REPUBLIC OF THE PHILIPPINES
COURT OF TAX APPEALS
QUEZON CITY

SECOND DIVISION

RS DE VERA TRUCKING, represented by ROGELIO S. DE VERA, owner of Two (2) units Fuso and One (1) unit Isuzu dump trucks with Plate Nos. ABB 5611, ABJ 8667 and RNL 846, Petitioner,	**CTA CASE NO. 9521**
	Members:
-versus-	**Castañeda, Jr.**, *Chairperson,* **Casanova**, *and* **Manahan**, *JJ.*
COMMISSIONER OF CUSTOMS, Respondent.	Promulgated: SEP 06 2018 3:10 p.m.

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DECISION

CASTAÑEDA, JR., *J.*:

This is a Petition for Review[1] filed on January 18, 2017 by Rogelio S. De Vera, the owner of RS De Vera Trucking (RS De Vera), under Section 2(a)[1] of Rule 4 of the Revised Rules of the Court of Tax Appeals (RRCTA). The petitioner seeks the partial reconsideration of the November 23, 2016 Decision of the Commissioner of Customs[2] and the setting aside of the order of forfeiture against the three trucks owned by him:[3]

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[1] Docket, pp. 10-24.
[2] Exhibit P-2, Docket, pp. 27-36.
[3] Petition for Review, Docket, p. 22.

Description	Plate No.	Depreciated Value
▪ 1998 Isuzu Truck	ABB 5611	1.400 Million Pesos
▪ 2003 Fuso Truck	ABJ 8667	1.300 Million Pesos
▪ 1996 Fuso Truck	RNL 846	1.150 Million Pesos

THE PARTIES

Petitioner Rogelio S. De Vera is the owner of RS De Vera Trucking, a domestic business enterprise, registered and licensed with the Department of Trade and Industry (DTI),[4] the Land Transportation Office (LTO),[5] and the Land Transportation Franchising and Regulatory Board (LTFRB)[6] Public Utility Vehicle Registration Center (PUVRC), to operate a truck-for-hire for the transportation of goods and cargoes[7] within the province of Nueva Ecija and from said place to any point in the Philippines accessible to motor vehicle traffic and vice versa.[8]

Respondent Commissioner of Customs is the head of the Bureau of Customs, at the Port Area, Manila and is represented in this case by the Solicitor General.[9]

THE FACTS

Sometime in July 2016, a certain Jimmy Chua went to the office of the petitioner and sought to engage his trucking services for the loading and transport of goods from the Port of Subic to Meycauayan, Bulacan for ₱420 per metric ton of freight.[10]

[4] Department of Trade and Industry (DTI) Certificate of Business Name Registration dated October 6, 2011, Exhibit P-4, Docket, p. 191.
[5] Land Transportation Office, Public Utility Vehicle Registration Center Certifications, Exhibits P-12 (dated October 14, 2015, Plate No. RNL 846), P-13 (dated October 14, 2015, Plate No. ABB 5611) and P-14 (dated July 28, 2016, Plate No. ABJ 8667), Docket, pp. 202-204.
[6] Land Transportation Franchising and Regulatory Board (LTFRB) Decision dated September 28, 2015, granting the applicant Rogelio S. De Vera the Certificate of Public Convenience for five (5) years, Exhibit P-9, Docket, pp. 196-197.
[7] Par. 1, Joint Stipulation of Facts and Issues (JSFI), Docket, p. 97; August 22, 2016 Decision of the District Collector, Exhibit P-1, Docket, p. 37; Judicial Affidavit of Rogelio S. De Vera, Docket, pp. 113-114.
[8] Q&A No. 3, Judicial Affidavit of Rogelio S. De Vera, Exhibit P-16, Docket, p. 207.
[9] Par. 2, JSFI, Docket, p. 97.
[10] Q&A No. 10, Judicial Affidavit of Rogelio S. De Vera, Exhibit P-16, Docket, p. 209; Contract of Carriage of Goods, Exhibit P-15, Docket, p. 206.

Based on petitioner's testimony, Jimmy Chua claimed to be a business partner of Reynaldo Medestomas, Jr., who are proprietors of Awal Junkshop in Olongapo City.[11]

Accordingly, on July 18, 2016, petitioner entered into a Contract of Carriage of Goods with Reynaldo Medestomas, Jr. and Jimmy Chua.[12]

On July 20, 2016, at about 8:10 PM, the District Commander, Subic District Office received a derogatory information about a purported plan to spirit scrap materials from Hanjin Heavy Industries and Construction Philippines, Inc. (Hanjin) located at Green Beach 1 Redondo Peninsula, Cawag, Subic Bay Freeport Zone, Subic, Zambales.[13]

Consequently, at about 8:20 PM, SA1 Robert S. Espinosa and SA1 Jose Isidore Gilbert A. Diaz, both Enforcement and Security Services (ESS), Customs Police Division (CPD) operatives, proceeded to the stated locations to conduct surveillance and verify the information.[14]

At about 9:00 PM, the two operatives were instructed by the District Commander to coordinate with the Philippine National Police (PNP)-Criminal Investigation and Detection Group (CIDG).[15]

A checkpoint was set-up in the area where two (2) Fuso Dump Trucks and one (1) Isuzu Dump Truck were halted by the operatives.[16]

During the inspection, the drivers of the three (3) trucks presented only Security Part Material Gate Pass Form SEC-MP-01 dated July 20, 2016 and weighing scale report issued by Hanjin, which were furnished to them by the cargo owner of Awal Junkshop, Reynaldo Medestomas.[17]

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[11] Q&A No. 11, Judicial Affidavit of Rogelio S. De Vera, Exhibit P-16, Docket, p. 209.
[12] Exhibit P-15, Docket, pp. 205-206; Q&A No. 12, Judicial Affidavit of Rogelio S. De Vera, Exhibit P-16, Docket, p. 209.
[13] Par. 3, JSFI, Docket, p. 98; Exhibit P-1, Docket, p. 37.
[14] August 22, 2016 Decision of the District Collector, Exhibit P-1, Docket, p. 37.
[15] *Id.*
[16] Par. 4, JSFI, Docket, p. 98.
[17] Par. 5, JSFI, Docket, p. 98.

Thus, the dump trucks loaded with scrap materials (metal grits)[18] were apprehended and brought to the Philippine National Police (PNP)-CIDG station at the National Highway, Barangay Baretto, Olongapo City.[19]

Thereafter, a certain Arlene Lalu, processor and Licensed Customs Broker of Awal Junkshop, arrived at the police station and presented the following documents:[20]

1. Official Receipt No. 0562831 of Landbank of the Philippines;
2. Bureau of Customs Official Receipts Nos. 01868825390 and 01868825402;
3. Informal Import Declaration and Entry Nos. 16-23680 and 16-23679;
4. Purchase Order AWAL 001-0720;
5. Certificate of Provisional Accreditation No. REG 2016-P;
6. Hanjin Certification dated July 18, 2016;
7. Pictures of the metal grits loaded in the dump trucks;
8. Permanent Transfer Tally Sheet with Control Nos. 507471 and 507470; and,
9. SBMA Gate Pass Control Nos. 0292095 and 0292096.

However, the following discrepancies in the foregoing documents were observed:[21]

1. "The SBMA Gate Passes were unaccomplished for lack of signature by Jerome Martinez, General Manager, Seaport Department, SBMA";

2. "The quantity declared in the Gate Pass and the Tally Sheet and the Transfer Tally Sheet have a big discrepancy as declared in the Security Part Material, Gate Pass Form SEC-MP-01";

3. "Informal Import Declaration and Entry Nos. 16-23680 and 16-23679 were not signed by the Spot-Checking Unit of the Port"; and,

[18] August 22, 2016 Decision of District Collector, Exhibit P-1, Docket, p. 37;
[19] Par. 6, JSFI, Docket, p. 98.
[20] Par. 7, JSFI, Docket, p. 98.
[21] Par. 8, JSFI, Docket, pp. 98-99.

4. "Only two (2) SBMA Gate Passes were presented when three (3) dump trucks were apprehended, thus, one (1) truck had no document at all."

Based on the foregoing findings, the ESS CPD of the Subic Bay Freeport Zone (SBFZ), Subic[22] recommended the issuance of Warrant of Seizure and Detention (WSD) on the shipment and the three (3) dump trucks.[23]

Accordingly, on July 22, 2016, Atty. Ernelito G. Aquino, the SBFZ District Collector, issued a WSD against the shipment and the three (3) trucks for alleged violation of Section 1113(a) of the Republic Act No. (RA) 10863 or the Customs Modernization and Tariff Act (CMTA) and the SBMA law, rules and regulation.[24]

On August 2 and 3, 2016, hearings were conducted at the Office of the District Collector and, to expedite the proceedings, the Hearing Officer ordered the parties to submit their position papers.[25]

On August 22, 2016, the Collection District XIII of the Bureau of Customs rendered a Decision ordering the forfeiture of the scrap metals (metal grits) from claimant Reynaldo Medestomas of Awal Junkshop but lifted the WSD issued against the three (3) dump trucks of claimant and petitioner Rogelio S. De Vera, owner of RS De Vera Trucking.[26]

On November 23, 2016, upon automatic review, the Commissioner of Customs (COC) issued a Decision, which modified the Decision of the District Collector by ordering the forfeiture of the three (3) dump trucks as well.[27]

On December 20, 2016, petitioner received a copy of the COC Decision.[28]

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[22] August 22, 2016 Decision of the District Collector, Exhibit P-1, Docket, p. 38.
[23] Par. 9, JSFI, Docket, p. 99.
[24] Par. 10, JSFI, Docket, p. 99; August 22, 2016 Decision of the District Collector, Exhibit P-1, Docket, p. 38.
[25] Par. 11, JSFI, Docket, p. 99; August 22, 2016 Decision of the District Collector, Exhibit P-1, Docket, p. 38.
[26] Par. 12, JSFI, Docket, p. 99.
[27] Par. 13, JSFI, Docket, p. 99; November 23, 2016 Decision of Commissioner of Customs, Exhibit P-2, Docket, p. 36.
[28] Statement of Material Dates, Petition for Review, Docket, p. 11.

On January 18, 2017, a Petition for Review was filed with the Court.[29]

On March 2, 2017, respondent COC filed an Answer[30] after requesting for an extension, which was granted by the Court.[31]

In a Notice of Pre-Trial Conference dated March 6, 2017, the Court set the case for pre-trial conference on March 16, 2017.[32] Petitioner then filed a Pre-trial Brief on March 10, 2017.[33] Upon respondent's motion,[34] however, the pre-trial was reset to April 27, 2017.[35]

On April 6, 2017, the parties filed a Joint Stipulation of Facts and Issues with the Court.[36]

On May 11, 2017, petitioner's counsel filed the Judicial Affidavit of Rogelio S. De Vera.[37]

The initial presentation of evidence for the petitioner was set by the Court on May 15, 2017.[38] During the hearing, counsel presented the lone witness, petitioner Rogelio S. De Vera, who completed his testimony on the same day.[39] Counsel for respondent also manifested that the COC has no witness to present as the case involves merely legal issues.[40]

On May 18, 2017, petitioner filed his Formal Offer of Evidence[41] to which the respondent COC filed a Comment (On Petitioner's Formal Offer of Evidence) on May 22, 2017, by registered mail.[42]

In a Resolution dated September 15, 2017, the Court admitted all the exhibits with the exception of Exhibit P-7-A, for failure of the

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[29] Petition for Review, Docket, pp. 10-24.
[30] Docket, pp. 66-70.
[31] February 16, 2017 Order, Docket, p. 58.
[32] Docket, pp. 73-74.
[33] Docket, pp. 75-81.
[34] Motion to Reset Pre-Trial, Docket, pp. 82-85.
[35] March 16, 2017 Order, Docket, p. 92.
[36] Docket, pp. 97-100.
[37] Docket, pp. 113-120.
[38] March 16, 2017 Order, Docket, p. 92.
[39] May 15, 2017 Order, Docket, p. 162.
[40] May 15, 2017, Minutes of Hearing, Docket, p. 161.
[41] Docket, pp. 163-169.
[42] Docket, pp. 217-218.

exhibit formally offered to correspond to the document actually marked.[43]

On October 24, 2017, petitioner filed his Memorandum[44] while respondent filed his Memorandum by registered mail on November 3, 2017.[45]

In a Resolution dated November 17, 2017, in view of the filing of the Memorandum of the parties, the case was considered submitted for decision.[46]

On March 15, 2018, petitioner filed a Motion to Release Three (3) Motor Vehicle[s] Under Bond[47] without any comment from respondent COC.[48]

The motion was denied by the Court for lack of merit in a July 11, 2018 Resolution.[49]

THE ISSUES

The parties submitted this lone issue for the resolution of the Court:[50]

Whether the three (3) dump trucks were lawfully forfeited.

THE COURT'S RULING

The Court rules in the negative and finds for the petitioner.

The Court assumes jurisdiction over the case under Section 7(a)(4) of Republic Act No. 1125, as amended.

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[43] Docket, pp. 222-223.
[44] Docket, pp. 229-239
[45] Docket, pp. 240-248.
[46] Docket, p. 252.
[47] Docket, pp. 254-257.
[48] April 24, 2018 Records Verification, Docket, p. 267.
[49] Docket, pp. 268-270.
[50] Statement of the Issue, JSFI, Docket, p. 100.

Jurisdiction is defined as the power and authority of a court to hear, try, and decide a case. In order for the court to have authority to dispose of the case on the merits, it must acquire, among others, jurisdiction over the subject matter. Case law holds that jurisdiction is conferred by law and determined from the nature of action pleaded as appearing from the material averments in the complaint and the character of the relief sought.[51]

Accordingly, based on the material allegations in the petition and the relief sought, petitioner *incorrectly* invoked Section 2(a)[1] of Rule 4 of the Revised Rules of the Court of Tax Appeals (RRCTA), as the basis for his filing before the Court. The provision refers to the cases within the jurisdiction of the Court *En Banc*:

> "SEC. 2. *Cases within the jurisdiction of the Court en banc.* – The Court en banc shall exercise exclusive appellate jurisdiction to review by appeal the following:
>
> (a) Decisions or resolutions on motions for reconsideration or new trial of the Court in Division in the exercise of its exclusive appellate jurisdiction over:
>
> (1) Cases arising from administrative agencies – Bureau of Internal Revenue, Bureau of Customs, Department of Finance, Department of Trade and Industry, Department of Agriculture;
>
> xxx xxx xxx"

Nonetheless, the jurisdiction being assumed by the Court is anchored on Section 1 of Rule 4 of RRCTA in connection with Section 7(a)(4) of Republic Act No. 1125, as amended, thus:

> "RULE 4
> JURISDICTION OF THE COURT
>
> SECTION 1. *Jurisdiction of the Court.* – The Court shall exercise exclusive original jurisdiction over or appellate jurisdiction to review by appeal the cases specified in Republic Act No. 1125, Section 7, as amended by Republic Act No. 9282, Section 7. (n)" Jc

[51] *Teresa R. Ignacio v. Office of the City Treasurer of Quezon City*, et al., G.R. No. 221620, September 11, 2017.

"Sec. 7. *Jurisdiction.* - The CTA shall exercise:

a. Exclusive appellate jurisdiction to review by appeal, as herein provided:

1. Decisions of the Commissioner of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relation thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue;

2. Inaction by the Commissioner of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties in relations thereto, or other matters arising under the National Internal Revenue Code or other laws administered by the Bureau of Internal Revenue, where the National Internal Revenue Code provides a specific period of action, in which case the inaction shall be deemed a denial;

3. Decisions, orders or resolutions of the Regional Trial Courts in local tax cases originally decided or resolved by them in the exercise of their original or appellate jurisdiction;

4. <u>Decisions of the Commissioner of Customs in cases involving</u> liability for customs duties, fees or other money charges, <u>seizure</u>, <u>detention or release of property affected</u>, fines, forfeitures or other penalties in relation thereto, or other matters arising under the Customs Law or other laws administered by the Bureau of Customs;

xxx xxx xxx" (*Underscoring supplied*)

With the foregoing clarification, the Court now proceeds to the merits of the case.

There is no basis to sustain the WSD issued by respondent COC. Jr

It is not disputed by the parties that petitioner owned a legitimate trucking business[52] which was registered with the DTI,[53] was issued business permit and license by the local government of Santa Rosa, Nueva Ecija[54] and was granted both LTFRB Certificates of Public Convenience[55] and LTO Public Utility Vehicle Registration Center Certifications which authorized the use of the respective plate numbers as "for hire" plates pending the production of the "Yellow Plate" for the three (3) subject dump trucks:

Description	Plate No.	Exhibit	LTFRB Decision and LTO Authorization
▪ 1998 Isuzu Truck	ABB 5611	Exhibit P-9[56] Exhibit P-13[57]	LTFRB Case No. 2015-4840 dated September 28, 2015 LTO Certification dated October 14, 2015
▪ 2003 Fuso Truck	ABJ 8667	Exhibit P-10[58] Exhibit P-14[59]	Case No. RFR 0III 2016-00122 dated April 25, 2016 LTO Certification dated July 28, 2016
▪ 1996 Fuso Truck	RNL 846	Exhibit P-9[60] Exhibit P-12[61]	Case No. 2015-4840 dated September 28, 2015 LTO Certification dated October 14, 2015

These government-issued certifications, authorizations and license strongly corroborate the testimony of the witness and petitioner Rogelio S. De Vera that he had been operating as a legitimate common carrier when he was approached by Jimmy Chua to provide transportation service sometime in July 2016. These facts remain uncontroverted by respondent COC.

What remains at issue is the legal conclusion of respondent COC that, based on Section 1113(a) of the CMTA, because petitioner chartered or leased the trucks to the owners of the Awal Junkshop, the same should be forfeited with the smuggled metal grits they were carrying.

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[52] Statement of Facts, JSFI, Docket, p. 97.
[53] Exhibit P-4, Docket, p. 190.
[54] Exhibit P-3, Docket, p. 190.
[55] Exhibit P-9-A, Docket, p. 198.
[56] Docket, pp. 196-197.
[57] Docket, p. 203.
[58] Docket, pp. 199-200.
[59] Docket, p. 204.
[60] Docket, pp. 196-197.
[61] Docket, p. 202.

Pertinent portions of the COC Decision are quoted below for reference:[62]

"II.

Anent the second issue, we rule in the negative.

Before touching on the issue of whether the involvement of the subject trucks violate Section 1113(a) of the CMTA, it is worth noting that the cargoes loaded on the said trucks were deemed smuggled for failure of its claimant to pay duties and taxes thereon.

In deciding whether the forfeiture is warranted for the trucks, Section 1113(a) of the CMTA must be applied, to wit:

> ***'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; (Underscoring and emphases provided)*
> >
> > *xxx'*

It can be gleaned from the foregoing provision that the trucks should be forfeited unless it is shown that the same (1) **are common carriers,** (2) **not chartered or leased,** and (3) **the owner or its agents had no knowledge of the unlawful act.**

Thus, it becomes imperative to determine whether the claimant has satisfied all the requirements for its exemption from forfeiture given the surrounding circumstances. While it is clear from the evidence adduced that the claimant for the metal grits (Reynaldo Medestomas/AWAL Junkshop) violated the provisions of Republic Act No. 10863 and SBMA laws/rules/regulations, the determination

[62] Exhibit P-2, Docket, pp. 35-36.

> whether forfeiture is warranted as to the trucks used in transporting the goods is another story. Such should be anchored primarily on the afore-quoted Section 1113(a) of the new CMTA.
>
> Anent the first requirement, claimant RS de Vera Trucking was able to present documents to prove that a Certificate of Public Convenience was duly issued by the LTFRB for the said three trucks. Thus, the trucks are deemed common carriers.
>
> To satisfy the second requirement, claimant RS De Vera Trucking also presented a copy of the Contract of Carriage executed between the herein claimants for the metal grits and trucks, respectively. However, in Par. 8 of the Position Paper of claimant Reynaldo Medestomas of AWAL Junkshop, he categorically admitted that they leased the trucks from Rogelio S. De Vera, to wit:
>
> > 'To his shock and dismay, Claimant received a call indicating that the cargoes (metal grits) and trucks (which he ***leased*** from Rogelio S De Vera) were apprehended and detained in the CIDG Office, Bo. Barretto, Olongapo City for suspicion that drugs were aboard the vessel.'
>
> Moreover, it is noteworthy that claimant R.S. De Vera Trucking and its drivers presented only Gate Passes for the trucks with Plate Nos. ABB 5611 and RNL 846. There was no Gate Pass presented for the truck with Plate No. ABJ 8667.
>
> Prescinding therefrom, claimant RS De Vera Trucking has not satisfied the second requirement of Section 1113(a) of the CMTA because it leased the trucks to claimant AWAL Junkshop based on the latter's manifestation.
>
> Accordingly, this Office is inclined to rule that the trucks ought to be likewise forfeited.
>
> WHEREFORE, the Order of the Port of Subic District Collector dated 22 August 2016 is **MODIFIED**. Accordingly, the scrap materials (metal grits) and three (3) trucks consisting of two (2) units Fuso and one (1) unit Isuzu dump trucks with Plate Nos. ABB 5611, ABJ 8667 and RNL 846, respectively, are all **FORFEITED** in favor of the government to be disposed of in the manner provided by law." (*Underscoring supplied*)

Grounded on the evidence established by petitioner, from the time the trucks were dispatched to the Port of Subic up to the time that they were apprehended by the authorities, there is no reason for the Court to doubt that petitioner Rogelio S. De Vera had neither knowledge nor control of the use of the vehicles in transporting the goods.

This is also consistent with the express terms of the contract of carriage which stated that AWAL Junkshop "shall be solely liable and responsible in the physical examination and inspection of the items and goods to be loaded in the cargo trucks" and "warrants and assures that the same are not, in any manner, whatsoever, contrary to law and rules/regulations, orders and issuances of the Subic Port Authorities, Bureau of Customs, Department of Trade, Bureau of Internal Revenue, and Land Transportation Franchising and Regulatory Board and other government agencies" and shall not involve or pertain to "contrabands, prohibited drugs and substances xxx" in consonance with the trust reposed by Rogelio S. De Vera.[63]

Significantly, in both the August 22, 2016 Decision of the District Collector and the November 23, 2016 Decision of respondent COC, there is failure to state or describe in detail any facts or circumstances that would prove the knowledge or participation of the petitioner in the alleged smuggling of the metal grits. Specifically, in reversing the District Collector's order which lifted the WSD and released the three (3) dump trucks, respondent COC relied solely upon the provision in Section 1113(a) that the "mere carrying or holding on board of smuggled goods in commercial quantities" shall subject the vehicles to forfeiture. Respondent failed to consider the qualifying and limiting provision of the law which clearly states that forfeiture of the vehicles can only be effected: "*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".

Section 1113(a), furthermore, should be interpreted and applied together with Section 1114 of CMTA.

Ut magis valeat quam pereat. A statute is to be interpreted as a whole. The provisions of a specific law should be read, considered, and interpreted together as a whole to effectuate the whole purpose of which it was legislated. A section of the law is not to be allowed to defeat another, if by any reasonable construction, the two can be made to stand together. In other words, the court must harmonize them, if practicable, and must lean in favor of a construction which will render

[63] Exhibit P-15, Docket, p. 205.

every word operative, rather than one which may make the words idle and nugatory.[64]

Aside from the proven fact the petitioner owns and operates a legitimate business as a common carrier, as required in Section 1113(a), Section 1114 also provides that forfeiture of vehicles is not allowed if it is established that the owner thereof has no knowledge of or participation in the conveyance or transportation of smuggled goods, thus:

> "Section 1114. *Properties not Subject to Forfeiture in the Absence of Prima Facie Evidence.* — <u>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</u>: Provided, That a prima facie presumption shall exist against the vehicle, vessel, or aircraft under any of the following circumstances:
>
> (a) If the conveyance has been used for smuggling before;
> (b) If the owner is not in the business for which the conveyance is generally used; and
> (c) If the owner is not financially in a position to own such conveyance." (*Underscoring supplied*)

In the case at bench, no evidence was presented before the Court to support the conclusion that petitioner had any knowledge or participation in the *unlawful* conveyance of the metal grits. The testimony of petitioner Rogelio S. De Vera which categorically denied any such knowledge or participation stands unrefuted by respondent COC:[65]

> "23) Q: Mr. Witness, you earlier mentioned about your contract of carriage of goods with the owners of Awal Junkshop, were you informed about the cargoes that will be loaded and transported by your three (3) trucks?
>
> A: Yes sir. And as a license[d] operator of a truck-for-hire services for the transportation of goods and cargoes, and coupled with the expressed assurance

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[64] *Commissioner of Customs et al. v. New Frontier Sugar Corporation*, G.R. No. 163055, June 11, 2014.

[65] Q&A Nos. 23-26, Judicial Affidavit of Rogelio S. De Vera, Exhibit P-16, Docket, pp. 211-212.

> by the cargo owners to be solely liable and responsible of the cargoes' regulatory requirements, I have to fully rely on said warranty and trust that the cargo owners will not commit any unlawful act.
>
> 24) Q: <u>Mr. Witness, do you have any knowledge or participation in securing the physical examination and inspection of the cargoes at the time it was loaded on your three (3) trucks</u>?
>
> A: <u>No, sir</u>.
>
> 25) Q: Mr. Witness, what about those regulatory requirements such as licenses, accreditation, import permits, payment of duties and taxes, and the gate passes for the release of the cargoes from the Port of Subic, do you have any participation or knowledge in getting these requirements mentioned?
>
> A: No, sir. As per our Contract of Carriage if Goods, those were the sole responsibility of the cargo owner, Awal Junkshop, and my truck drivers merely relied on the documents given to them by the cargo owner.
>
> 26) Q: Mr. Witness, do you know of a certain Arlene Lalu?
>
> A: No, sir. I have no personal knowledge about Arlene Lalu until I later learned during the seizure proceedings at the Port of Subic that she was the Licensed Broker of Awal Junkshop who was tasked to process the release of the cargoes." (*Underscoring supplied*)

In view of the foregoing, the Court is convinced and finds merit in the position of the petitioner. Without any evidence presented during trial, there is no basis to sustain the WSD issued by respondent COC.

It is settled that findings of fact of an administrative agency must be respected so long as they are supported by substantial evidence or that amount of relevant evidence which a reasonable mind might accept as adequate to justify a conclusion. Lacking support, the factual findings of respondent COC cannot stand on their own and therefore not binding on the Court.[66]

WHEREFORE, premises considered, the Petition for Review is **GRANTED**. The assailed November 23, 2016 Decision of the Commissioner of Customs is **PARTIALLY REVERSED**.

Accordingly, the Warrant of Seizure and Detention issued against the two (2) units of Fuso and one (1) unit of Isuzu trucks is hereby **LIFTED** and the trucks are ordered **RELEASED** to the petitioner.

SO ORDERED.

Juanito C. Castañeda, Jr.
JUANITO C. CASTAÑEDA, JR.
Associate Justice

WE CONCUR:

CAESAR A. CASANOVA
Associate Justice

Catherine T. Manahan
CATHERINE T. MANAHAN
Associate Justice

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.

Juanito C. Castañeda, Jr.
JUANITO C. CASTAÑEDA, JR.
Acting Presiding Justice

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[66] *Transglobe International, Inc. v. Court of Appeals and Commissioner of Customs*, G.R. No. 126634, January 25, 1999.