through insufficient or wrong description of the goods or use of wrong tariff heading resulting to a discrepancy in duty and tax to be paid between what is legally determined upon assessment and what is declared, shall be subject to a surcharge equivalent to two hundred fifty percent (250%) of the duty and tax due. No surcharge shall be imposed when the discrepancy in duty is less than ten percent (10%), or when the declared tariff heading is rejected in a formal customs dispute settlement process involving difficult or highly technical question of tariff classification, or when the tariff classification declaration relied on an official government ruling.
>
> ...
>
> A discrepancy in duty and tax to be paid between what is legally determined and what is declared amounting to more than thirty percent (30%) shall constitute a *prima facie* evidence of fraud.
>
> When the misdeclaration, misclassification or undervaluation is intentional or fraudulent, such as when a false or altered document is submitted or when false statements or information are knowingly made, a surcharge shall be imposed equivalent to five hundred percent (500%) of the duty and tax due and that the goods shall be subject to seizure regardless of the amount of the discrepancy without prejudice to the application of fines or penalties provided under Section 1401 of this Act against the importer and **other person or persons who willfully participated in the fraudulent act.**[76]
>
> ...

[76] Emphasis supplied and italics in the original text.

Moreover, when persons other than the importer, such as a customs broker, are sought to be held liable, the law expressly requires proof of *willful participation in the fraudulent act*. This statutory requirement underscores that liability cannot arise from mere participation in the processing of documents but must be anchored on proof of conscious and intentional involvement in the fraud.

Black's Law Dictionary[77] defined the term "willful" as:

> ...
>
> **Done wittingly or on purpose**, as opposed to accidentally or casually; voluntary and intentional, but not necessarily malicious. • The word connotes blameworthiness. A voluntary act becomes willful, in law, **only when it involves conscious wrong or evil purpose** on the **part of the actor**, or **at least inexcusable carelessness**, whether the act is right or wrong.
>
> ...
>
> The word 'wilful' or 'wilfully' when used in the definition of a crime, it has been said time and again, means only intentionally or purposely as distinguished from accidentally or negligently and does not require any actual impropriety; while on the other hand it has been stated with equal repetition and insistence that the requirement added by such a word is not satisfied unless there is a bad purpose or evil intent.
>
> ...

In tax cases, the term "willful" has been defined to be:

> ...
>
> Willful in the tax crime statutes means a <u>voluntary, intentional violation of a known legal duty and bad faith or bad purpose need not be shown</u>."[78]
>
> ...

Consistently, the Supreme Court has ruled that fraud must be actual and intentional, not constructive or presumed. In *Jose B. Aznar v.*

[77] WILLFUL, Black's Law Dictionary (12th ed. 2024).

[78] [Mertens (Law of Federal Income Taxation) Chapter 47.05, page 28, Volume 13, see *U.S. v. Green*, 757 F2d 116, 85-1 USTC 9178 (CA7 1985), in which the Court, citing *U.S. v. Moore*, 627 F2d 830 (CA 1980) and *U.S. v. Verkuilen*, 690 F2d 648, 82-2 USTC 9618 (CA7 1982), upheld the conviction of a tax protester for willful failure to file returns], also cited in *People of the Philippines v. Estelita Delos Angeles*, CTA Crim. Case No. O-027, 25 November 2009; Underscoring supplied.

Court of Tax Appeals, et al.,[79] the Supreme Court explained the nature of fraud, *albeit* in tax evasion cases, in the following wise:

> ...
> The fraud contemplated by law is actual and not constructive. It must be intentional fraud, consisting of deception willfully and deliberately done or resorted to in order to induce another to give up some legal right. Negligence, whether slight or gross, is not equivalent to the fraud with intent to evade the tax contemplated by the law. It must amount to intentional wrongdoing with the sole object of avoiding the tax. It necessarily follows that a mere mistake cannot be considered as fraudulent intent, and if both petitioner and respondent Commissioner of Internal Revenue committed mistakes in making entries in the returns and in the assessment, respectively, under the inventory method of determining tax liability, it would be unfair to treat the mistakes of the petitioner as tainted with fraud and those of the respondent as made in good faith.
> ...

In herein case, the fact of *willful participation in the fraudulent act* was not proven.

Jurisprudence is likewise settled on the limited scope of a customs broker's liability. In the case of *Erwin C. Remigio v. Sandiganbayan, Fourth Division*[80] (**Remigio**), the Supreme Court declared:

> ...
> Accused Remigio did not fraudulently assist in the importation of any article contrary to law nor facilitated its transportation, **knowing** the same to have been imported contrary to law. All accused Remigio did was to prepare the import entry based on the shipping and other documents required by the Bureau of Customs and file the same.
>
> In "*Farolan v. Court of Tax Appeals and Bagong Buhay Trading*, we declared that:
>
> > "x x The fraud contemplated by law must be actual and not constructive. It must be intentional fraud, consisting of deception willfully and deliberately dared or resorted to in order to give up some right. As explained earlier, the import entry was prepared on the basis of the shipping documents provided for by the foreign supplier

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79 G.R. No. L-20569, 23 August 1974.

80 G.R. Nos. 145422-23, 18 January 2002; Citation omitted, emphasis supplied and italics in the original text.

> or shipper. Hence, Bagong Bantay Trading can be considered to have acted in good faith when it relied on these documents."
>
> On the other hand, Section 3407 of the Tariff and Customs Code of the Philippines is not a penal provision governing the conduct of a customs broker. The liability for smuggling is provided in Section 3601, which in the instant case has not been proved.
>
> ...

Echoing *Remigio*, the Supreme Court in the recent case of *Danilo L. Opiniano v. People of the Philippines*[81] (**Opiniano**), again acquitted a customs broker after finding that the prosecution failed to prove willful intent to evade taxes, *viz*:

> ...
>
> To begin with, both courts cited in their respective decisions the case of [*Remigio*], which similarly dealt with a violation of Section 3602 of the TCCP. In *Remigio*, the accused customs broker was acquitted from the charge, and the Court categorically said that "[a] customs broker is not required to go beyond the documents presented to him in filing an entry on the basis of such documents." The documents being referred to by the Court in *Remigio* — "the bill of lading, the invoice, the packing list, letter of credit, the import entry declaration and the Central Bank Release Certificate" — are almost exactly the same documents which Opiniano relied on in this case.
>
> Apart from the Court's ruling in *Remegio*, the law is also clear that the signature of a customs broker in import and export entry declarations, such as the IEIRD signed by Opiniano in this case, generally signifies only an assertion of truthfulness based on the commercial documents provided by the importer. Section 27 of Republic Act No. (RA) 9280, or the Customs Brokers Act of 2004, the law applicable at the time surrounding the facts of this case, provides:
>
> ...
>
> Thus, when the signature portion of the IEIRD provides that the importer and the customs broker certify "that the information contained in all the pages of this Declaration and the documents submitted are to the best of our knowledge and belief true and correct," the certification of the **customs broker extends only to his or her knowledge based on the commercial documents submitted by the importer**. Further bolstering this finding is Section 1301 of the TCCP, as amended by RA 7651, which provides:
>
> ...

81 G.R. No. 243517, 05 December 2022; Citations omitted, emphasis supplied and italics in the original text.

Based on the foregoing, the law establishes *prima facie* knowledge of the illegality only upon the importer, not the customs broker.

In all, in cases of *intentional* misdeclarations punished under Section 3602 of the TCCP, **customs brokers will be criminally liable only if they are found to have *personally and knowingly* participated in the misdeclaration or undervaluation**, or they acted in conspiracy with the consignee or importer.

...

In this regard, it is the Court's considered view that the prosecution failed to establish beyond reasonable doubt that Opiniano himself had the intent to evade taxes. Despite citing *Remigio* in their respective decisions, the RTC and the CA ruled that the same was inapplicable in Opiniano's case because of Opiniano's acts subsequent to the seizure of the shipment. The Court disagrees with the lower courts that the failure to ask for recomputation establishes Opiniano's intent to evade taxes. When the BOC seizes property, a reappraisal of the goods, and therefore a recomputation of the taxes due, follow as a matter of course. In fact, in this case, the BOC sought the recomputation on its own, despite there being no request from either the importer or the customs broker to do so.[82]

...

As the foregoing clearly manifest, customs brokers may only be held criminally liable when there is proof that they knowingly participated in the misdeclaration or acted in conspiracy with the importer.

In the present case, the evidence instead demonstrates accused-appellant's good faith reliance on the shipping documents. This was confirmed by the testimony of plaintiff-appellee's witness COO Cordero, who admitted during cross-examination:

...

Atty. Oneza:	Okay. Mr. Witness, do you agree with me that the contents of the Bill of Lading are the same contents stated in the Single Administrative Document (SAD)?
Court:	What do you mean contents? The items subject of the shipment?

82 Emphasis supplied and italics in the original text.

Atty. Oneza:	The entries Your Honor in the Bill of Lading.
Court:	The entries?
Atty. Oneza:	Yes.
Court:	The entries in the Bill of Lading i s the same as the entries in the SAD?
Atty. Oneza:	Single Administrative Document, Your Honor.
Witness:	There's a difference with respect to the description, sir.
Court:	Description of what?
Witness:	Item, Your Honor.
Court:	Item subject of the shipment? Okay, what was stated in the Bill of Lading marked as **Exhibit "F"**?
Witness:	In the Bill of Lading, what was indicated is **folding desk**. Whereas in the Single Administrative Document, what was indicated is **foldable portable desk**.
...	
Atty. Oneza:	Other than that, what are the other differences, if you can still find some?
Witness:	Hindi ko sigurado pero meron ditong isa nakalagay sa Single Administrative Document, nakalagay item no. 1, ay sorry, sorry. **Okay na po. 'Yun lang po.**
Atty. Oneza:	So, we are very clear on that?
Witness:	Opo.[83]
...	

Likewise, accused-appellant himself testified that he based his declaration solely on the shipping documents provided to him and that he had no personal knowledge of the actual contents of the shipment

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[83] TSN dated 16 September 2022, pp. 12-14; Emphasis in the original text and supplied.

since he was not present at the point of origin nor involved in the packing of the goods, to wit:

> ...
>
> Q: Okay, so where did you base your information?
>
> **A: I just based on Exhibits "2", "3", "4", "5" *interrupted***
>
> Q: You just based on them?
>
> A: Yes po.
>
> Q: Aside from physically or aside from totally basing from the information you found in that document, did you perform any act or did you have any kind of verification to determine if they are correct?
>
> A: No, I cannot be so sure because I'm not in the origin po ng paglagay po ng goods.[84]
>
> ...

A perspicacious review of Exhibits "2", "3", "4" and "5" substantiates accused-appellant's assertion that he prepared the goods declaration in good-faith reliance on the shipping documents furnished to him, as follows:

Description of goods				
SAD[85]	**BL[86]**	**Commercial Invoice[87]**	**Packing List[88]**	**Form E[89]**
"1x40 KING P-69 FOLDABLE PORTABLE DESK"	"FOLDING DESK"	"KING P-69 FOLDABLE PORTABLE DESK"	"KING P-69 FOLDABLE PORTABLE DESK"	"FOLDING DESK"

While accused-appellant admitted that he relied solely on the documents furnished to him, such reliance is precisely what the law contemplates as part of a customs broker's professional function and what is recognized under Section 412 of the CMTA, *viz:*

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84 TSN dated 15 March 2024, pp. 32-33; Emphasis supplied.
85 Exhibits "G" and "1", supra at note 12.
86 Exhibits "F" and "2", supra at note 11.
87 Exhibits "N-4" and "3", supra at note 8.
88 Exhibits "N-5" and "4", supra at note 9.
89 Exhibits "N-6" and "5", supra at note 10.

...

SEC. 412. *Statements to be Provided in the Goods Declaration.* — No entry of imported goods shall be allowed unless the goods declaration has been lodged with the Bureau. The goods declaration shall, under penalties of falsification or perjury, contain the following statements:

(a) The invoice and goods declaration contain an accurate and faithful account of the prices paid or payable for the goods, and other adjustments to the price actually paid or payable, and that nothing has been omitted therefrom or concealed whereby the government of the Republic of the Philippines might be defrauded of any part of the duties and taxes lawfully due on the goods; and

(b) **To the best of the declarant's information and belief, all the invoices and bills of lading or airway bills relating to the goods are the only ones in existence relating to the importation in question, and that <u>these documents are in the same state as when they were received by the declarant</u>**, and the declaration thereon are in all respects genuine and true.

Goods declaration shall be submitted electronically pursuant to Republic Act No. 8792, otherwise known as the "Electronic Commerce Act of 2000". Such declarations when printed and certified by a competent customs officer as a faithful reproduction of the electronic submission shall be considered as actionable documents for purposes of prosecuting a declarant if the declarations are found to be fraudulent.[90]

...

Tellingly, a customs broker "is not required to go beyond the documents presented to him in filing an entry on the basis of such documents," and the broker's signature on the goods declaration generally signifies an assertion of truthfulness based on the documents submitted by the importer, not personal knowledge of the actual contents of the shipment.[91] This statutory allocation of responsibility is consistent with the CMTA, which makes the declarant responsible for the accuracy of the goods declaration and likewise holds the licensed customs broker responsible for its accuracy[92]—**but does not require the broker to undertake physical verification of sealed shipments**

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[90] Italics in the original text, emphasis and underscoring supplied.

[91] *Danilo L. Opiniano v. People of the Philippines,* supra at note 75, citing Section 27 of RA 9280 or the Customs Brokers Act of 2004.

[92] See Customs Modernization and Tariff Act (CMTA), Section 107.

or to assume the importer's role in ascertaining the actual contents at origin.[93]

Accordingly, *Opiniano* applies on all fours. Plaintiff-appellee failed to present competent proof that accused-appellant knew the shipping documents were false, participated in their preparation, or had any real opportunity and basis to verify the shipment's actual contents prior to filing the SAD. Absent such proof, the essential element of willfulness—and, correlatively, the intent to evade lawful duties and taxes—remains unestablished beyond reasonable doubt. In intentional misdeclaration cases, the Supreme Court has been clear that customs brokers may be held criminally liable only upon proof that they personally and knowingly participated in the misdeclaration or acted in conspiracy with the importer or consignee.[94] Otherwise, mere preparation and filing of entries based on regular documents does not suffice.

Plaintiff-appellee's contention that a prosecution under Section 1403 of the CMTA "does not require knowledge or intent" because the offense is *malum prohibitum* is misplaced. Even assuming *arguendo* that violation of Section 1403 of the CMTA is *malum prohibitum* as a statutory offense protecting customs revenue, that characterization does not relieve plaintiff-appellee of the burden to prove volition, *i.e.*, that the accused intended to do the very act prohibited by the statute.

As the Supreme Court explained in *Felix G. Valenzona v. The People of the Philippines*[95] (**Valenzona**), while crimes *mala prohibita* do not require "criminal intent" in the sense of intent to violate the law, liability still demands proof that the prohibited act was done intentionally. The prosecution must show an "intent to perpetrate the prohibited act" under the special law, to wit:

> ...
>
> [W]hile a person may not have consciously intended to commit a crime regarded as *malum prohibitum*, he or she may still be held liable if he or she did intend to commit an act that is, by the very nature of things, the crime itself. Thus, for acts that are *mala prohibita*, the intent to perpetrate the prohibited act under the special law must nevertheless be shown.

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93 See Republic Act (RA) No. 9280 or the Customs Brokers Act of 2004, Section 27.

94 *Danilo L. Opiniano v. People of the Philippines*, supra at note 75.

95 G.R. No. 248584, 30 August 2023; Citations omitted.

> ... While volition or voluntariness refers to knowledge of the act being done (as opposed to knowledge of the nature of the act), criminal intent is the state of mind that goes beyond voluntariness, and it is this intent which is punished by crimes *mala in se*.
>
> ...

More than that, Section 1403 of the CMTA itself is not a strict-liability provision. By its plain text, it penalizes those who make or attempt to make entry "by means of any false or fraudulent statement, document or practice," and those who "knowingly and willfully" file any false or fraudulent claim for drawback or refund. As previously discussed, Section 1400 of the CMTA makes clear that the law distinguishes mere discrepancies from fraud. A discrepancy exceeding thirty percent (30%) constitutes only *prima facie* evidence of fraud (still disputable). Heightened consequences attach only when the misdeclaration, misclassification or undervaluation is "intentional or fraudulent," such as when false or altered documents are submitted or when false statements are knowingly made and even then the statute limits liability to the importer and those "who **willfully** participated in the **fraudulent** act." This means that the CMTA does not equate every misdeclaration with customs fraud. It targets knowing, willful and fraudulent participation, not mistake, inadvertence, or good-faith reliance on documents.

Applied here, the evidence shows that accused-appellant intended only to perform his professional task, *i.e.*, preparing and filing the SAD based on the documents furnished by the consignee, not to perpetrate a false entry. As discussed above, plaintiff-appellee presented no proof that accused-appellant knew the documents were false, participated in their falsification or had any realistic opportunity to verify the actual contents of the shipment prior to filing. In the absence of such evidence, the prosecution fails to establish the required volition under *Valenzona* and the CMTA's own language. Accordingly, plaintiff-appellee failed to prove that accused-appellant knowingly and willfully committed, or willfully participated in, a fraudulent practice against customs revenue.

CONSPIRACY WAS NOT PROVEN BEYOND REASONABLE DOUBT

The court *a quo* in convicting accused-appellant relied on implied conspiracy, as follows:[96]

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[96] Supra at note 5, pp. 18-19; Citations omitted.

> ...
>
> Conspiracy exists when two or more persons come to an agreement concerning the commission of a felony, and decide to commit it. An implied conspiracy exists when two or more persons are shown to have aimed by their acts towards the accomplishment of the same unlawful object, each doing a part so that their combined acts; though apparently independent, were in fact connected and cooperative, indicating closeness of personal association and a concurrence of sentiment. Implied conspiracy is proved through the mode and manner of the commission of the offense, or from the acts of the accused before, during and after the commission of the crime indubitably pointing to a joint purpose, a concert of action and a community of interest. The importation of the subject shipment with container no. 1x40 TCNU4375187 was caused and facilitated by accused Rivera who supplied the pertinent shipping documents which were lodged in by accused Escobar in the MICP portal under his own account. Thus, the act of accused Rivera in supplying the pertinent shipping documents and act of accused [Escobar] of lodging [the said] documents in the MICP portal are both indispensable for the importation of the subject shipment with container no. 1x40 TCNU4375187. Noteworthy is the testimony of accused Escobar that he handles about fifty (50) to one hundred 100) shipments *per* month at the rate of ₱500.00 *per* shipment as customs broker of Sharjosh International Trading only wherein he receives compensation from ₱25,000.00 to ₱50,000.00 a month through a person named John. Further, he claimed that he works as customs broker to consignee Sharjosh International Trading and no other consignees.
>
> ...

We do not agree with the court *a quo*.

Conspiracy — whether express or implied — is not presumed. Like the elements of the crime itself, it must be proven beyond reasonable doubt through positive and conclusive evidence of a conscious agreement and intentional participation in a common criminal design.[97] Mere association, business or professional dealings, or the performance of an otherwise lawful function does not amount to conspiracy. Absent proof of an overt act done to further the unlawful objective, criminal liability cannot rest on conjecture or surmise.[98] As the Supreme Court has repeatedly emphasized, conspiracy "transcends mere companionship,"

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[97] See *Ben Manangan v. People of the Philippines*, G.R. No. 218570, 22 November 2017.

[98] See *Gloria Macapagal-Arroyo v. People of the Philippines, et al.*, G.R. Nos. 220598 & 220953, 19 July 2016.

and even knowledge, acquiescence, or approval (without active participation) does not make one a conspirator.[99]

Implied conspiracy, in particular, is appreciated only when the collective acts of the accused — before, during, and after the commission of the offense — indubitably show unity of purpose, concert of action and community of interest toward the same unlawful objective.[100] Critically, the inference must arise from overt acts demonstrative of intentional cooperation.[101] It cannot be supplied by acts equally consistent with the performance of legitimate professional duties.

Measured against the foregoing legal yardstick, **the records do not establish beyond reasonable doubt that accused-appellant impliedly conspired to violate Section 1403 of the CMTA.**

First, the evidence shows that accused-appellant acted in his professional capacity as customs broker for Sharjosh. A professional relationship, by itself, does not prove a "meeting of the minds" to commit an unlawful act.[102] Additionally, conspiracy cannot be inferred from routine professional transactions absent proof of intent and an overt act in furtherance of the alleged scheme.[103]

Second, accused-appellant testified that he processed approximately fifty (50) to 100 shipments monthly for the same client and only one shipment was found with a discrepancy. Significantly, out of these numerous transactions, only one shipment was found to have a discrepancy. This circumstance strongly negates the existence of any systematic or deliberate scheme to defraud the government, as conspiracy presupposes continuity of purpose or a pattern of coordinated acts,[104] *not* an isolated irregularity capable of innocent explanation, such as the instant case.

Third, the records of the case show that the shipping documents uniformly described the goods as 'foldable' or 'folding desks'. These

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99 Id.
100 Id.; See *People of the Philippines v. Melanio Del Castillo y Vargas, et al.*, G.R. No. 169084, 18 January 2012.
101 See *Violeta Bahilidad v. People of the Philippines*, G.R. No. 185195, 17 March 2010.
102 See *Arturo C. Sampana v. Atty. Edgardo J. Angara*, A.C. No. 5839, 22 August 2006.
103 Id.
104 See *People of the Philippines v. Rommel C. Arnado*, G.R. Nos. 250100-02, 21 March 2022.

reasonably explain accused-appellant's reliance and reinforce his defense of good faith performance of professional duty. Notably, there is no competent showing that accused-appellant participated in preparing these documents or had reason to doubt their veracity, which are crucial to infer the required conscious design.

Fourth, there is absolutely no competent evidence showing that accused-appellant had prior knowledge of the actual contents of the shipment or that he entered into any agreement with the foreign supplier or the consignee to misdeclare the goods. Conspiracy requires proof of a meeting of the minds prior to commission.[105] Here, the prosecution failed to establish any communication, agreement, or coordinated act between accused-appellant and the other parties that would indicate a shared criminal intent.

Fifth, the mere act of preparing and lodging the SAD based on the shipping documents provided to him cannot, standing alone, be treated an overt act of conspiracy. To rule otherwise would automatically expose to criminal liability every customs broker who performs his professional duty of filing import documents whenever discrepancies are later discovered, even without proof of intentional cooperation in a fraudulent design. Such interpretation would be contrary to both law and jurisprudence, which recognize that a customs broker's duty is limited to processing declarations based on the documents submitted by the importer.[106]

Finally, conspiracy cannot be anchored on speculation or conjecture.[107] As consistently ruled by the Supreme Court, conspiracy must rest on positive and convincing evidence, not on inferences drawn from isolated circumstances capable of innocent explanation.[108] Where the evidence admits of two interpretations, one consistent with innocence and the other with guilt, the interpretation favorable to the accused must prevail.[109]

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105 See *Jerry Dean A. Palaoag v. People of the Philippines*, G.R. No. 256798, 10 July 2023.

106 *Danilo L. Opiniano v. People of the Philippines*, supra at note 75, citing Section 27 of RA 9280 or the Customs Brokers Act of 2004.

107 See *Jerry Dean A. Palaoag v. People of the Philippines*, supra at note 105.

108 Id.

109 See *People of the Philippines v. Irma Maglinas y Quindong*, G.R. No. 255496, 10 August 2022.

In sum, the totality of the evidence shows nothing more than accused-appellant's performance of his professional duties as a licensed customs broker. Plaintiff-appellee failed to discharge its burden of proving beyond reasonable doubt that he knowingly and willfully participated in any fraudulent scheme. Absent proof of a common criminal design, conspiracy cannot be appreciated.

Accordingly, the finding of implied conspiracy by the court *a quo* cannot be sustained.

It is settled that, in all criminal prosecutions, plaintiff-appellee (prosecution) always bears the burden to establish the guilt of the accused beyond reasonable doubt. In discharging this burden, it is its duty to prove each and every element of the crime charged in the information to warrant a finding of guilt for that crime. It must, therefore, prove accused-appellant's participation in the commission of the offense. In doing all these, plaintiff-appellee must rely on the strength of its own evidence and not anchor its success on the weakness of accused's evidence.[110] The Supreme Court held rather emphatically:

> ...
> The burden of proof placed on the Prosecution arises from the presumption of innocence in favor of the accused that no less than the Constitution has guaranteed. Conversely, as to his innocence, the accused has no burden of proof, that he must then be acquitted and set free should the Prosecution not overcome the presumption of innocence in his favor. In other words, the weakness of the defense put up by the accused is inconsequential in the proceedings for as long as the Prosecution has not discharged its burden of proof in establishing the commission of the crime charged and in identifying the accused as the malefactor responsible for it.[111]
> ...
>
> "The overriding consideration is not whether the court doubts the innocence of the accused but whether it entertains a reasonable doubt as to his guilt. If there exist even one iota of doubt, this Court is 'under a long standing legal injunction to resolve the doubt in favor of herein accused-petitioner.'" "Any doubt shall be resolved in favor of the accused."[112]
> ...

[110] *People of the Philippines v. Carlito Claro y Mahinay*, G.R. No. 199894, 05 April 2017.
[111] *People of the Philippines v. Jayson Cruz y Tecson*, G.R. No. 194234, 18 June 2014.
[112] *People of the Philippines v. Jayson Cruz y Tecson*, G.R. No. 194234, 18 June 2014; Citations omitted.

WHEREFORE, premises considered, accused-appellant **PATRICK JOSHUA GARCIA ESCOBAR**'s instant appeal is **GRANTED**. The Decision dated 14 June 2024 and the Order dated 30 August 2024 of the Regional Trial Court of Manila City, Branch 21 in Criminal Case No. R-MNL-21-09188CR entitled *People of the Philippines v. Jonathan Pangilinan Rivera (AL), Patrick Joshua Garcia Escobar (CB)*, are hereby **REVERSED** and **SET ASIDE**. Accordingly, accused-appellant **PATRICK JOSHUA GARCIA ESCOBAR** is **ACQUITTED** of the crime charged. Let entry of judgment be issued immediately.

SO ORDERED.

JEAN MARIE A. BACORRO-VILLENA
Associate Justice

I CONCUR:

LANEE S. CUI-DAVID
Associate Justice

ATTESTATION

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

JEAN MARIE A. BACORRO-VILLENA
Associate Justice
Special 1st Division Acting Chairperson

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, and the Special 1st Division Acting Chairperson's Attestation, it is hereby certified that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

Ma. Belen M. R-L

MA. BELEN M. RINGPIS-LIBAN
Presiding Justice