

RESINS INCORPORATED, PETITIONER, VS. AUDITOR GENERAL OF THE PHILIPPINES AND THE CENTRAL BANK OF THE PHILIPPINES, RESPONDENTS.

G.R. No. L-17888. October 29, 1968

Ponente: FERNANDO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/e9cb0c5a1fe6/>

FERNANDO, J.:

Petitioner here, as did petitioner in, *Casco Philippine Chemical Co., Inc. v. Gimenez*,^[1] would seek a refund^[2] from respondent Central Bank on the claim that it was exempt from the margin fee under Republic Act No. 2609 for the importation of urea and formaldehyde, as separate units, used for the production of synthetic glue, of which it was a manufacturer. Since the specific language of the Act speaks of "urea formaldehyde",^[3] and petitioner admittedly did import urea and formaldehyde separately, its plea could be granted only if we could construe the above provision of law to read "urea and formaldehyde". In the above *Casco* decision, we could not see our way clear to doing so. We still cannot see it that way. Hence, this petition must fail.

Our inability to indulge petitioner in the aforecited *Casco* petition was made clear by the present Chief Justice. Thus: "Hence, 'urea formaldehyde' is clearly a finished product, which is patently distinct and different from 'urea' and 'formaldehyde', as separate articles used in the manufacture of the synthetic resins known as 'urea formaldehyde'. Petitioner contends, however, that the bill approved in Congress contained the copulative conjunction 'and' between the terms 'urea' and 'formaldehyde', and that the members of Congress intended to exempt 'urea' and 'formaldehyde' separately as essential elements in the manufacture of the synthetic resin glue called 'urea formaldehyde', not the latter as a finished product, citing in support of this view the statements made on the floor of the Senate, during the consideration of the bill before said House, by members thereof. But, said individual statements do not necessarily reflect the view of the Senate. Much less do they indicate the intent of the House of Representatives * * *. Furthermore, it is well settled that the enrolled bill - which uses the term 'urea formaldehyde' instead of 'urea and formaldehyde' - is conclusive upon the courts as regards the tenor of the measure passed by Congress and approved by the President * * *. If there has been any mistake in the printing of the bill before it was certified by the officers of Congress and approved by the Executive - on which we cannot speculate, without jeopardizing the principle of separation of powers and undermining one of the cornerstones of our democratic system - the remedy is by amendment or curative legislation, not by judicial decree."

To which we can only add that deference to the scope and implication of the function entrusted by the Constitution to the judiciary leaves us no other alternative. For nothing is better, settled than that the first and fundamental duty of courts is to apply the law as they find it, not as they would like it to be. Fidelity to such a task precludes construction or interpretation, unless application is impossible or inadequate without it.^[4] Such is not the case in the situation presented here. So we have held in *Casco Philippine Chemical Co., Inc. v. Gimenez*. We do so again.

Then, again, there is merit in the contention of the Solicitor-General, as counsel for respondent Central Bank, and

the Auditor General, that as a refund undoubtedly partakes of a nature of an exemption, it cannot be allowed unless granted in the most explicit and categorical language. As was held by us in *Commissioner of Internal Revenue v. Guerrero*:^[5] "From 1906, in *Catholic Church vs. Hastings* to 1966, in *Esso Standard Eastern, Inc. vs. Acting Commissioner of Customs*, it has been the constant and uniform holding that exemption from taxation is not favored and is never presumed, so that if granted it must be strictly construed against the taxpayer. Affirmatively put, the law frowns on exemption from taxation, hence, an exempting provision should be construed strictissimi juris." Certainly, whatever may be said of the statutory language found in Republic Act 2609, it would be going too far to assert that there was such a clear and manifest intention of legislative will as to compel such a refund.

One last matter. Petitioner would assail as devoid of support in law the action taken by the respondent Auditor-General in an indorsement to the respondent Central Bank^[6] causing it to over-rule its previous resolution and to adopt the view in such indorsement to the effect that the importation of urea and of formaldehyde, as separate units, did not come within the purview of the statutory language that granted such exemption. It does not admit of doubt that the respondent Auditor-General's interpretation amounts to a literal adherence to the statute as enacted. As such, it cannot be said to be contrary to law. As a matter of fact, it is any other view, as is evident from the above, that is susceptible to well-founded, criticism, as lacking legal basis. Under the circumstances, the respondent Auditor-General was merely complying with his duty in thus calling the attention of respondent Central Bank.

The limit of his constitutional function was clearly set forth in *Guevara v. Gimenez*,^[7] the opinion being rendered by the present Chief Justice. Thus: "Under our Constitution, the authority of the Auditor General, in connection with expenditures of the Government is limited to the auditing of expenditures of funds or property pertaining to, or held in trust by, the Government or the provinces or municipalities thereof (Article XI, section 2, of the Constitution). Such function is limited to a determination of whether there is a law appropriating funds for a given purpose; whether a contract, made by the proper officer, has been entered into in conformity with said appropriation law; whether the goods or services covered by said contract have been delivered or rendered in pursuance of the provisions thereof, as attested to by the proper officer; and whether payment therefor has been Authorized by the officials of the corresponding department or bureau. If these requirements have been fulfilled, it is the ministerial duty of the Auditor General to approve and pass in audit the voucher and treasury warrant for said payment. He has no discretion or authority to disapprove said payment upon the ground that the aforementioned contract was un-wise or that the amount stipulated thereon is unreasonable. If he entertains such belief, he may do no more than discharge the duty imposed upon him by the Constitution (Article XI, section 2), 'to bring to the attention of the proper administrative officer expenditures of funds or property which, in his opinion, are irregular, unnecessary, excessive or extravagant'. This duty implies a negation of the power to refuse and disapprove payment of such expenditures, for its disapproval, if he had authority therefor, would bring to the attention of the aforementioned administrative officer the reasons for the adverse action thus taken by the General Auditing office, and, hence, render the imposition of said duty unnecessary."

In the same way that the Auditor General, by virtue of the above function, which is intended to implement the constitutional mandate that no money can be paid out of the treasury except in the pursuance of appropriation made by law,^[8] must carefully see to it that there is in fact such statutory enactment, no refund, which likewise represents a diminution of public funds in the treasury, should be allowed unless the law clearly so provides. The Auditor General would be sadly remiss in the discharge of his responsibility under the Constitution if, having the statute before him, he allows such a refund when, under the terms thereof, it cannot be done. His actuation here cannot be stigmatized as violative of any legal precept; as a matter of fact, it is precisely in accordance with the constitutional mandate.

WHEREFORE, this petition is denied, with costs against petitioner.

Concepcion, C.J., Reyes, J.B.L., Dizon, Makalintal, Sanchez, Castro, Angeles, and Capistrano, JJ., concur.
Zaldivar, J., on official leave.

[1] L-17931, February 28, 1963.

[2] According to the Prayer in the Brief for Petitioner dated March 27, 1961, it had deposited with respondent Central Bank the amount of P52,271.09, exclusive of further sums filed by it since the date of the filing of this petition, representing the margin fee deposited by it on its various importation of urea and formaldehyde as separate articles.

[3] Section 2, par. XVIII, Republic Act No. 2609.

[4] *People v. Mapa*, L-22301, August 30, 1967; *Pacific Oxygen & Acetylene. Co. v. Central Bank*, L-21881, March 1, 1968; *Dequito v. Lopez*, L-27757, March 28, 1968 and *Padilla v. City of Pasay*, L-24039, June 29, 1968.

[5] L-20942, September 22, 1967.

[6] 3rd Indorsement dated July 13, 1960.

[7] L-17115, Nov. 30, 1962. Cf. *Radiowealth, Inc. v. Agregado*, 86 Phil. 429 (1950); *Phil. Operations, Inc. v. Auditor-General*, 94 Phil. 868 (1954) *Villegas v. Auditor General*, L-21352, Nov. 29, 1966. The rather broad language in *Matute v. Hernandez*, 66 Phil. 68 (1938) has thus been qualified.

[8] Par. 2, Section 23, Article VI, Constitution of the Philippines.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.