



Republic of the Philippines  
Supreme Court  
Manila

FIRST DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, First Division, issued a Resolution dated **March 23, 2022** which reads as follows:*

**“G.R. No. 230995 (*Republic of the Philippines, represented by the Department of Public Works and Highways (DPWH) v. Heirs of Rogelio Tulao, Heirs of Emiliano Tulao, and Humildad Tulao*). –** Before the Court is a Petition for Review on *Certiorari*<sup>1</sup> dated May 23, 2017 filed by the Republic of the Philippines, represented by the Department of Public Works and Highways (DPWH), praying for the reversal of the Decision<sup>2</sup> dated August 31, 2016, and the Resolution<sup>3</sup> dated April 5, 2017 of the Court of Appeals (CA) in the case entitled “*Republic of the Philippines, represented by the Department of Public Works and Highways (DPWH) v. Hon. Perla V. Cabrera-Faller, Judge of the Regional Trial Court, Branch 90, Dasmariñas, Cavite (sitting in Imus), Heirs of Rogelio Tulao, Heirs of Emiliano Tulao, and Humildad Tulao,*” docketed as CA-G.R. SP No. 143720.

**The Factual Antecedents**

On April 12, 2004, the DPWH filed two complaints for expropriation before the Regional Trial Court (RTC) of Cavite, regarding two parcels of land (subject properties) owned by respondents Heirs of Rogelio Tulao, Heirs of Emiliano Tulao, and Humildad Tulao (respondents). The said parcels of land, situated in Kawit, Cavite, were affected by the construction of the Manila-Cavite Tollways Expressway Project undertaken by the DPWH.<sup>4</sup>

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<sup>1</sup> *Rollo*, pp. 28-63.

<sup>2</sup> *Id.* at 64-78. Penned by Associate Justice Magdangal M. De Leon with Associate Justices Elihu A. Ybañez and Victoria Isabel A. Paredes concurring.

<sup>3</sup> *Id.* at 79-81.

<sup>4</sup> *Id.* at 11.

Shortly thereafter, on April 19, 2005, the RTC issued a Writ of Possession<sup>5</sup> in favor of the DPWH, noting that the DPWH already made a deposit of 100% of the total amount of the subject properties based on its zonal value.

During the proceedings of the expropriation case, the Board of Commissioners – composed of Atty. Zenaida C. Noguera (Clerk of Court–Branch 90), Engineer Victor I. Dalisay, and Geruncio H. Ilagan – issued the Commissioner’s Valuation/Appraisal Report<sup>6</sup> dated June 7, 2006, where they recommended the following amounts as their appraisal of the expropriated properties:

Engr. Victor I. Dalisay	₱100.00 per square meter
Mr. Geruncio H. Ilagan	₱22,000.00 per square meter
Atty. Zenaida C. Noguera	₱13,000.00 per square meter <sup>7</sup>

Using the “averaging method,” the Board of Commissioners recommended the amount of ₱11,700.00 per square meter as just compensation. However, the DPWH opposed the said amount, claiming that the same is unconscionable and without sufficient basis.<sup>8</sup>

On August 16, 2006, the RTC rendered its Decision, fixing the amount of just compensation in the amount of ₱9,000.00 per square meter. The DPWH moved for reconsideration, and eventually appealed the RTC’s Decision before the CA.<sup>9</sup>

In its Decision<sup>10</sup> dated September 26, 2008, the CA granted the appeal, set aside the RTC’s Decision, and ordered the remand of the case, to wit:

We thus hold that remand is necessary in this case considering the paucity of evidence to justify the amount of compensation awarded in the judgment, the value of the subject properties totalling around ₱67,788,000.00, which We find, under the attendant circumstances, as exorbitant and too high, especially in view of the dearth of factual basis that appellees’ lands – erstwhile salt beds and fish pond – is actually worth such staggering cost to the government.

<sup>5</sup> Id. at 169.

<sup>6</sup> Id. at 32.

<sup>7</sup> Id. at 32.

<sup>8</sup> Id. at 33.

<sup>9</sup> Id. at 83.

<sup>10</sup> Id. at 83-100. Penned by Associate Justice Martin S. Villarama, Jr. (a retired Member of this Court) with Associate Justices Noel G. Tijam and Arturo G. Tayag concurring.

WHEREFORE, premises considered, the present appeal is hereby GRANTED. The Decision dated August 16, 2006 of the Regional Trial Court of Dasmariñas, Cavite sitting in Imus, Cavite, Branch 90 in Civil Case Nos. 0135-04 and 0136-04 is hereby SET ASIDE. The case is hereby REMANDED to said court for further proceedings and reception of evidence to determine just compensation due the landowners appellees under relevant laws, rules and jurisprudence.

No pronouncement as to costs.

SO ORDERED.<sup>11</sup>

On July 3, 2009, upon agreement of the parties, the RTC appointed Cesar E. Santos as the common independent third-party appraiser. After the submission of the 2<sup>nd</sup> Commissioner's Report, the RTC again awarded the amount of ₱9,000.00 per square meter as just compensation.<sup>12</sup> As held in the RTC's Order dated July 23, 2009, viz.:

In fine, the Court holds that the award of just compensation is warranted in the amount of NINE THOUSAND PESOS (P9,000.00) per square meters, with the total area of SEVEN THOUSAND FIVE HUNDRED THIRTY-TWO (7,532) square meters. In the mind of the Court, the total amount of PhP67,788,000.00 to be paid to the respondents that have already lost their property in favor of the government, which would eventually pave the way to strong infrastructure in the province of Cavite, would not be detrimental to the government's coffers as compared to the billions of pesos already lost to government projects that perhaps did not even benefit the Filipino people.

ACCORDINGLY, the Register of Deeds for the Province of Cavite is directed to annotate the herein expropriation and this Order upon Transfer Certificate of Title Nos. T-36879 and T-36878, all registered in the name of Rogelio Tulao, Emiliano Tulao and Humilidad Tulao and to transfer and issue Transfer Certificate of Title in favor of the Department of Public Works and Highways of the expropriated properties. For this purpose, the respondents are hereby ordered to cause and work out for the transfer of titles of the subject properties in favor of the Department of Public Works and Highways (DPWH).<sup>13</sup>

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<sup>11</sup> Id. at 99-100.

<sup>12</sup> Id. at 34.

<sup>13</sup> Id. at 147.

Thus, the DPWH again sought refuge before the CA and elevated the case on appeal. However, in the CA Decision<sup>14</sup> dated November 7, 2012, the CA denied the DPWH's appeal:

**WHEREFORE**, the appeal is **DENIED**. The Orders dated July 23, 2009 and September 9, 2009 of the Regional Trial Court, Branch 90, Dasmariñas, Cavite, in Civil Case No. 0135-04 are **AFFIRMED**.

**SO ORDERED.**<sup>15</sup>

The Decision<sup>16</sup> dated November 7, 2012, which affirmed the RTC Order that the amount of just compensation is ₱9,000.00 per square meter, or ₱7,788,000.00 in total, attained finality, and on July 3, 2013, an Entry of Judgment<sup>17</sup> was issued. Thereafter, on December 23, 2013, the DPWH paid such amount to respondents.<sup>18</sup>

On March 14, 2014, respondents filed before the RTC their Motion for Payment of Interest on Just Compensation<sup>19</sup> (Motion for Payment of Interest), where they argued that, since the subject properties were taken on April 19, 2005 by virtue of the writ of possession, they are entitled to legal interest from the said date at the rate of twelve percent (12%) per annum.<sup>20</sup>

On May 22, 2014, the DPWH filed its Opposition (To Motion for Payment of Interest on Just Compensation dated March 14, 2014),<sup>21</sup> where it averred that interest on just compensation is imposable only in instances of delay, and considering that it did not incur delay in the payment of just compensation, it should not be made liable to pay interest.<sup>22</sup>

In the RTC Order<sup>23</sup> dated October 9, 2014, the RTC granted respondents' motion for payment of interest, and directed the DPWH to pay legal interest at the rate of twelve percent (12%) per annum, thus:

<sup>14</sup> Id. at 101-113. Penned by Associate Justice Agnes Reyes-Carpio with Associate Justices Rosalinda Asuncion-Vicente and Priscilla J. Baltazar-Padilla (a retired Member of this Court) concurring.

<sup>15</sup> Id. at 112.

<sup>16</sup> Id. at 102-113.

<sup>17</sup> Id. at 133-134.

<sup>18</sup> Id. at 35.

<sup>19</sup> Id. at 135-137.

<sup>20</sup> Id. at 136.

<sup>21</sup> Id. at 138-142.

<sup>22</sup> Id. at 138-139.

<sup>23</sup> Id. at 143-144.

The court finds merit in the claim of the defendants. Verily, the property was taken from the defendants by virtue of the writ of possession dated April 19, 2005, however, they were paid the just compensation for the loss of their property only on December 23, 2013, thus, they are entitled to the payment of 12% interest per annum from the time that they were dispossessed of the subject property on April 19, 2005, until they were fully paid of the just compensation on December 23, 2013, which is based on jurisprudence, citing *Digran vs. Auditor General*, L-21593, April 29, 1966; *Valdehueva vs. Republic*, L-31032, May 19, 1966; *Republic vs. Tayengco*, L-23766, April 29, 1967.

ACCORDINGLY, the Department of Public Work[s] and Highways (DPWH) is directed to pay the defendants the legal interest of 12% per annum from the time of the dispossession of the subject property on April 19, 2005, until the full payment of the just compensation due on December 23, 2013.

SO ORDERED.<sup>24</sup>

On December 10, 2014, the DPWH filed its motion for reconsideration (of the Order dated October 9, 2014),<sup>25</sup> where it argued that: (1) the CA, when it affirmed the RTC's Orders dated July 23, 2009 and September 9, 2009, did not grant respondents' prayer for the payment of legal interest; (2) an entry of judgment had already been issued, and therefore, respondents cannot seek the enforcement of reliefs not granted; and (3) there was no delay in the payment of just compensation to render the DPWH liable for the payment of interest.<sup>26</sup>

On May 20, 2015, the RTC issued its Order,<sup>27</sup> which denied the DPWH's motion for reconsideration.

On June 11, 2015, the DPWH filed before the RTC a Motion for Clarification,<sup>28</sup> where it asked for a clarification as to the applicable rate of interest due. On November 10, 2015, the RTC issued its Omnibus Order,<sup>29</sup> which outlined the amounts due from the DPWH, to wit:

In this light, the court holds that the defendants are entitled to be paid by the Government interests, in line with recent jurisprudence on the matter, as part of the just compensation due to the defendants, constituting the difference between the initial down

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<sup>24</sup> Id. at 144.

<sup>25</sup> Id. at 145-155.

<sup>26</sup> Id. at 145-146.

<sup>27</sup> Id. at 156.

<sup>28</sup> Id. at 157-162.

<sup>29</sup> Id. at 163-168.

payment in the amount of Php14,310,800.00 and the total value of the just compensation – Php67,788,000.00 at the rate of 12% per annum from the date of the taking on April 19, 2005 until June 30, 2013 in accordance with the Eastern Shipping Lines Ruling; and considering that the total value of just compensation in the amount of Php67,788,000.00 was only paid on December 13, 2013, interest shall be paid on the difference from July 1, 2013 at the rate of 6% per annum until the same was fully paid on December 13, 2013 in accordance with the Bangko Sentral ng Pilipinas Circular No. 799.

X X X X

ACCORDINGLY, the Department of Public Work[s] and Highways (DPWH) is hereby ordered to pay the defendants interests on the amount of just compensation as follows:

- (a) The difference between the initial down payment in the amount of Php14,310,800.00 and the total value of the just compensation in the amount of Php67,788,000.00 at the rate of 12% per annum from the date of the taking or April 19, 2005 until June 30, 2013;
- (b) The difference from July 1, 2013 on total amount of just compensation in the amount of Php67,788,000.00 shall earn interest at the rate of six percent (6%) per annum from July 1, 2013 until the same was fully paid on December 23, 2013;

X X X X

SO ORDERED.<sup>30</sup>

The DPWH then filed a petition for *certiorari* before the CA, seeking to annul the RTC Order dated October 9, 2014. However, the same was denied by the CA in its Decision<sup>31</sup> dated August 31, 2016.

The CA held that the RTC did not commit any grave abuse of discretion when the latter ordered the payment of interest, considering that interest on just compensation runs as a matter of law and follows as a matter of course.<sup>32</sup>

Moreover, the CA ruled that the doctrine of immutability of judgment cannot be invoked in this case because, while the judgment ordering the payment of just compensation had already become final and executory, the RTC still had jurisdiction to resolve the motion for

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<sup>30</sup> Id. at 167-168.

<sup>31</sup> Id. at 64-78.

<sup>32</sup> Id. at 76.

payment of interest because its jurisdiction continues for the purpose of enforcement of judgment.<sup>33</sup>

Aggrieved, the DPWH filed its motion for reconsideration, but the CA denied the same in its Resolution<sup>34</sup> dated April 5, 2017.

### **The Instant Petition**

Undeterred by the adverse rulings of the CA, the DPWH filed the instant petition, where it raised the following issues:

- I. **WHETHER OR NOT THERE WAS IMMEDIATE PAYMENT OF JUST COMPENSATION IN CONTEMPLATION OF REPUBLIC ACT (R.A.) NO. 8974.**
- II. **WHETHER OR NOT THE RTC CAN ALTER THE DECISION OF THE CA AFTER AN ENTRY OF JUDGMENT HAS BEEN ISSUED.**<sup>35</sup>

#### *The DPWH's arguments*

The DPWH argued that it did not incur delay in the payment of just compensation, and thus, no interest is due. Particularly, the DPWH reasoned that, pursuant to Republic Act (R.A.) No. 8974, the payment of 100% of the market value of the property before a writ of possession is issued constitutes as payment, and not merely a deposit. Considering that the DPWH complied with the requirements under R.A. No 8974, and paid such amount before it took possession of the property, the imposition of interest is unwarranted.<sup>36</sup>

Furthermore, the DPWH argued that the RTC and the CA's reliance on the case of *Republic v. Mupas*<sup>37</sup> (*Mupas*) is misplaced, because *Mupas* is a *sui generis* expropriation case, and it was categorically stated therein that the reason for the imposition of interest is the continuing delay in the payment of just compensation.<sup>38</sup>

Finally, the DPWH averred that pursuant to the doctrine of immutability of judgment, the judgment of the CA, which did not grant

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<sup>33</sup> Id. at 77.

<sup>34</sup> Id. at 79-81.

<sup>35</sup> Id. at 37-38.

<sup>36</sup> Id. at 42-46.

<sup>37</sup> 769 Phil. 21 (2015).

<sup>38</sup> *Rollo*, pp. 39-42.

respondents' prayer for the payment of interest, can no longer be altered.<sup>39</sup>

*Respondents' arguments*

In their Comment/Opposition on the Petition<sup>40</sup> dated September 6, 2017, respondents emphasized that they are entitled to interest because the DPWH incurred delay in the payment of just compensation, considering that the subject properties were taken on April 19, 2005, and just compensation was paid only on December 23, 2013. Respondents contended that the DPWH's payment of ₱1,900.00 per square meter before the issuance of the writ of possession merely serves as a down payment, and does not constitute as complete payment of just compensation.<sup>41</sup>

Moreover, respondents alleged that the doctrine of immutability of judgment cannot be invoked in this case because, as held in *National Housing Authority v. Heirs of Isidro Guivelondo*<sup>42</sup> (*Heirs of Isidro Guivelondo*), "the duty of the court does not end with the render of the decision. Equal is the duty of the court to enforce said decision to the fullest of its intent, tenor, and mandate."<sup>43</sup>

**The Court's Ruling**

The petition is without merit.

***The RTC still has jurisdiction to enforce a judgment after the issuance of an entry of judgment.***

The Court agrees with the finding of the CA that the doctrine of immutability of judgment is inapplicable in this case. Notwithstanding the issuance of the entry of judgment, the RTC correctly exercised its jurisdiction when it resolved respondents' motion for payment of interest, considering that, as stated in *Heirs of Isidro Guivelondo*, the jurisdiction of the court continues for the purpose of enforcement, to wit:

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<sup>39</sup> Id. at 53-57.

<sup>40</sup> Id. at 172-181.

<sup>41</sup> Id. at 173-175.

<sup>42</sup> 607 Phil. 184 (2009).

<sup>43</sup> Id. at 191.

It is well-settled that **the jurisdiction of the court to execute its judgment continues even after the judgment had become final for the purpose of enforcement of judgment.** The present case is no exception. Therefore, notwithstanding the final resolution on the validity of the expropriation made by this Court on June 19, 2003 in G.R. No. 154411, the RTC, Branch 19 can still rule on the motions for the issuance of an alias writ of execution and payment of interest. As the CA correctly stated: “. . . the duty of the court does not end with the tender of the decision. Equal is the duty of the court to enforce said decision to the fullest of its intent, tenor and mandate. To sustain a contrary view would not only trivialize the decision, but would also render it meaningless; the justice sought by the aggrieved party and supposedly conferred by the court turned inutile.”<sup>44</sup> (Emphasis supplied; citations omitted)

Moreover, in *Natalia Realty, Inc. v. Court of Appeals*,<sup>45</sup> the Court likewise elucidated that the jurisdiction of a court to enforce its judgment continues even after such judgment had attained finality:

There is a distinction between the jurisdiction of a court to modify its judgment and its jurisdiction to enforce its judgment. The jurisdiction of the court to amend, modify or alter its judgment terminates when the judgment becomes final. This is the principle of immutability of final judgment that is subject to only few exceptions, none of which is present in this case. On the other hand, **the jurisdiction of the court to execute its judgment continues even after the judgment has become final for the purpose of enforcement of judgment.**<sup>46</sup> (Emphasis supplied; citations omitted)

Applying the foregoing, the Court finds that the CA correctly ruled that the doctrine of immutability of judgment is inapplicable because what is involved in the present case is the RTC’s jurisdiction to enforce its judgment. The RTC’s resolution vis-à-vis respondents’ motion for payment of interest did not amend, modify, or alter an already final judgment. Rather, it was only a means to enforce the judgment.

***Interest on just compensation is incurred in instances of delay.***

To recall, on April 19, 2005, the DPWH took possession of the subject properties after the payment of the total amount of the same based on its zonal value, or ₱1,900.00 per square meter. After due proceedings, it was adjudged that the full amount of just compensation

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<sup>44</sup> Id.

<sup>45</sup> 440 Phil. 1 (2002).

<sup>46</sup> Id. at 22.

is ₱9,000.00 per square meter. Thereafter, on December 23, 2013, the DPWH paid the difference between its initial payment and the full amount of just compensation.

Because the respondents were paid the full amount only on December 23, 2013, they filed their motion for payment of interest, where they argued that the delay between April 19, 2005 and December 23, 2013 entitles them to the payment of interest. Notably, both the RTC and the CA agreed and ruled that such delay warrants the payment of interest on just compensation. On the other hand, the DPWH alleged that there was no such delay.

The DPWH is mistaken. Certainly, there was delay in the payment of just compensation.

In *Mupas*, which was correctly relied on by both the RTC and the CA, the Court exhaustively discussed the concept of the payment of just compensation, and categorically ruled that interest must be paid based on the difference between the adjudged amount and the initial payment, thus:

To avoid confusion in computing interests, we first distinguish three interrelated concepts in just compensation: (1) the valuation period of just compensation under Rule 67 of the Rules of Court; (2) the reckoning period of interest in eminent domain cases pursuant to Section 9, Article 3 of the 1987 Constitution; and (3) the initial and final payments of just compensation under RA 8974.

Under Section 4, Rule 67 of the Rules of Court, the property sought to be expropriated shall be appraised **as of the date of taking of the property or the filing of the complaint for expropriation, whichever is earlier**, x x x.

On the other hand, Section 9, Article 3 of the 1987 Constitution provides that “[n]o private property shall be **taken** for public use without **just compensation**.” The 1987 Constitution thus commands the condemnor to pay the property owner the **full and fair equivalent** of the property *from the date of taking*. This provision likewise presupposes that the condemnor incurs delay if it does not pay the property owner the full amount of just compensation on the date of taking.

The reason is that just compensation would not be “just” if the State does not pay the property owner interest on the just compensation from the date of the taking of the property. *Without prompt payment, the property owner suffers the immediate deprivation of both his land and its fruits or income.* The owner’s

loss, of course, is not only his property but also its income-generating potential.

Ideally, just compensation should be immediately made available to the property owner so that he may derive income from this compensation, in the same manner that he would have derived income from his expropriated property.

However, if **full compensation** is not paid for the property taken, then the State must pay for the shortfall in the earning potential immediately lost due to the taking, and the absence of replacement property from which income can be derived. Interest on the unpaid compensation becomes due as compliance with the constitutional mandate on eminent domain and as a basic measure of fairness.

Thus, interest in eminent domain cases “runs as a matter of law and follows as a matter of course from the right of the landowner to be placed in as good a position as money can accomplish, as of the date of taking.”

Lastly, RA 8974 requires the Government to pay just compensation twice: (1) *immediately upon the filing of the complaint*, when the amount to be paid is 100% of the value of the property based on the current relevant zonal valuation of the BIR, and the value of the improvements and/or structures sought to be expropriated (initial payment); and (2) *when the decision of the court in the determination of just compensation becomes final and executory*, in which case the implementing agency shall pay the owner the difference between the amount already paid and the just compensation as determined by the court (*final payment*).

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The Government’s initial payment of just compensation does not excuse it from avoiding payment of interest on the difference between the adjudged amount of just compensation and the initial payment.

X X X X

Contrary to the Government’s opinion, **the interest award is not anchored either on the law of contracts or damages; it is based on the owner’s constitutional right to just compensation.** The difference in the amount between the final payment and the initial payment — in the interim or before the judgment on just compensation becomes final and executory — *is not unliquidated damages* which do not earn interest until the amount of damages is established with reasonable certainty. The difference between final and initial payments forms part of the just compensation that the property owner is entitled from the date of taking of the property.

Thus, when the taking of the property precedes the filing of the complaint for expropriation, the Court orders the condemnor to pay the full amount of just compensation from the date of taking whose interest shall likewise commence on the same date. The Court does not rule that the interest on just compensation shall commence the date when the amount of just compensation becomes certain, *e.g.*, from the promulgation of the Court's decision or the finality of the eminent domain case.<sup>47</sup> (Underscoring supplied; citations omitted)

Thus, it is clear that despite the prompt payment of the initial amount at the time of taking of the property, and the prompt payment of the full amount of just compensation adjudged by the court, interest shall still be due on the difference between such initial amount and the full amount adjudged as just compensation because such amount forms part of the just compensation that the property owner is entitled to from the date of the taking of his or her property.

In other words, the period between the initial payment when the property is taken, and the payment of the full amount is considered for purposes of delay and the payment of interest on just compensation.

In fact, in the recent case of *Republic v. Heirs of Francisco*,<sup>48</sup> the Court reiterated its ruling in *Mupas*, and held that interest is due on the difference between the initial amount and the full amount, *viz.*:

Even so, petitioner must still pay the legal interest on the difference between the initial payment and the final amount of just compensation, to be adjudged by the RTC anew. The reason is not hard to discern. The variance between the final amount as fixed by the court and the initial payment is part and parcel of the just compensation that the property owner is entitled from the date of taking of the properties.

The Court enunciated in *Republic v. Judge Mupas*:

Ideally, just compensation should be immediately made available to the property owner so that he may derive income from this compensation, in the same manner that he would have derived income from his expropriated property. However, if full compensation is not paid for the property taken, then the State must pay for the shortfall in the earning potential immediately lost due to the taking,

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<sup>47</sup> *Republic v. Mupas*, *supra* note 37 at 193-197.

<sup>48</sup> G.R. No. 244115, February 3, 2021.

and the absence of replacement property from which income can be derived. **Interest on the unpaid compensation becomes due as compliance with the constitutional mandate on eminent domain and as a basic measure of fairness.** Thus, interest in eminent domain cases “runs as a matter of law and follows as a matter of course from the right of the landowner to be placed in as good a position as money can accomplish, as of the date of taking.” x x x

We echoed the above pronouncement in *Apo Fruits Corporation v. Land Bank of the Philippines*, where we expounded on the *raison d'etre* for the imposition of legal interest in the payment of just compensation:

The award of interest is intended to **compensate the property owner for the income it would have made had it been properly compensated for its property at the time of the taking.** “The need for prompt payment and the necessity of the payment of interest is to **compensate for any delay in the payment of compensation for property already taken.**” “The award of interest is imposed in the nature of damages for delay in payment which, in effect, makes the obligation on the part of the government one of forbearance to ensure prompt payment of the value of the land and limit the opportunity loss of the owner.” x x x

To excuse itself from the payment of interest, petitioner insists that there was no delay in the payment of the value of the expropriated properties because of its initial deposit with the RTC. We do not agree. It cannot be overemphasized that the initial payment made by petitioner only represents the provisional value of the subject properties which “serves the double-purpose of (a) prepayment if the property is fully expropriated, and (b) indemnity for damages if the proceedings are dismissed.” It does not, in anyway, constitute the full and fair equivalent of the expropriated properties for it is the court which can judicially determine the same. Here, it is crystal clear that when the RTC adjudged the amount of just compensation, petitioner has already taken the condemned properties and respondents have already been deprived of the income that their properties would have made. There was already a delay in fully satisfying the payment of the just compensation. “Without prompt payment, compensation cannot be considered ‘just’ inasmuch as the property owner is made to suffer the consequences of being immediately deprived of his land while being made to wait for a decade or more before actually receiving the amount necessary to cope with his loss.” Accordingly, the difference



between the final amount to be adjudged by the RTC and the initial payment made by petitioner should earn interest x x x.<sup>49</sup>

Thus, it cannot be denied that respondents are entitled to the payment of interest on just compensation, and that both the RTC and the CA correctly granted respondents' motion for the payment of interest.

Meanwhile, with respect to the applicable interest rate, the Court affirms the computation of the RTC in its Omnibus Order<sup>50</sup> dated November 10, 2015 imposing the rate of 12% per annum, as prescribed by the Bangko Sentral ng Pilipinas, from the date of taking on April 19, 2005 until June 30, 2013, and the rate of 6% per annum from July 1, 2013 until the same was fully paid on December 23, 2013, considering that interest due because of delay in payment of just compensation constitutes a forbearance of money.

In *Secretary of the Department of Public Works and Highways v. Spouses Tecson*,<sup>51</sup> the Court, sitting *En Banc*, held that the interest of 12% per annum on just compensation is due the landowner in case of delay in payment because such obligation on the part of the government is one of forbearance, to wit:

[W]e recognize that the owner's loss is not only his property but also its income-generating potential. Thus, when property is taken, full compensation of its value must immediately be paid to achieve a fair exchange for the property and the potential income lost. Accordingly, in *Apo*, we held that the rationale for imposing the interest is to compensate the petitioners for the income they would have made had they been properly compensated for their properties at the time of the taking. x x x.

x x x x

In other words, the just compensation due to the landowners amounts to an effective forbearance on the part of the State — a proper subject of interest computed from the time the property was taken until the full amount of just compensation is paid — in order to eradicate the issue of the constant variability of the value of the currency over time. In the Court's own words:

The Bulacan trial court, in its 1979 decision, was correct in imposing interests on the zonal value of the property to be computed from the time

<sup>49</sup> Id.

<sup>50</sup> *Rollo*, pp. 36-37.

<sup>51</sup> 758 Phil. 604 (2015).

petitioner instituted condemnation proceedings and “took” the property in September 1969. This allowance of interest on the amount found to be the value of the property as of the time of the taking computed, being an effective forbearance, at 12% per annum should help eliminate the issue of the constant fluctuation and inflation of the value of the currency over time. x x x<sup>52</sup> (Underscoring supplied; citations omitted)

Moreover, in the recent case of *Republic v. Estate of Posadas III*,<sup>53</sup> citing *National Power Corporation v. Manalastas*,<sup>54</sup> the Court reiterated that the interest due because of the delay in payment of just compensation constitutes a forbearance of money, and that the award of interest at the rate of 12% per annum from the date of taking until June 30, 2013, and 6% per annum thereafter is proper, thus:

In *National Power Corporation v. Manalastas (Manalastas)*, the Court held that **the just compensation payable to the property owner amounts to an effective forbearance on the part of the government** — a proper subject of interest, viz.:

*[I]f property is taken for public use before compensation is deposited with the court having jurisdiction over the case, the final compensation must include interest[s] on its just value to be computed from the time the property is taken to the time when compensation is actually paid or deposited with the court. In fine, between the taking of the property and the actual payment, legal interest[s] accrue in order to place the owner in a position as good as (but not better than) the position he was in before the taking occurred. x x x*

In that case, the Court awarded interest at the rate of **12% per annum from the time of taking up to June 30, 2013 and, thereafter, 6% per annum from July 1, 2013 until full satisfaction**, pursuant to Section 1 of *Bangko Sentral ng Pilipinas – Monetary Board Circular No. 799, Series of 2013*. (Emphasis supplied; citations omitted)

All things considered, the Court finds no reason to disturb the findings of the CA. The DPWH is liable to pay interest on just compensation, as computed by the RTC in its Omnibus Order.

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<sup>52</sup> Id. at 635-636.

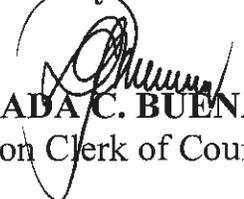
<sup>53</sup> G.R. No. 214310, February 24, 2020.

<sup>54</sup> 779 Phil. 510 (2016).

**WHEREFORE**, the Petition for Review on *Certiorari* dated May 23, 2017 filed by the Republic of the Philippines, represented by the Department of Public Works and Highways, is **DENIED**. The Decision dated August 31, 2016 and the Resolution dated April 5, 2017 of the Court of Appeals in CA-G.R. SP No. 143720 are **AFFIRMED**.

**SO ORDERED.”**

**By authority of the Court:**

  
**LIBRADA C. BUENA**  
Division Clerk of Court

by:

**MARIA TERESA B. SIBULO**  
Deputy Division Clerk of Court

**75**

**JUL 29 2022**

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