

100 Phil. 850

[G. R. No. L-9274. February 01, 1957]

**RUFINO LOPEZ & SONS, INC., PETITIONER, VS. THE COURT OF TAX APPEALS,
RESPONDENT.**

D E C I S I O N

MONTEMAYOR, J.:

Petitioner appellant Rufino Lopez & Sons, Inc. is appealing from a resolution of the Court of Tax Appeals dismissing its appeal from a decision of the Collector of Customs for the Port of Manila, assessing additional fees on petitioner for a certain importation of wire netting. The facts are simple and undisputed. Lopez & Sons imported hexagonal wire netting from Hamburg, Germany. The Manila Collector of Customs assessed the corresponding customs duties on the importation on the basis of consular and suppliers invoices. Said customs duties were paid and the shipments were released. Subsequently, however, the Collector reassessed the dollar value of the cost and freight of said wire netting and as a result of the reassessment, additional customs duties in the amount of P1,966.59 were levied and imposed upon petitioner. Failing to secure a reconsideration of the reassessment and levy of additional customs duties, Lopez & Sons appealed to the Court of Tax Appeals. Acting upon a motion to dismiss the appeal, filed by the Solicitor General on the ground of lack of jurisdiction, the Tax Court, by its resolution of May 28, 1955, dismissed the appeal on the ground that it had no jurisdiction to review decisions of the Collector of Customs of Manila, citing section 7 of Republic Act No. 1125, creating said tax court. From said resolution of dismissal, Lopez & Sons appealed to us, seeking a reversal of said resolution of dismissal.

For purposes of reference, we are reproducing section 7 of Republic Act No. 1125, relied upon by the Tax Court and the Solicitor General, as well as Section 11 of the same Act invoked by the petitioner:

“Sec. 7. Jurisdiction. - The Court of Tax Appeals shall exercise exclusive appellate jurisdiction to review by appeal, as herein provided -

“(1) Decisions of the Collector of Internal Revenue in cases involving disputed assessments, refunds of internal revenue taxes, fees or other charges, penalties imposed in relation thereto, or other matters arising under the National Internal Revenue Code or other law or part of law administered by the Bureau of Internal Revenue;

“(2) Decisions of the Commissioner of Customs in cases involving liability for customs duties, fees or other money charges, seizure, detention or release of property affected; fines, forfeitures or other penalties imposed in relation thereto, or other matters arising under the Customs Law or other law or part of law administered by the Bureau of Customs; and

“(3) Decisions of provincial or city Board of Assessment Appeals in cases involving the assessment and taxation of real property or other matters arising under the Assessment Law, including rules and regulations relative thereto.”

* * *

“Sec. 11. *Who may appeal; effect of appeal.*- Any person, association or corporation adversely affected by a decision or ruling of the Collector of Internal Revenue, the Collector of Customs or any provincial or city Board of Assessment Appeals may file an appeal in the Court of Tax Appeals within thirty days after the receipt of such decision or ruling.

“No appeal taken to the Court of Tax Appeals from the decision of the Collector of Internal Revenue or the Collector of Customs shall suspend the payment, levy, distraint, and/or sale of any property of the taxpayer for the satisfaction of his tax liability as provided by existing law. Provided, however, That when in the opinion of the Court the collection by the Bureau of Internal Revenue or the Commissioner of Customs may jeopardize the interests of the Government and/or the taxpayer the Court at any stage of the proceeding may suspend the said collection and require the taxpayer either to deposit the amount claimed or to file a surety bond for not more than double the amount with the Court.” (Italics supplied.)

There is really a discrepancy between Sections 7 and 11 above reproduced. Section 7 provides that the Court of Tax Appeals has exclusive appellate jurisdiction to review by

appeal decisions of the Collector of Internal Revenue, decisions of the *Commissioner of Customs* and decisions of provincial or city Board of Assessment Appeals on cases mentioned in said section. On the other hand, section 11 of the same Republic Act in listing and enumerating the persons and entities who may appeal as well as the effect of said appeal, mentions those affected by a decision or ruling of the Collector of Internal Revenue, the Collector of Customs or any provincial or City Board of Assessment Appeals, and fails to mention the Commissioner of Customs. Taken literally, a person affected by a decision of the Collector of Customs may appeal to the Court of Tax Appeals; and since no mention is made about decisions of the *Commissioner of Customs*, a person affected by said decision may not appeal to the Court of Tax Appeals. However, section 7 of the Act above reproduced specifically provides that the Court of Tax Appeals has appellate jurisdiction to review decisions of the Commissioner of Customs. That legal provision conferring appellate jurisdiction on the Court of Tax Appeals to review decisions of the Commissioner of Customs would be empty, meaningless, and unenforceable because under Section 11, no person affected by the decision of the Commissioner of Customs may appeal to the Tax Court. These two meaningless, and unenforceable because under Section 11, should be harmonized and reconciled if possible, in order to give effect to the whole Act.

We are in entire accord with the Tax Court and the Solicitor General that a clerical error was committed in section 11, mentioning therein the Collector of Customs. It should be, as it was meant to be, the Commissioner of Customs. There are several reasons in support of this view. Under the Customs Law, found in sections 1137 to 1419 of the Revised Administrative Code, the Commissioner of Customs (Insular Collector of Customs) is the Chief of the Bureau of Customs and has jurisdiction over the whole country as regards the enforcement of the Customs Law, whereas, there are about sixteen Collectors of Customs for the sixteen collection districts and principal ports of entry into which the Philippines has been divided. These Collectors of Customs are subordinates of the Commissioner of Customs over whom he has supervision and control (section 1152, Revised Administrative Code). Pursuant to said supervision and control, under section 1405 of the Revised Administrative Code, when any new or unsettled question shall be determined by the Collector of Customs, he shall, if the matter is not otherwise carried upon for review in ordinary course, notify the Commissioner of his decision, submitting an adequate statement of acts involved. What is more important is the provision of section 1380, which we reproduce below:

“Sec. 1380. *Review by Commissioner.*- The person aggrieved by the decision of the Collector of Customs in any matter presented upon protest or by his action in

any case of seizure may, within fifteen days after notification in writing by the collector of his action or decision, give written notice to the collector signifying his desire to have the matter reviewed by the Commissioner,

“Thereupon, the Collector of Customs shall forthwith transmit all the papers in the cause to the Commissioner, who shall approve, modify, or reverse the action of his subordinate and shall take such steps and make such order or orders as may be necessary to give effect to his decision.”

Under this section, any person affected or aggrieved by the decision of the Collector of Customs may appeal the decision to the Commissioner of Customs. From all this, it is clear if we followed the literal meaning and wording of section 11 of Republic Act No. 1125, in the sense that persons affected by a decision of the Collector of Customs may appeal directly to the Court of Tax Appeals, then the supervision and control of the Commissioner of Customs over his Collector of Customs, and his right to review their decisions upon appeal to him by the persons affected by said decision would, not only be gravely affected, but even destroyed. We cannot believe that was the intention of the Legislature in passing Republic Act No. 1125. It is more reasonable and logical to hold that in Section 11 of the Act, the Legislature meant and intended to say, the Commissioner of Customs, instead of Collector of Customs in the first paragraph and the first part of the second paragraph of said section. In thus holding, the Courts are not exactly indulging in judicial legislation. They are merely endeavoring to rectify and correct a clearly clerical error in the wording of a statute, in order to give due course and carry out the evident intention of the Legislature. This the Courts should and can validly do. Under the rules of statutory construction, it is not the letter but rather the spirit of the law and intention of the Legislature that is important and which matters. When the interpretation of a statute according to the exact and literal import of its words would lead to absurd or mischievous results, or would contravene the clear purposes of the Legislature, it should be construed according to its spirit and reason, disregarding as far as necessary, the letter of the law. Statutes may be extended to cover cases not within the literal meaning of the terms, for that which is clearly within the intention of the Legislature in enacting the law is as much within the statute as if it were within the letter. Here the error (clerical and misprint) is plain and obvious. It is within the province of the courts to correct said error. This is not to correct the act of the Legislature, but rather to carry out and give due course to the true intention of said Legislature.

Furthermore, section 11 of Republic Act 1125 may well be regarded as a mere complement

or implementation of section 7. Since section 7 provides that the Tax Court has jurisdiction to review by appeal, decisions of the Collector of Internal Revenue, decisions of the Commissioner of Customs, and decisions of provincial or city Boards of Assessment Appeals, so section 11 naturally provides that persons adversely affected by said decisions may appeal to the Tax Court. However, in enumerating the governmental bodies or agencies rendering said decisions that may be appealed, it erroneously listed the *Colleceor instead of the Commissioner, of Customs*. The error is plain.

As a matter of fact, the Court of Tax Appeals in its resolution of dismissal of May 23, 1955 cites in support thereof a resolution promulgated by it on January 22, 1955 in C.T. A. Case No. 17, entitled "Acting Collector of Customs vs. Acting Commissioner of Customs",, wherein it said:

"The phrase 'Collector of Customs' appearing in the above-mentioned provision (section 11) of Republic Act No. 1125 is clearly an oversight on the part of Congress. It should read 'Commissioner of Customs' to make the provision conform with section 7 of the said Republic Act and section 1380 of the Revised Administrative Code."

Petitioner contends that the literal meaning of Section 11 of Republic Act No. 1125 should be adopted in the sense that the Court of Tax Appeals has concurrent jurisdiction with the Commissioner of Customs over appeals from decisions of Collectors of Customs, so that a person adversely affected by a decision of a Collector of Customs is given the choice of appealing the said decision either to the Commissioner of Customs or to the Courts of Tax Appeals. We find this contention untenable. In the first place, the two remedies suggested are entirely different, one from the other; an appeal to the Commissioner of Customs is purely administrative, whereas, appeal to the Court of Tax Appeal is manifestly judicial. And it is a sound rule that before one resorts to the Courts, the administrative remedy provided by law should first be exhausted. In the second place, the two remedies suggested by the petitioner would result in confusion because a person adversely affected by a decision of a Collector of Customs could not be sure where to seek the remedy, whether with the Commissioner of Customs or with the Court of Tax Appeals, and it might even be difficult for him to decide because, if he took the appeal directly to the Tax Court, that would ordinarily cut off his remedy before the Commissioner of Customs for the reason that, should the Court of Tax Appeals decide against him, he may not appeal said decision to the

Commissioner of Customs because the Commissioner as an administrative officer may not review the decision of the Court. On the other hand, if the person affected by a decision of a Collector of Customs took his appeal to the Commissioner of Customs, and there receives an adverse decision, he may yet appeal therefrom to the Court of Tax Appeals. In the third place, even if the person affected by an adverse ruling of the Collector of Customs took his appeal to the Court of Tax Appeals, as advocated by counsel for the petitioner, under the literal meaning of section 11, the Tax Court may refuse to entertain said appeal, as was done in the present case, on the ground that under section 7 of Republic Act No. 1125, it had no jurisdiction to review a decision of the Collector of Customs, section 7 clearly limiting its appellate jurisdiction to review decisions of the Commissioner of Customs.

In view of the foregoing, we hold that under the law, particularly, the Customs Law and Republic Act No. 1125, the Court of Tax Appeals has no jurisdiction to review by appeal, decisions of the Collector of Customs. The appealed order of dismissal is hereby affirmed, with costs.

Paras, C. J., Bengzon, Padlla, Reyes, A., Bautista Angelo, Labrador, Concepcion, Reyes, J. B. L., Endencia. and Felix, JJ., concur.
