

FIRST DIVISION

[G.R. No. 209830, June 17, 2015]

**MITSUBISHI MOTORS PHILIPPINES CORPORATION,
PETITIONER, VS. BUREAU OF CUSTOMS, RESPONDENT.**

DECISION

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari*^[1] are the Resolutions dated June 7, 2013^[2] and November 4, 2013^[3] of the Court of Appeals (CA) in CA-G.R. CV No. 99594, which referred the records of the instant case to the Court of Tax Appeals (CTA) for proper disposition of the appeal taken by respondent Bureau of Customs (respondent).

The Facts

The instant case arose from a collection suit^[4] for unpaid taxes and customs duties in the aggregate amount of P46,844,385.00 filed by respondent against petitioner Mitsubishi Motors Philippines Corporation (petitioner) before the Regional Trial Court of Manila, Branch 17 (RTC), docketed as Civil Case No. 02-103763 (collection case).

Respondent alleged that from 1997 to 1998, petitioner was able to secure tax credit certificates (TCCs) from various transportation companies; after which, it made several importations and utilized said TCCs for the payment of various customs duties and taxes in the aggregate amount of P46,844,385.00.^[5] Believing the authenticity of the TCCs, respondent allowed petitioner to use the same for the settlement of such customs duties and taxes. However, a post-audit investigation of the Department of Finance revealed that the TCCs were fraudulently secured with the use of fake commercial and bank documents, and thus, respondent deemed that petitioner never settled its taxes and customs duties pertaining to the aforesaid importations.^[6] Thereafter, respondent demanded that petitioner pay its unsettled tax and customs duties, but to no avail. Hence, it was constrained to file the instant complaint.^[7]

In its defense,^[8] petitioner maintained, *inter alia*, that it acquired the TCCs from their original holders in good faith and that they were authentic, and thus, their remittance to respondent should be considered as proper settlement of the taxes and customs duties it incurred in connection with the aforementioned importations.^[9]

Initially, the RTC dismissed^[10] the collection case due to the continuous absences of respondent's counsel during trial.^[11] On appeal to the CA,^[12] and eventually the Court,^[13] the said case was reinstated and trial on the merits continued before the

RTC.^[14]

After respondent's presentation of evidence, petitioner filed a Demurrer to Plaintiff's Evidence^[15] on February 10, 2012, essentially contending that respondent failed to prove by clear and convincing evidence that the TCCs were fraudulently procured,^[16] and thus, prayed for the dismissal of the complaint.^[17] In turn, respondent filed an Opposition^[18] dated March 7, 2012 refuting petitioner's contentions.

The RTC Ruling

In an Order^[19] dated April 10, 2012, the RTC granted petitioner's Demurrer to Plaintiff's Evidence, and accordingly, dismissed respondent's collection case on the ground of insufficiency of evidence.^[20] It found that respondent had not shown any proof or substantial evidence of fraud or conspiracy on the part of petitioner in the procurement of the TCCs.^[21] In this connection, the RTC opined that fraud is never presumed and must be established by clear and convincing evidence, which petitioner failed to do, thus, necessitating the dismissal of the complaint.^[22]

Respondent moved for reconsideration,^[23] which was, however, denied in an Order^[24] dated August 3, 2012. Dissatisfied, it appealed^[25] to the CA.

The CA Ruling

In a Resolution^[26] dated June 7, 2013, the CA referred the records of the collection case to the CTA for proper disposition of the appeal taken by respondent. While the CA admitted that it had no jurisdiction to take cognizance of respondent's appeal, as jurisdiction is properly lodged with the CTA, it nevertheless opted to relax procedural rules in not dismissing the appeal outright.^[27] Instead, the CA deemed it appropriate to simply refer the matter to the CTA, considering that the government stands to lose the amount of P46,844,385.00 in taxes and customs duties which can then be used for various public works and projects.^[28]

Aggrieved, petitioner filed a motion for reconsideration^[29] on June 23, 2013, arguing that since the CA does not have jurisdiction over respondent's appeal, it cannot perform any action on it except to order its dismissal.^[30] The said motion was, however, denied in a Resolution^[31] dated November 4, 2013, hence, this petition.

The Issue Before the Court

The core issue for the Court's resolution is whether or not the CA correctly referred the records of the collection case to the CTA for proper disposition of the appeal taken by respondent.

The Court's Ruling

The petition is meritorious.

Jurisdiction is defined as the power and authority of a court to hear, try, and decide

a case.^[32] In order for the court or an adjudicative body to have authority to dispose of the case on the merits, it must acquire, among others, jurisdiction over the subject matter.^[33] It is axiomatic that jurisdiction over the subject matter is the power to hear and determine the general class to which the proceedings in question belong; it is conferred by law and not by the consent or acquiescence of any or all of the parties or by erroneous belief of the court that it exists.^[34] Thus, when a court has no jurisdiction over the subject matter, the only power it has is to dismiss the action.^[35]

Guided by the foregoing considerations and as will be explained hereunder, the Court finds that the CA erred in referring the records of the collection case to the CTA for proper disposition of the appeal taken by respondent.

Section 7 of Republic Act No. (RA) 1125,^[36] as amended by RA 9282,^[37] reads:

Sec. 7. Jurisdiction. – The CTA shall exercise:

x x x x

c. Jurisdiction over tax collection cases as herein provided:

x x x x

2. Exclusive appellate jurisdiction in tax collection cases:

a. Over appeals from the judgments, resolutions or orders of the Regional Trial Courts in tax collection cases originally decided by them in their respective territorial jurisdiction.

x x x x

Similarly, Section 3, Rule 4 of the Revised Rules of the Court of Tax Appeals, as amended,^[38] states:

Sec. 3. *Cases within the jurisdiction of the Court in Divisions.* – The Court in Divisions shall exercise:

x x x x

c. Exclusive jurisdiction over tax collections cases, to wit:

x x x x

2. Appellate jurisdiction over appeals from the judgments, resolutions or orders of the Regional Trial Courts in tax collection cases originally decided by them within their respective territorial jurisdiction.

Verily, the foregoing provisions explicitly provide that the CTA has **exclusive appellate jurisdiction** over tax collection cases originally decided by the RTC.

In the instant case, the CA has no jurisdiction over respondent's appeal; hence, it cannot perform any action on the same except to order its dismissal pursuant to

Section 2, Rule 50^[39] of the Rules of Court. Therefore, the act of the CA in referring respondent's wrongful appeal before it to the CTA under the guise of furthering the interests of substantial justice is blatantly erroneous, and thus, stands to be corrected. In *Anderson v. Ho*,^[40] the Court held that the invocation of substantial justice is not a magic wand that would readily dispel the application of procedural rules,^[41] viz.:

x x x procedural rules are designed to facilitate the adjudication of cases. Courts and litigants alike are enjoined to abide strictly by the rules. **While in certain instances, we allow a relaxation in the application of the rules, we never intend to forge a weapon for erring litigants to violate the rules with impunity. The liberal interpretation and application of rules apply only in proper cases of demonstrable merit and under justifiable causes and circumstances. While it is true that litigation is not a game of technicalities, it is equally true that every case must be prosecuted in accordance with the prescribed procedure to ensure an orderly and speedy administration of justice.** Party litigants and their counsels are well advised to abide by rather than flaunt, procedural rules for these rules illumine the path of the law and rationalize the pursuit of justice. ^[42] (Emphasis and underscoring supplied)

Finally, in view of respondent's availment of a wrong mode of appeal via notice of appeal stating that it was elevating the case to the CA – instead of appealing by way of a petition for review to the CTA within thirty (30) days from receipt of a copy of the RTC's August 3, 2012 Order, as required by Section 11 of RA 1125, as amended by Section 9 of RA 9282^[43] – the Court is constrained to deem the RTC's dismissal of respondent's collection case against petitioner final and executory. It is settled that the perfection of an appeal in the manner and within the period set by law is not only mandatory, but jurisdictional as well, and that failure to perfect an appeal within the period fixed by law renders the judgment appealed from final and executory.^[44] The Court's pronouncement in *Team Pacific Corporation v. Daza*^[45] is instructive on this matter, to wit:^[46]

Although appeal is an essential part of our judicial process, it has been held, time and again, that the right thereto is not a natural right or a part of due process but is merely a statutory privilege. Thus, the perfection of an appeal in the manner and within the period prescribed by law is not only mandatory but also jurisdictional and failure of a party to conform to the rules regarding appeal will render the judgment final and executory. Once a decision attains finality, it becomes the law of the case irrespective of whether the decision is erroneous or not and no court — not even the Supreme Court — has the power to revise, review, change or alter the same. The basic rule of finality of judgment is grounded on the fundamental principle of public policy and sound practice that, at the risk of occasional error, the judgment of courts and the award of quasi-judicial agencies must become final at some definite date fixed by law.

WHEREFORE, the petition is **GRANTED**. Accordingly, the Resolutions dated June 7, 2013 and November 4, 2013 of the Court of Appeals (CA) in CA-G.R. CV No. 99594 are hereby **REVERSED** and **SET ASIDE**. Accordingly, a new one is entered