

CASCO PHILIPPINE CHEMICAL CO., INC., PETITIONER, VS. HON. PEDRO GIMENEZ, IN HIS CAPACITY AS AUDITOR-GENERAL OF THE PHILIPPINES, AND HON. ISMAEL MATHAY, IN HIS CAPACITY AS AUDITO...*G.R. No. 17931. February 28, 1963*

Ponente: CONCEPCION, J.

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This is a petition for review of a decision of the Auditor General denying a claim for refund of petitioner Casco Philippine Chemical Co., Inc.

The main facts are not disputed. Pursuant to the provisions of Republic Act No. 2609, otherwise known as the Foreign Exchange Margin Fee Law, the Central Bank of the Philippines issued on July 1, 1959, its Circular No. 95, fixing a uniform margin fee of 25% on foreign exchange transactions. To supplement the circular, the Bank later promulgated a memorandum establishing the procedure for applications for exemption from the payment of said fee, as provided in said Republic Act No. 2609. Several times in November and December 1959, petitioner Casco Philippine Chemical Co., Inc. which is engaged in the manufacture of synthetic resin glues, used in bonding lumber and veneer by plywood and hardboard producers-bought foreign exchange for the importation of urea and formaldehyde-which are the main raw materials in the production of said glues and paid therefor the aforementioned margin fee aggregating P33,765.42. In May, 1960, petitioner made another purchase of foreign exchange and paid the sum of P6,345.72 as margin fee therefor.

Prior thereto, petitioner had sought the refund of the first sum of P33,765.42, relying upon Resolution No. 1529 of the Monetary Board of said Bank, dated November 3, 1959, declaring, that the separate importation of urea and formaldehyde is exempt from Said fee. Soon after the last importation of these products, petitioner made a similar request for refund of the sum of P6,345.72 paid as margin fee therefor. Although the Central Bank issued the corresponding margin fee vouchers for the refund of said amounts, the Auditor of the Bank refused to pass in audit and approve said vouchers, upon the ground that the exemption granted by the Monetary Board for petitioner's separate importations of urea and formaldehyde is not in accord with the provisions of Section 2, paragraph XVIII of Republic Act No. 2069. On appeal taken by petitioner, fie Auditor General subsequently affirmed said action of the Auditor of the Bank. Hence, this petition for review.

The only question for determination in this case is whether or not "urea" and "formaldehyde" are exempt by law from the payment of the aforesaid margin fee. The pertinent portion of Section 2 of Republic Act No. 2069 reads:

"The margin established by the Monetary Board pursuant to the provision of section one hereof shall not be imposed upon the sale of foreign exchange for the importation of the following:

"XVIII. Urea, formaldehyde for the manufacture of plywood and hardboard when imported by and for the exclusive use of endusers "

Petitioner maintains that the term "urea formaldehyde" appearing in this provision should be construed as "urea and formaldehyde" (*italic ours*) and that respondents herein, the Auditor General and the Auditor of the Central Bank have erred in holding otherwise. In this connection, it should be noted that, whereas "urea" and "formaldehyde" are the principal raw materials in the manufacture of synthetic resin glues, the National Institute of Science and Technology has expressed, through its Commissioner, the view that

"Urea formaldehyde is not a chemical solution. It is the synthetic resin formed as a condensation product from definite proportions of urea and formaldehyde under certain conditions relating to temperature, acidity, and time of reaction. This produce when applied in water solution and extended with inexpensive fillers constitutes a fairly low cost adhesive for use in the manufacture of plywood."

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 resin 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 and formaldehyde", not the latter 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 (see *Song Kiat Chocolate Factory vs. Central Bank*, 102 Phil., 477 54. Off. Gaz., 615; *Mayon Motors, Inc. vs. Acting Commissioner of Internal Revenue*, 111 Phil. 52-A, *Manila Jockey Club, Inc. vs. Games & Amusement Board*, 107 Phil., 151. 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 (*Primicias vs. Paredes*, 61 Phil., 118, 120; *Mabanag vs. Lopez Vito*, 78 Phil., 1; *Macias vs. Comm. on Elections*, L-18684, September 14, 1961). 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."

Wherefore, the decision appealed from is hereby affirmed, with costs against the petitioner. It is so ordered.

Bengzon, C. J., Padilla, Bautista Angelo, Labrador, Reyes, J. B. L., Barrera, Paredes, Dizon, Regala and Makalintal. J.J., concur.

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