



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 15, 2023, which reads as follows:

“G.R. No. 238279 (*National Transmission Corporation v. Heirs of Ireneo Guinhawa, namely: Violeta Guinhawa, Ireneo L. Guinhawa, Jr. married to Jean Geron Guinhawa, Spouses Juanito L. Guinhawa and Doris Oranita, Spouses Judith Guinhawa Nery and Hector Nery, Spouses William L. Guinhawa and Queenevere Saul, Heirs of Eduardo C. Guinhawa, namely: Aida R. Guinhawa, Spouses Kabaitan Guinhawa Valmonte and Cesar N. Valmonte, Spouses Marie Rose G. Araullo and Arturo M. Araullo, Angelina Ozaeta Vda. De Guinhawa, Spouses Florante Bayani O. Guinhawa and Imelda L. Guinhawa, Spouses Lualhati Guinhawa Dalisay and Basilio G. Dalisay, Spouses Oscarlito O. Guinhawa and Felicisima M. Guinhawa, Isagani Tahimik O. Guinhawa, Amelia T. Guinhawa, Spouses Mercedes Guinhawa Oyos and Jose D. Oyos, Maria Paula T. Guinhawa and Bartolome Juan T. Guinhawa*).— In taking private property for public purpose, it is imperative that the government comply with the procedure for expropriation proceedings to determine the appropriate compensation due to the landowner. The purpose of just compensation is not to reward the owner of the property taken, but to compensate him for the loss thereof. As such, the true measure of the property, as upheld in the plethora of cases, is the market value at the time of taking, when the loss resulted.¹

This Court resolves the Petition for Review on *Certiorari*² under Rule 45 of the Rules of Court filed by the National Transmission Corporation (NTC), praying that the October 5, 2017 Decision³ and the March 15, 2018 Resolution⁴ of the Court of Appeals (CA) in CA-G.R. CV 101846 be reversed and set aside.

¹ *Republic v. Macabagdal*, 823 Phil. 477, 482 (2018).

² *Rollo*, pp. 10-26.

³ *Id.* at 31-45. Penned by Associate Justice Victoria Isabel A. Paredes, and concurred in by Associate Justices Jose C. Reyes, Jr. and Renato C. Francisco.

⁴ *Id.* at 46-48.

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The Facts of the Case

NTC is a government-owned and controlled corporation created and existing by virtue of Republic Act No. (RA) 9136,⁵ otherwise known as the “Electric Power Industry Reform Act of 2001.” Pursuant to Section 8⁶ of RA 9136, NTC was created to assume the electric transmission function of the National Power Corporation (NPC) and the authority and responsibility of the latter for the planning, construction and centralized operation and maintenance of its high voltage transmission line facilities, including grid interconnections and ancillary services of the NPC.⁷

Under the same provision, NTC is authorized to exercise the power of eminent domain subject to the requirements of the Constitution and existing laws.

In 1971 and 1982, the NPC, NTC’s predecessor-in-interest, constructed the Batangas-Bolbok-CIP 69kV Transmission Line with Underbuilt 13.8kV Line and Batangas-Cuenca-Mabini 69kV Transmission Line, respectively. To enable NTC to continue the operation and maintenance of the aforesaid transmission lines, and for future upgrades, all for public purpose, it is necessary and urgent for NTC to expropriate portions of the landholding belonging to the estate of Ireneo Guinhawa.⁸

On June 13, 2012, NTC filed a Complaint⁹ for Expropriation before the Regional Trial Courty (RTC) of Batangas City, docketed as Civil Case No. 9316, against the Heirs of Ireneo Guinhawa, namely: Violeta Guinhawa, Ireneo L. Guinhawa, Jr. married to Jean Geron Guinhawa, Juanity L. Guinhawa married to Doris Oranita, Judith Guinhawa Nery married to Hector Nery, and William L. Guinhawa married to Qeenevere Saul; Heirs of Edmundo C. Guinhawa, namely: Aida R. Guinhawa, Kabaitan Guinhawa Valmonte married to Arturo M. Valmonte, and Marie Rose G. Araullo married to Arturo M. Araullo, Angelina Ozaeta Vda. De Guinhawa, Florante Bayani O. Guinhawa married to Imelda L. Guinhawa, Lualhati Guinhawa Dalisay, married to Basilio O. Dalisay, Oscarlito O. Guinhawa married to Felicisima M. Guinhawa, and Isagani Tahimik O. Guinhawa, Amelia T. Guinhawa, Mercedes Guinhawa Oyos married to Jose D. Oyos, Maria Paula T. Guinhawa, and Bartolome Juan T.

⁵ Entitled “AN ACT ORDAINING REFORMS IN THE ELECTRIC POWER INDUSTRY, AMENDING FOR THE PURPOSE CERTAIN LAWS AND FOR OTHER PURPOSES.” Approved: June 8, 2001.

⁶ SECTION 8. *Creation of the National Transmission Company.* — There is hereby created a National Transmission Corporation, hereinafter referred to as TRANSCO, which shall assume the electrical transmission functions of the National Power Corporation (NPC), and have the powers and functions hereinafter granted. The TRANSCO shall assume the authority and responsibility of NPC for the planning, construction and centralized operation and maintenance of its high voltage transmission facilities, including grid interconnection and ancillary services.

⁷ Records, Vol. II, p. 25; Brief for the Plaintiff-Appellant in NPC v. Heirs of Ireneo Guinhawa, et al.

⁸ Id. at 26-27.

⁹ Records, Vol. I, p.1.

Guinhawa, Jr. In the complaint, NTC is expropriating a total area of 7,601 square meters consisting of eight parcels of land.

According to NTC, the parcels of land sought to be expropriated are already used for public purpose and were selected by NTC in a manner compatible with the greatest public good and the least private injury.¹⁰

On August 9, 2012, respondents filed their Comment/Answer¹¹ to the Complaint for Expropriation and interposed no objection to the expropriation of the subject properties. However, they claimed that they should be paid just compensation equivalent to 100% of the current zonal valuation of the properties sought to be expropriated. The respondents cite Sec. 4 of RA 8974,¹² which superseded Sec. 2, Rule 67 of the Rules of Court, and Sec. 8 of the Implementing Rules and Regulations (IRR) of RA 8974, which reiterates Sec. 4 of RA 8974, as bases of their entitlement to 100% of the current zonal value of their properties, to wit:

Section 4. Guidelines for Expropriation Proceedings. — Whenever it is necessary to acquire real property for the right-of-way or location for any national government infrastructure project through expropriation, the appropriate implementing agency shall initiate the expropriation proceedings before the proper court under the following guidelines:

(a) Upon the filing of the complaint, and after due notice to the defendant, the implementing agency shall immediately pay the owner of the property the amount equivalent to the sum of (1) one hundred percent (100%) of the value of the property based on the current relevant zonal valuation of the Bureau of Internal Revenue (BIR) ; and (2) the value of the improvements and/or structures as determined under Section 7, hereof (Emphasis and underscoring supplied)

On September 20, 2012, respondents filed a motion to direct NTC to deposit the amount of PHP 30,404,000.00, representing the current Bureau of Internal Revenue zonal valuation of the subject properties in accordance with the provisions of Sec. 4 of RA 8974 and Sec. 8 of its IRR.¹³ NTC objected to the amount sought to be deposited arguing that the provisional value should be PHP 19,629,800.00, representing 10% of the fair market value of the subject properties.¹⁴ Further, on October 16, 2012, NTC filed a Manifestation¹⁵ stating that a parcel of the subject properties, Lot 2839-C with affected area of 417 square meters is not overlaid with concrete pavement, resultant thereto, the

¹⁰ Id. at 6.

¹¹ *Rollo*, pp. 34-35.

¹² Entitled "AN ACT TO FACILITATE THE ACQUISITION OF RIGHT-OF-WAY, SITE OR LOCATION FOR NATIONAL GOVERNMENT INFRASTRUCTURE PROJECTS AND FOR OTHER PURPOSES." Approved: November 7, 2000.

¹³ *Rollo*, pp. 98-100; Motion to Direct Plaintiff to Deposit the Amount Equivalent to the Value of the Property Subject of the Complaint.

¹⁴ Id. at 101-103; Comment Re: Defendant's Motion to Direct Plaintiff to Deposit the Amount Equivalent to the Value of the Property Subject of the Complaint dated September 20, 2012.

¹⁵ Records, Vol. I, pp. 79-82.

provisional value of the subject properties is only PHP 18,625,400.00 and not PHP 19,629,800.00.¹⁶

On October 16, 2012, NTC and the respondents executed a Compromise Agreement¹⁷ fixing the provisional amount of deposit to PHP 18,625,400.00, without prejudice to the findings and recommendations of the Board of Commissioners or Regional Trial Court (RTC) as to the just compensation for the subject properties.¹⁸ The RTC of Batangas City approved the Compromise Agreement and directed NTC to immediately deposit PHP 18,625,400.00.¹⁹

On November 27, 2012, NTC deposited the amount of PHP 18,625,400.00 with the Land Bank of the Philippines, representing the provisional value of the subject properties and requested for the Issuance of Writ of Possession and that the Board of Commissioners be constituted accordingly.²⁰ The RTC thereafter constituted and appointed Engineer Eduardo B. Cedo (Cedo), Prudencio O. Ferrer (Ferrer), and Guadalupe Judy A. Tumaming (Tumaming) as members of the Board of Commissioners who shall determine the just compensation of the subject properties.²¹

Commissioner Ferrer submitted a Commissioner's Report²² on June 3, 2013 and recommended to the trial court the amount of PHP 60.00 per square meter plus 6% legal interest per *annum* to be reckoned from the time the property was taken until full payment, as the just compensation of the subject properties. Commissioner Ferrer ratiocinated that the determination of the just compensation of the subject properties must be reckoned at the time of their taking in 1971 and in 1983 following Sec. 4, Rule 67 of the Rules of Court.²³

On the other hand, Commissioners Cedo and Tumaming submitted their Commissioner's Report²⁴ on June 14, 2013 and recommended to the trial court the amount of PHP 4,000.00 per square meter as just compensation for the subject properties. Commissioners Cedo and Tumaming noted that the unit base market value of the properties was PHP 4,000.00 per square meter derived by using the averaging method in valuation.²⁵

¹⁶ Id. at 79-80.

¹⁷ Id. at 84-85.

¹⁸ *Rollo*, pp. 105-106; Compromise Agreement.

¹⁹ Records, Vol. I, pp. 88-A—88-B

²⁰ *Rollo*, p. 109; Compliance with Motion.

²¹ Id. at 117; Order of the Regional Trial Court of Batangas City dated February 5, 2013.

²² Id. at 118-121.

²³ Id. at 118-120.

²⁴ Id. at 122-126.

²⁵ Id.

Ruling of the Regional Trial Court

On July 24, 2013, the RTC, Branch 8 of Batangas City issued a Decision²⁶ in Civil Case No. 9316 fixing the just compensation at PHP 4,000.00 per square meter, plus interest from the time the real estate have been taken over up to the time NTC signified its willingness to pay.²⁷ The trial court emphasized that in fixing the amount of just compensation, it followed the rules set by the Court in the case of *Hacienda Luisita Incorporated v. Presidential Agrarian Reform Council*.²⁸ The dispositive portion of the Decision reads:

Wherefore, this Court hereby declared that the just compensation shall be four thousand (P4,000.00) pesos per square meters plus interest from the time that real estate properties has been taken over up to the time that the Plaintiff signified its willingness to pay.

So ordered.²⁹

NTC filed a Motion for Reconsideration³⁰ arguing that the reckoning point for the fixing of the just compensation should be the value of the property at the time of taking. The Court has defined the elements of “taking” as (1) the expropriator or government must enter a private property; (2) the entrance into the private property must be for more than a momentary period; (3) the entry into the property should be under warrant or color of legal authority; (4) the property must be devoted to public use or otherwise informally appropriated or injuriously affected; and (5) the utilization of the property for public use must be in such a way as to oust the owner and deprive him or her of all beneficial enjoyment of the property.³¹ NTC averred that all elements were present when NTC’s predecessor, the NPC, entered the properties to construct the subject transmission lines in 1971 and 1982, thus it follows that the amount of just compensation of the property must be determined based on the prevailing price in those years.³²

In their Comment,³³ respondents countered that fixing the just compensation based on the value prevailing at the time NPC entered the property would not be just, for it would compound the gross unfairness already caused to the owners by NPC’s entering without the intention of formally expropriating the land.³⁴

²⁶ Id. at 49-52. Penned by Presiding Judge Ernesto L. Marajas.

²⁷ Id. at 50-51.

²⁸ 686 Phil. 377, 440 (2012)

²⁹ *Rollo*, p. 51.

³⁰ Id. at 36.

³¹ Records, Vol. II, p. 237; Motion for Reconsideration citing *National Power Corporation v. Court of Appeals*, 325 Phil. 29 (1996).

³² Id. at 232-240.

³³ Id. at 249.

³⁴ Id.

In its November 13, 2013 Resolution,³⁵ the trial court noted that the NTC or NPC did not file any expropriation proceedings right after the subject properties had been taken over. It was only on June 13, 2012 that NTC filed the expropriation case. According to the trial court, it may be prudent to say that it was only on that year, 2012, that the respondents demanded for the payment of just compensation. For the trial court, it would be absurd to fix the just compensation at PHP 60.00 per square meter while the prevailing price per square meter is already PHP 4,000.00 at the time the complaint was filed.³⁶ The *fallo* reads:

WHEREFORE, the motion for reconsideration filed is hereby denied, due to lack of legal basis.

SO ORDERED.³⁷

Aggrieved, NTC filed an appeal³⁸ before the CA.

Ruling of the Court of Appeals

Before the CA, NTC contended that the recommended just compensation of PHP 4,000.00 per square meter by Commissioners Cedo and Tumaming, and as approved by the trial court, is not supported by evidence and excessive.³⁹

NTC asserted that the just compensation is determined as of the date of the taking of the property, or the filing of the complaint [for expropriation], whichever came first. NTC cited the case of *Secretary of the Department of Public Works and Highways v. Spouses Tecson*⁴⁰ wherein the Court applied the fair market value prevailing at the time of taking in 1940 as basis for payment of just compensation rather than the recent market value prevailing in 2002. While the Court noted that using the value in 1940 may be grossly inequitable to the Spouses Tecson as they would be receiving an outdated valuation after a long period, they too were remiss in guarding the cruel effects of a belated claim.⁴¹ The Court explained:

Both the RTC and the CA recognized that the fair market value of the subject property in 1940 was P0.70/sqm. Hence, it should, therefore, be used in determining the amount due respondents instead of the higher value which is P1,500.00. While disparity in the above amounts is obvious and may appear inequitable to respondents as they would be receiving such outdated valuation after a very long period, it is equally true that they too are remiss in guarding against the cruel effects of belated claim. The concept of just compensation does not imply fairness to the property owner alone. Compensation must be just not

³⁵ Id. at 262.

³⁶ Id.

³⁷ Id. at 265.

³⁸ Id. at 270-272.

³⁹ CA *rollo*, p. 32; Brief for the Plaintiff-Appellant.

⁴⁰ 713 Phil. 55 (2013).

⁴¹ Id. at 73.

only to the property owner, but also to the public which ultimately bears the cost of expropriation.⁴²

In a Decision⁴³ dated October 5, 2017, the CA found no merit in the appeal. The CA upheld the authority of the NTC to exercise the state's power of eminent domain when it sought the expropriation of the subject properties for the operation of transmission lines, a project clearly intended for public use. The only controversy is with respect to the amount of just compensation. In the determination of just compensation, the factors set forth in Sec. 5 of RA 8974 must be taken into consideration, thus:

Section 5. *Standards for the Assessment of the Value of the Land Subject of Expropriation Proceedings or Negotiated Sale* – In order to facilitate the determination of just compensation, the court may consider, among other well-established factors, the following relevant standards:

- a. The classification and use for which the property is suited;
- b. The developmental costs for improving the land;
- c. The value declared by the owners;
- d. The current selling price of similar lands in the vicinity;
- e. The reasonable disturbance compensation for the removal and/or demolition of certain improvements on land and for the value of improvements thereon;
- f. The size, shape or location, tax declaration and zonal valuation of the land;
- g. The price of the land as manifested in the ocular findings, oral as well as documentary evidence presented; and
- h. Such facts and events as to enable the affected property owners to have sufficient funds to acquire similarly-situated lands of approximate areas as those required from them by the government, and thereby rehabilitate themselves as early as possible.

The second aspect of the compensation issue, which is the primary concern in this appeal, relates to the reckoning date for the determination of just compensation.

The CA noted that where the institution of the action precedes entry into the property, the amount of just compensation is to be ascertained as of the time of the filing of the complaint. The CA observed that normally, the time of the taking coincides with the filing of the complaint for expropriation. Resultant thereto, many rulings of the Court have equated just compensation with the value of the property as of the time of filing of the complaint.

In the present case, however, if the value of the subject properties at the time of taking will be used as gauge for just compensation, it is apparent that one of the exception—grave injustice to the property owner would attach.⁴⁴ The

⁴² Id.

⁴³ *Rollo*, pp. 31-45.

⁴⁴ Id. at 39-40.

CA emphasized that the landowners would be put at a disadvantage if the subject properties' just compensation is pegged at values three to four decades prior, or valued at their 1971 and/or 1982 rates. The constitutional limitation of "just compensation" is considered to be the sum equivalent to the market value of the property, broadly described to be the price fixed by the seller in open market in the usual and ordinary course of legal action and competition; or the fair value of the property as between one who receives and one who desires to sell, if fixed at the time of the actual taking by the government.⁴⁵

The dispositive portion of the CA Decision reads:

WHEREFORE, premises considered, the appeal is **DENIED**. The *Decision* dated July 24, 2013, of the Regional Trial Court, Branch 8, Batangas City, in Civil Case No. 9316 for *Expropriation*, is **AFFIRMED WITH THE MODIFICATION** that amount of just compensation shall earn legal interest at the rate of 12% *per annum* from the date of the filing of the complaint on June 13, 2012 up to June 30, 2013, and from July 1, 2013 until fully paid, at the rate of 6% *per annum*, as per BSP MB Circular No. 799, series of 2013.

SO ORDERED.⁴⁶

NTC's Motion for Reconsideration⁴⁷ was denied by the CA in its March 15, 2018 Resolution.⁴⁸

Hence, this recourse before Us.

Issue

The sole issue to be resolved by the Court in this case is the amount of just compensation to be awarded to the landowner in cases of eminent domain where the State has taken the private property without the benefit of expropriation proceedings.

Our Ruling

The petition is meritorious.

The State's power of eminent domain and its corresponding duty to pay just compensation

The issue in this case is not novel. First, it must be established that the requisites of eminent domain concur. The requisites for taking in the context of the State's power of eminent domain have long been determined by this Court

⁴⁵ Id. at 41-44.

⁴⁶ Id. at 44-45.

⁴⁷ Id. at 47.

⁴⁸ Id. at 46-48.

in *Republic v. Vda. De Castellvi*.⁴⁹ These requisites were summarized as follows:

- (1) First, the expropriator must enter a private property. x x x;
- (2) Second, the entrance into private property must be for more than a momentary period. x x x;
- (3) Third, the entry into the property should be under warrant or color of legal authority. x x x;
- (4) Fourth, the property must be devoted to a public use or otherwise informally appropriated or injuriously affected. x x x; and
- (5) Fifth, the utilization of the property for public use must be in such a way as to oust the owner and deprive him of all beneficial enjoyment of the property x x x.⁵⁰

The first and fourth requisites are present in this case. In 1971, due to the construction of the Batangas-Bolbok-CIP 69kV transmission line project in the municipality of San Pascual and Batangas City, some properties owned by Ireneo Guinhawa, *et al.* were taken. Later on, in 1983, the Batangas-Cuenca/Mabini 69kV transmission line project was constructed which traversed the municipalities of San Jose, Cuenca, Alitagtag, San Pascual, Bauan, Mabini, and Batangas City, where the properties therein owned by Ireneo Guinhawa, *et al.* were also traversed and affected.⁵¹ While it is true that the expropriation case was filed in 2012, the subject properties were physically taken by NPC/NTC in 1971 and 1983.

The second requisite is likewise present as there can be no question that the construction of transmission lines meant an indefinite occupation in the property of the Guinhawas. Further, NTC's exercise of eminent domain is pursuant to its authority granted under Sec. 8 of RA 9136 or the Electric Power Industry Reform Act of 2001.

Finally, Ireneo Guinhawa and his heirs have been deprived of the beneficial enjoyment of their properties. In *National Transmission Corporation v. Oroville Development Corporation*,⁵² the Court has declared that "since the high-tension electric current passing through the transmission lines will perpetually deprive the property owners of the normal use of their land, it is only just and proper to require NAPOCOR [the expropriator] to recompense them for the full market value of their property."⁵³

Upon confirmation that there has been taking, the payment of just compensation is directed by none other than the Constitution. Just compensation pertains to "the full and fair equivalent of the property taken from its owner by

⁴⁹ 157 Phil. 329 (1974).

⁵⁰ Id. at 345-346.

⁵¹ Records, p. 145; Commissioner's Report for Civil Case No. 9316.

⁵² 815 Phil. 91 (2017).

⁵³ Id. at 105. Citations omitted.

the expropriator.”⁵⁴ It is measured not against the taker’s gain, but against the owner’s loss. The idea of *just* compensation conveys the desire of the State that the equivalent to be rendered for the property to be taken shall be real, substantial, full and ample.⁵⁵

Rule 67, Sec. 4 of the Rules of Court provides for the basis for reckoning just compensation, that is, “as of the date of the taking of the property or the filing of the complaint, whichever came first.”

Just compensation fixed at the value of the property at the time of taking should be awarded to the landowners

The factual milieu of this case is not unprecedented. There have been many cases where this Court was confronted with instances of taking that long preceded the filing of actions for expropriation.

In *Forfom Development Corporation v. Philippine National Railways*⁵⁶ (*Forfom*), the Philippine National Railways (PNR) entered the property of Forfom Development Corporation in January 1973 for public use, that is, for railroad tracks, facilities and appurtenances for use of the Carmona Commuter Service. Expropriation proceedings was never initiated by the Government and it was pursuant to the filing of a complaint for recovery of possession of real property and/or damages which the landowner filed against PNR when the issue of just compensation was eventually tackled and resolved.⁵⁷ In *Manila International Airport Authority v. Rodriguez*⁵⁸ (*MIAA*), the Manila International Airport Authority implemented several expansion programs for its runway in the 1970s, thereby prompting the need to acquire properties surrounding its premises. However at the time of taking, no expropriation proceedings were initiated until respondent Rodriguez, the landowner, demanded the payment of the value of the property almost 30 years after, or in 1997.⁵⁹ In *Eusebio v. Luis*⁶⁰ (*Eusebio*) Luis’ parcel of land was taken by the City of Pasig to be utilized as a municipal road in 1980 without the appropriate expropriation proceedings. It was only in 1994, when Luis demanded payment of the value of the property that negotiations for the fixing of just compensation began between the parties.⁶¹ The case of *Republic v. Sarabia*⁶² (*Republic*) deals with almost identical facts with the present case. In 1956, the Air Transportation Office took possession

⁵⁴ Id.

⁵⁵ Id.

⁵⁶ 594 Phil. 10, 27 (2008).

⁵⁷ *Republic v. Spouses Nocom*, G.R. No. 233988, November 15, 2021, citing *Forfom Development Corporation v. Philippine National Railways*, supra.

⁵⁸ 518 Phil. 750 (2006).

⁵⁹ Id. at 754.

⁶⁰ 618 Phil. 586 (2009).

⁶¹ Id. at 598-599.

⁶² 505 Phil. 253, 256 (2005).

and control of a parcel of land registered in the name of Sarabia, without initiating expropriation proceedings.

The Court, when confronted with cases where the government took control and possession of private properties for public use without timely initiating expropriation proceedings, and without payment of just compensation, uniformly ruled that just compensation should be given to the landowners fixed at the value of the property at the time of taking.⁶³ In *Forfom*, the payment of just compensation was reckoned from the time of taking in 1973; in *Eusebio*, the Court fixed the just compensation by determining the value of the property at the time of taking in 1980; in *MIAA*, the value of the lot at the time of taking in 1972 served as the basis for the award of compensation to the owner; and in *Republic*, the Court was convinced that the taking occurred in 1956 and thus, was the basis in fixing just compensation.

Thus, the controlling doctrine is that when there is actual taking by the government without the benefit of expropriation proceedings, the owner of the property is entitled to just compensation which is pegged at the value of the property at the time of taking.⁶⁴ As it was in the plethora of cases previously discussed, this Court sees no need to deviate from the rule that just compensation must be reckoned from the date of the taking, in this case, 1971 and 1983.

Heirs of Ireneo are entitled to the payment of interest

The Court is aware of the disadvantage brought upon respondents by NTC's delay in paying the just compensation owed to it. However, reckoning just compensation based on the date of taking is not meant to condone the government's delay in compensating the landowner. To address this delay, the remedy has been the imposition of interest, not the reckoning of just compensation to contemporary valuations.⁶⁵

Admittedly, the NTC's occupation of the properties of the Heirs of Ireneo since 1971 and 1982 entitles the latter to payment of interest at the legal rate of 12% per *annum* from the date of taking until June 30, 2013. Starting July 1, 2023, the legal interest shall be at 6% per *annum* until finality of judgment in line with the *Bangko Sentral ng Pilipinas*-Monetary Board (BSP-MB) Circular No. 799, Series of 2013. Prevailing jurisprudence⁶⁶ has upheld the applicability of BSP-MB Circular No. 799, Series of 2013 to forbearances of money in

⁶³ *Supra* note 28 at 412.

⁶⁴ *Felisa Agricultural Corp. v. National Transmission Corp.*, 834 Phil. 861, 881-882 (2018).

⁶⁵ *National Transmission Corporation v. Religious of the Virgin Mary*, G.R. No. 245266, August 1, 2022.

⁶⁶ *Evergreen Manufacturing Corp. v. Republic*, 817 Phil. 1048, 1070 (2017); *Landbank of the Philippines v. Omengan*, 813 Phil. 901, 922 (2017); *Republic v. Cebuan*, 810 Phil. 7687, 787 (2017); *National Power Corporation v. Heirs of Ramoran*, 787 Phil. 77, 83 (2016); *Republic v. Mupas*, 769 Phil. 21, 199-200 and 223 (2015).

expropriation cases. Lastly, the totality of the monetary awards shall earn legal interest at the rate of 6% per *annum* from the finality of this Resolution until full satisfaction as compensatory interest arising from the final judgment.⁶⁷

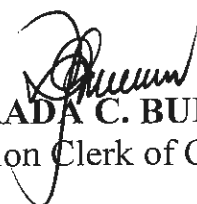
The purpose of just compensation is not to reward the owner of the property taken, but to compensate him for the loss thereof. As such, the true measure of the property, as upheld in the plethora of cases, is the market value at the time of taking, when the loss resulted.⁶⁸ The government is under no obligation to pay premium to the property owner for its act of appropriating the latter's property; it is only legally bound to make good the loss sustained by the landowner, with due circumstances availing at the time the property was taken.⁶⁹

WHEREFORE, the Petition is **GRANTED**. The assailed October 5, 2017 Decision and the March 15, 2018 Resolution of the Court of Appeals in CA-G.R. CV 101846 are **REVERSED** and **SET ASIDE**. The case is **REMANDED** to the Regional Trial Court, Branch 8 of Batangas City for the proper determination of the amount of just compensation, along with interest, in accordance with this Resolution.

Respondents' compliance with the September 9, 2020 Resolution is **DISPENSED WITH**.

SO ORDERED."

By authority of the Court:


LIBRADA C. BUENA
Division Clerk of Court

by:

MARIA TERESA B. SIBULO
Deputy Division Clerk of Court

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⁶⁷ *Nacar v. Gallery Frames*, 716 Phil. 267, 283 (2013).

⁶⁸ *Republic v. Macabagdal*, supra note 1 at 482, citing *Secretary of the Department of Public Works and Highways v. Spouses Tecson*, 758 Phil. 604, 634 (2015).

⁶⁹ *Id.*

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