

COMMISSIONER OF CUSTOMS, PETITIONER AND APPELLANT, VS. CARIDAD CAPISTRANO, RESPONDENT AND APPELLEE.

G.R. No. L-11075. June 30, 1960

Ponente: PARAS, C.J.

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PARAS, C.J.:

On March 31, 1955, Caridad Capistrano was booked as an outgoing passenger of a plane bound for Hongkong. When she was subjected to the customary search by a woman agent of the Bureau of Customs immediately before the plane she was to board took off, there were found in her person one hundred and fifty six (156) pieces of Philippine 50-peso bills, seventeen (17) pieces of U.S. 20-dollar bills and one (1) piece of U.S. 10-dollar bill, although her license from the Central Bank allowed her to carry only \$200, broken down into \$50.00 in cash and \$150.00 in traveler's check. Consequently, the bills were seized for alleged violation of Central Bank Circulars Nos. 42 and 55, in relation to Section 1363 (f) of the Revised Administrative Code.

In the seizure and forfeiture proceedings correspondingly instituted, the Collector of Customs rendered on May 5, 1955, a decision ordering the forfeiture in favor of the Government of the bills in question. This decision was affirmed by the Commissioner of Customs on July 29, 1955. Dissatisfied, Caridad Capistrano brought the matter to the Court of Tax Appeals (CTA Case No. 174).

In its decision of June 4, 1956, the Court of Tax Appeals ruled that while Circulars Nos. 37, 20, 42 and 55 were promulgated by the Monetary Board pursuant to the provisions of Republic Act No. 265, said circulars did not, however, authorize the seizure and forfeiture of the Philippine peso bills carried by herein petitioner in excess of that allowed by the Central Bank regulations. The Tax Court further said that neither could Section 1363 (f) of the Revised Administrative Code be invoked because said section referred merely to "merchandise or prohibited importation or exportation."

Taking judicial notice of the fact that the United States dollar has already ceased to be legal tender in the Philippines and that it could be bought and sold in the country, the Tax Court held that the U. S. dollar falls within the term "merchandise". However, the same thing was not said of the Philippine peso. Hence, the decision of the Commissioner of Customs, insofar as the one hundred and fifty six (156) pieces of Philippine 50-peso bills were concerned, was reversed, and said bills were ordered to be returned to petitioner Caridad Capistrano. From that portion of the decision, the Commissioner of Customs has appealed to this Court.

Confining ourselves to the determination of the question as to whether the Court of Tax Appeals erred in revoking the order of forfeiture of the Philippine peso bills and ordering their release to the appellee, we believe, after careful reflection, that the ruling of the Tax Court has to be reversed.

Section 1363 (f) of the Revised Administrative Code relied upon by the appellant reads as follows:

"Any merchandise of prohibited importation or exportation, the importation or exportation of "which is effected or attempted contrary to law, and all other merchandise which, in the opinion of the collector, have been used, are or were intended to be used as instrument in the importation or exportation of the former."

There can scarcely be any doubt that Philippine money may be exported or brought out of the country. Indeed, the Court of Tax Appeals recognized this fact in the decision appealed from. That such exportation ultimately affects the stability of the peso cannot be denied. As clearly explained by the Tax Court, it was in the light of compelling economic reasons and necessities that Central Bank Circulars Nos. 37 and 42, prohibiting the exportation of Philippine bills and coins, subject to certain exceptions, were conceived and promulgated.

We believe that Philippine peso bills come within the concept of "merchandise," as this term is understood in Section 1363 (f) of the Revised Administrative Code. As defined by the same Code, merchandise, when used with reference to importations or exportations, includes goods, wares, and in general anything that may be the subject of importation or exportation. (Sec. 1419.) It cannot be gainsaid that money may be a commodity—an object of trade.

"Money in the country where it is current, is both a measure of value and a medium of exchange, while in other countries it is a commodity bought and sold in the market, and its value fluctuates in the market like that of other commodities." (58 C. J. S. 845, citing *Richard vs. American Union Bank*, 170 N. E. 532, 535, 69 A. L. R. 667.)

In the same manner that in the Philippines the United States dollar bills which have ceased to be legal tender, are considered merchandise, the Philippine peso bills when attempted to be exported, as in the present case, may be deemed to have been taken out of domestic circulation as legal tender and treated as commodity. Hence, they may be forfeited pursuant to Central Bank Circular No. 37 in relation to Section 1363 (f) of the Revised Administrative Code.

Wherefore, the decision appealed from is reversed. So ordered.

Bengzon, Padilla, Montemayor, Bautista Angelo, Labrador, Concepcion, Reyes, J. B. L., Barrera, and Gutierrez David, JJ., concur.

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