

**PAZ NERI SAN JOSE, PLAINTIFF AND APPELLEE, VS.
REHABILITATION FINANCE CORPORATION, DEFENDANT AND
APPELLANT.**

G.R. No. L-7766. November 29, 1955

Ponente: PARAS, J.

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PARAS, J.:

The Plaintiff Paz Neri San Jose had pre-war loan of P5,000 with the former Agricultural and Industrial Bank, now succeeded by the defendant Rehabilitation Finance Corporation. On March 14, 1951, the plaintiff paid to the defendant the sum of P7,162.59 in full settlement of her loan plus interest. The defendant did not collect the interest from January 1, 1952 to December 31, 1945, because Republic Act No. 401 (approved on June 18, 1949) condoned the same. On June 16, 1951 Republic Act No. 671 was approved, amending Republic Act No. 401 which was virtually reenacted, the only important change being the addition, to section 2 of the following paragraph:

"If the debtor, however, makes voluntary payment of the entire pre-war unpaid principal obligation on or before December thirty-one, nineteen hundred and fifty-two, the interest on such principal obligation corresponding from January one, nineteen hundred and forty-six, to the date of payment are likewise hereby condoned.

On October 14 1952, the plaintiff filed in the Court of First Instance of Misamis Oriental a complaint against the defendant to recover the amount of P2,162.59, which was charged by the latter as interest from January 1, 1946 to March 14 1951. It was the contention of the plaintiff that, in virtue of the above-quote new paragraph added to section 2 of Republic Act No. 401 by Republic Act No. 671, such interest Was condoned and should therefore be refunded. Upon the other hand, the defendant argued that the condonation of interest spoken of in the new provision, accrued only in favor of debtors who, paid their pre-war obligations from June 16, 1951 (when Republic Act No. 671 was approved) to December 31, 1952.

The court rendered a decision dated March 13, 1954 sustaining, the contention of the plaintiff, and sentencing the defendant to return to her the sum of P1,793.23, with interest at six per cent per annum from the date of the filing of the complaint. From this decision the defendant has appealed.

Republic Act No. 671 is entitled "An Act to amend Republic Act Numbered Four hundred One entitled 'An Act to condone all unpaid interest accruing from January first, nineteen hundred and forty-two to December thirty-first, nineteen hundred forty-five on all obligations outstanding December eight, nineteen hundred and forty-one'." Section 1 provides that * * * "In order to afford opportunities to debtors of the Government or Government owned or controlled corporations to rehabilitate themselves and to enable them to pay their pre-war obligations under terms and conditions fair and just to them, it is the declared policy of the State that the condonation of interests contemplated herein be extended." In section 2 it is provided that "all unpaid interests in favor of the Government or Government owned or controlled corporations accruing from the first day of January, nineteen hundred and

forty-two of thirty-first day of December, nineteen hundred and forty-five, on all debts and obligations outstanding on the eighth day of December, nineteen, hundred and forty-one, shall not be demandable and are hereby condoned in the following case.

In the light of the foregoing, we have no hesitancy in concluding that the intention of the amendatory law, Republic Act No. 671, and even of Republic Act No. 401, is to condone only unpaid interest. That the new paragraph added by Republic Act No. 671 contemplated payment of the entire pre-war obligation Subsequent to June 16, 1951, but not later than December 31, 1952, is clearly to be deduced from the clause "makes voluntary payment" which denotes a present or future act. If completed payment and paid interest were intended to be included, the new paragraph, would have provided that refund of interest should be made to debtors who, "shall have already paid, their entire pre-war unpaid principal obligation." There is, indeed, a lot of difference between unpaid interest which may be condoned, and paid interest which may be refunded. The policy of Republic Act No. 671, as expressed in section 1, to condone interest (not refund interest) 'to enable pre-war debtors to pay their obligations, certainly has no application to and is unnecessary for those, who had already been able to settle their indebtedness.

It is insisted for the appellee that, if Republic Act No. 671 was designed to extend its benefit only to debtors who would pay their entire pre-war obligations after its approval, the new paragraph added to section 2 of Republic Act No. 401 would have contained a proviso that "such entire pre-war unpaid principal obligation remains outstanding on the date of approval of this amendatory Act." There was no need for such proviso, after the said, section and the title of the law expressly mentioned "unpaid interest."

Counsel for appellee also contends that it is a rule in statutory construction that amendatory laws are to be considered as forming part of the original from the date of the latter's enactment, or retroacts to the date of the original. This contention is correct but in the sense that the appellee would have been entitled to exemption from the payment of interest not only January 1, 1942 to December 31, 1945, but also from January 1, 1946 to the date of actual payment if made after the approval of Republic Act No. 671 on June 16, 1951 but not later than December 31, 1952. "When a statute is amended and re-enacted" the amendment should be construed as if it had been included in the original act; but it cannot be retro-active unless plainly made so by the terms of the amendment" (State vs. Montgomery, 117 S. E. 870, 94 W. Va. 153, 59 Corpuz Juris 1183.).

Wherefore, the appealed decision is hereby reversed and the complaint dismissed with costs against the plaintiff. appellee. So ordered.

Bengzon Padilla, Reyes, A., Jugo, Bautista Angelo, Labrador, Concepcion, and Reyes, J. B. L., JJ., concur.

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