

QUIRICO DEL MAR, PETITIONER-APPELLANT, VS. REHABILITATION FINANCE CORPORATION, NOW THE DEVELOPMENT BANK OF THE PHILIPPINES, RESPONDENT-APPELLEE.

G.R. No. L-22254. August 08, 1967

Ponente: BENGZON, J.P., J.

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BENGZON, J.P., J.:

The Rehabilitation Finance Corporation (RFC) now the Development Bank of the Philippines, granted a loan to petitioner Quirico del Mar. As of March 26, 1957, the amount due on the principal balance of said loan plus in-terest was P4,423.04. Del Mar, on such date, offered to pay the same with a backpay acknowledgment certificate pursuant to Republic Act 897. The RFC refused to accept said certificate as payment. Del Mar filed suit to com-pel it to accept the same (Civil Case No. R-5324, CFI of Cebu), and RFC was therein ordered to accept Del Mar's backpay certificate in payment for his debt to RFC. And the decision in said case became final.

Del Mar's aforesaid backpay certificate was in the amount of P20,000.00, more or less. In accepting it as payment of his obligation of P4,423.04, RFC discounted the certificate at the rate of 2% per annum in relation to its thirty-year maturity period. As of the date it was offered for payment, 315 months remained before it would mature. According to RFC's computation, at the discount rate of 2% per annum, the discount for an obli-gation of P4,423.04, with 315 months to go before date of maturity, is P4,888.62, resulting in a total of P9,311.66* to be assigned to RFC under the certificate to pay the aforesaid loan.

Taking issue with RFC's power to charge a discount on his certificate, Del Mar filed another suit in the Court of First Instance of Cebu against RFC, on January 21, 1960, to compel acceptance of his certificate with-out discount. RFC opposed the same (Civil Case No. R-6455). The court, on June 28, 1963, dismissed the peti-tion on the ground that Republic Act 897 authorized the charging of 2% per annum discount. Del Mar appealed to Us.

Appellant now contends that the RFC is barred by the rule of omnibus motion (Section 10, Rule 9, now Sec. 8, Rule 15, Rules of Court) from raising the point of dis-count because it did not do so in his first suit, Civil Case No. R-5324. This is untenable, since the right of RFC to charge a discount was not at issue in said case. As stated, Del Mar questioned said right only in the pre-sent case.

The statute in question is Republic Act 897 amend-ing Section 2 of Republic Act 304, to read as follows:

"SEC. 2. x x x [U]pon application and subject to such rules and regulations as may be approved by the Secretary of Finance a certificate of indebtedness may be issued by the Treasurer of the Philippines covering the whole or a part of the total salaries or wa-ges the right to which has been duly acknow-ledged and recognized, provided that the face value of such certificate of indebtedness shall not exceed the amount that the applicant may need for the payment of (1) obligations subsist-ing at the time of the approval of this amend-atory Act for which the applicant may directly be liable to the Government or to any of its branches or instrumentalities, or the corpo-rations owned or controlled by the Government, or to any citizen of the Philippines, or to any association or corporation organized un-der the laws of the Philippines, who may be

willing to accept the same for such settlement; (2) his taxes; (3) government hospital bills of the applicant; (4) lands purchased or leased or to be purchased or leased by him from the public domain; and (5) any amount received by the applicant as gratuity or pension which he has to refund to the Government or to any of its branches or instrumentalities: Provided, further, That such settlement shall be effected by indorsement on the instrument: Provided, furthermore, That no certificate shall be transferred or ceded by indorsement more than once, nor at a discount rate exceeding two per centum per annum: x x x Provided, furthermore, That in the case of members of the Philippine Army and of recognized guerrilla forces and the Philippine Scouts herein mentioned who may apply for recognition of their back pay salaries, wages, per diems and/or allowances under the provisions of this amendatory Act, such back pay acknowledgment shall certify that it shall be redeemed by the Government of the Philippines within thirty years from the date of its issuance without interest depending upon the availability of funds which shall be determined by the Treasurer of the Philippines:"

It is rather obvious, therefore, that the law permits a discount rate of not exceeding 2% on a non-negotiable backpay certificate, such as in this case, where the same is indorsed to pay an obligation. The reason for the discount is equally clear: the certificate is not yet due and payable; it matures in thirty years from date of issue; until then, it is not fully worth its face value. Redemption thereof at maturity does not involve a discount because by then it will have reached its full value stated on its face; it will have matured. The present case, however, does not involve redemption but indorsement of the certificate before maturity. For accepting said certificate prior to its due date, RFC is entitled to charge a discount not exceeding that stated by the law, 2% per annum.

Appellant's contention that there should simply be compensation of the debts involved, is not tenable. For compensation applies only where both debts are due (Art. 1279[3], Civil Code); in this case, Del Mar's debt to RFC is due; but the National Government's liability to redeem the backpay certificate is not yet due.

WHEREFORE, the decision appealed from is hereby affirmed. No costs.

SO ORDERED.

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

* See Record, p. 48. Appellant does not question the correctness of these figures; only the right to impose a discount.

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