

****Title:****

Francisco Pascual v. Commissioner of Customs, G.R. No. L-114 Phil. 953

****Facts:****

On August 9, 1954, a shipment consisting of 5 packages of toffee and 23 packages of chocolate consigned to Francisco Pascual arrived at the Port of Manila aboard the "SS KINA." The shipment, recorded under Bill of Lading No. M-9 dated August 7, 1954 and a commercial invoice dated August 6, 1954 amounting to \$550.00, did not have a release certificate from the Central Bank or any of its authorized agents as required.

Because of this absence, the Collector of Customs seized the shipment under Section 1363(f) of the Revised Administrative Code, in relation to Central Bank Circulars Nos. 44 and 45. Subsequently, the shipment was released upon payment of a surety bond amounting to P1,790.00.

After the seizure proceedings, on January 21, 1955, the Collector of Customs ruled to forfeit the shipment and required the importer to pay P1,790.00 within 30 days, failing which the surety bond would be forfeited. Pascual appealed this decision to the Commissioner of Customs, who affirmed it on February 12, 1955.

The importer then brought the case to the Court of Tax Appeals, arguing that the seizure was illegal since the importation did not involve a dollar allocation and contending that the Central Bank lacked authority to issue Circular Nos. 44 and 45. The Court of Tax Appeals disagreed and affirmed the Commissioner of Customs' decision, decreeing the forfeiture of the surety bond with costs against Pascual. This prompted another appeal, leading to the present case before the Supreme Court.

****Issues:****

1. Whether the Central Bank of the Philippines had the authority to issue Circular No. 44, which required a release certificate for importation.
2. Whether the seizure and forfeiture of Pascual's shipment by the customs authorities were valid under existing laws.
3. Whether the penalties prescribed by Central Bank Circular No. 44 and the Revised Administrative Code can be applied concurrently.

****Court's Decision:****

1. ****Authority of Central Bank to Issue Circular No. 44:****

The Supreme Court confirmed that the Central Bank had the authority to issue Circular No.

44. Citing previous rulings, the Court indicated that the broad powers vested in the Central Bank under its charter, specifically Sections 2 and 14 of Republic Act No. 265, included issuing regulations necessary for maintaining the country's monetary stability and preserving the international value of its currency, thereby implicating the regulation of no-dollar importations.

2. **Validity of Seizure and Forfeiture of Shipment:**

The Court ruled that the Circular No. 44 holds the force and effect of law, making imported goods without the required release certificate liable for seizure and forfeiture. The seizure was conducted under the enforcement obligations of the Bureau of Customs, per Section 1419 of the Revised Administrative Code. Circular No. 44's requirements are enforceable, despite it not explicitly stating forfeiture as a penalty—the enforcement falls under customs law by operation of Section 1363(f) of the Revised Administrative Code, which authorizes the forfeiture of merchandise imported contrary to law.

3. **Concurrent Application of Penalties:**

The Supreme Court clarified that the penalties of forfeiture of goods and criminal sanctions can both apply. The forfeiture of the imported goods, as per Section 1363(f) of the Revised Administrative Code, operates independently of the penal provisions under Section 34 of Republic Act No. 265, which imposes fines or imprisonment directly against the violator. Thus, the Bureau of Customs' forfeiture actions and potential criminal liabilities are distinct and can be simultaneously pursued.

Doctrine:

The case clarifies that the Central Bank has broad regulatory powers under its charter to maintain monetary stability and regulate importation. Central Bank circulars, such as Circular No. 44, deemed necessary for these purposes, have the force and effect of law, including enforcement through customs penalties under Section 1363(f) of the Revised Administrative Code.

Class Notes:

- **Elements/Concepts:**
- **Central Bank Regulatory Authority:** Derived from RA 265 Sections 2 and 14. Broad power to issue regulations impacting monetary stability.
- **Customs Enforcement Rules:** Section 1363(f) of the Revised Administrative Code authorizes seizure and forfeiture of goods imported contrary to law.
- **Dual Penalty System:** Differentiates between criminal penalties against individuals (RA

265 Section 34) and penalties involving the forfeiture of goods (Section 1363(f), Revised Administrative Code).

- **Statutory Citations:**

- **RA 265 Section 2 and 14:** Establishing regulatory authority of the Central Bank.

- **Revised Administrative Code Sections 1363(f) and 1419:** Defining customs enforcement responsibilities and penalties.

Historical Background:

The case arose during the post-World War II era, a time when the Philippines was re-establishing its economic stability and international trade practices. The issuance of Central Bank Circulars was part of broader efforts to control foreign currency reserves and manage the balance of payments, reflecting the heightened regulatory environment to protect national monetary interests.