



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

NATIONAL TRANSMISSION
CORPORATION,

Petitioner,

G.R. No. 221624

Present:

- versus -

CARPIO, J., Chairperson,
PERALTA,
PERLAS-BERNABE,
CAGUIOA, and
REYES, JR., JJ.

MA. MAGDALENA LOURDES
LACSON-DE LEON,
MA. ELIZABETH JOSEPHINE L.
DE LEON, RAMON LUIS
EUGENIO L. DE LEON,
MA. TERESA CECILIA L.
DE LEON, MA. BARBARA
KATHLEEN L. DE LEON,
MARY GRACE HELENE L.
DE LEON, JOSE MARIA
LEANDRO L. DE LEON,
MA. MARGARETHE ROSE
OLSON, and HILDEGARDE
MARIE OLSON,

Respondents.

Promulgated:

04 JUL 2018

X-----X

DECISION

CARPIO, J.:

The Case

This petition for review on certiorari assails the Decision dated 12 November 2014¹ and Resolution dated 18 November 2015² in CA-G.R. CV No. 02423, raising the sole issue of just compensation in a special civil action for expropriation. The Court of Appeals affirmed with modification the Decision dated 15 October 2007³ of the Regional Trial Court of Bacolod City, Branch 49 (trial court) and ordered National Power Corporation

¹ Rollo, pp. 45-59. Penned by Associate Justice Marie Christine Azcarraga-Jacob, with Associate Justices Ramon Paul L. Hernando and Ma. Luisa C. Quijano-Padilla concurring.

² Id. at 61-63.

³ Id. at 116-127, 167-180.

(NAPOCOR), the original plaintiff, to pay the following: (a) just compensation in the amount of Twenty-Eight Million Four Hundred Twenty-Eight Thousand Two Hundred Seven Pesos and Fifty Centavos (PhP28,428,207.50), at 12% per annum from 2 February 2004 until full payment is made; and (b) consequential damages in the amount of Twenty-Two Million Four Hundred Sixty-Three Thousand One Hundred Three Pesos (PhP22,463,103.00).

The Antecedent Facts

On 28 February 2002, NAPOCOR filed with the trial court a complaint against Maria Teresa Lacson De Leon for the expropriation of a parcel of land measuring 39,347 square meters located in Barangay Vista Alegre, Bacolod City. NAPOCOR wanted to acquire an easement of right-of-way over the property for the construction and maintenance of the Bacolod-Cadiz 138 KV SC/ST Transmission Line for the Negros IV-Panay IV Project. The property subject of expropriation forms part of a much bigger lot denominated as Lot No. 1074-B, covered by Transfer Certificate of Title No. T-428 and with a total area of 874,450 square meters.

Invoking failure to state a cause of action, Maria Teresa Lacson De Leon filed on 20 March 2002 a Motion to Dismiss, alleging that the registered owner of Lot No. 1074-B is not her, but her nine children (respondents). On 3 July 2002, the trial court issued an Order, directing NAPOCOR to amend its complaint by impleading the real parties-in-interest. On 17 July 2002, NAPOCOR filed a motion to admit, with the amended complaint attached. However, summons was successfully served upon Jose Ma. Leandro L. De Leon only as the whereabouts of the other respondents were unknown. On 16 August 2002, Jose Ma. Leandro L. De Leon filed an Answer. Meanwhile, the trial court caused the service of summons by publication to the remaining respondents. Upon motion by NAPOCOR, the trial court ordered on 15 October 2002 that Maria Teresa Lacson De Leon be dropped from being a party to the case.

On 4 December 2002, the eight respondents whose whereabouts were initially unknown, filed an Answer and Manifestation, alleging that they were adopting the responsive pleading filed by Jose Ma. Leandro L. De Leon. In their Answer, respondents argued that the Amended Complaint failed to establish public use for which expropriation was being sought. Further, respondents claimed that the expropriation was confiscatory because the property was valued as agricultural notwithstanding its classification as residential by both national and local governments. On 5 December 2002, the parties submitted a Joint Manifestation, alleging their agreement to terminate the pre-trial conference and to adopt the issues raised in Civil Case No. 01-11482,⁴ a similar case but involving an adjacent

⁴ Entitled *NAPOCOR v. Equitable-PCI Bank*.



property. The parties also manifested that the same issues shall be submitted to the commissioners who were already appointed in Civil Case No. 01-11482.

On 12 December 2003, the trial court, upon motion by NAPOCOR, issued an Order directing the issuance of a Writ of Possession in favor of NAPOCOR upon proof that an amount equivalent to 100% of the value of the property based on the current zonal valuation by the Bureau of Internal Revenue (BIR) was deposited with the Land Bank of the Philippines in the name of respondents. On 2 February 2004, the delivery of possession of the property was made by the trial court sheriff.

The board of commissioners filed a Manifestation dated 7 October 2004⁵ in both the case concerning respondents' property and Civil Case No. 01-11482. Attached was a Narrative Report⁶ containing their findings based on their ocular inspection and research personally made on the two properties subject of expropriation, as well as comparable properties within the five-kilometer vicinity.⁷ Citing Section 7(a) of the Implementing Rules and Regulations of Republic Act No. 8974,⁸ the commissioners gave more credence to the Certification dated 27 July 1995 issued by the City Planning and Development Office classifying respondents' property as residential over the tax declarations classifying it as agricultural.⁹ Further, the commissioners did not consider the zonal valuation by the BIR and recommended instead PhP722.50 per square meter as the fair market value of the property based on the average raw land value of the following three subdivisions: (a) Montinola Subdivision, whose highest and best use is **residential**, and with a raw land value of PhP600.00 per square meter; (b) Victorina Heights Subdivision, whose highest and best use is **residential and commercial**, and with a raw land value of PhP890.00 per square meter; and (c) Green Acres Subdivision, whose highest and best use is **residential and commercial**, and with a raw land value of PhP677.50 per square meter.¹⁰ On the consequential benefits and damages, the commissioners found that there was "very little or none at all of consequential benefits but rather more o[f] consequential damages to the owners"¹¹ due to the construction of high-tension transmission lines shunning prospective buyers for perceived radiation and electrocution risks.¹² The commissioners estimated that **about one-third of the total area was prejudiced**, but left the determination of the actual consequential damages to a licensed geodetic engineer.¹³

⁵ *Rollo*, p. 109.

⁶ *Id.* at 110-115.

⁷ *Id.* at 110.

⁸ Entitled "An Act to Facilitate the Acquisition of Right-of-Way, Site or Location for National Government Infrastructure Project and for Other Purposes," effective on 26 November 2000.

⁹ *Rollo*, pp. 112-113.

¹⁰ *Id.* at 113.

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*



The Decision of the Trial Court

Adopting the findings of the board of commissioners, the trial court ordered NAPOCOR to pay respondents just compensation, consequential damages and attorney's fees. The dispositive portion of the Decision dated 15 October 2007 reads:

WHEREFORE, premises considered, judgment is hereby rendered in favor of defendants, namely x x x Ma. Magdalena Lourdes L. De Leon, Ma. Elizabeth Josephine L. De Leon, Ramon Luis Eugenio L. De Leon, Ma. Teresa Cecilia L. De Leon, Ma. Barbara Kathleen L. De Leon, Mary Grace Helen[e] L. De Leon, Jose Maria Leandro L. De Leon, Ma. Margarethe Rose Olson and Hildegard Marie Olson and against plaintiff National Power Corporation (NAPOCOR), as follows:

1. Ordering plaintiff to pay defendants afore-named the sum of Twenty Eight Million Four Hundred Twenty Eight Thousand Two Hundred Seven Pesos and 50/100 (₱28,428,207.50) representing the just compensation for the latter's property consisting of thirty nine thousand three hundred forty seven (39,347) square meters which is a portion of Lot No. 1074-B covered by Transfer Certificate of Title No. T-438;

2. Ordering plaintiff to pay defendants the sum of Twenty Two Million Four Hundred Sixty Three Thousand One Hundred Three [Pesos] (₱22,463,103.00) representing ten percent (10%) of the price difference or reduction of value of the fair market value of three hundred ten thousand nine hundred eight (310,908) square meters of the western portion of their property which is adversely affected by the presence of the plaintiff's posts and high tension transmission lines; [and]

3. Ordering the plaintiff to pay the defendants the sum of One Hundred Thousand Pesos (₱100,000.00) as attorney's fees.

SO ORDERED.¹⁴

On 26 November 2007, NAPOCOR filed a Notice of Appeal, and subsequently, a Record on Appeal, both of which were duly approved by the trial court. NAPOCOR raised just compensation as the sole issue before the Court of Appeals.

The Decision of the Court of Appeals

The Court of Appeals affirmed with modification the Decision dated 15 October 2007 of the trial court by deleting the award of attorney's fees and imposing an interest at the rate of 12% per annum on the award of just compensation from 2 February 2004 until full payment. The dispositive portion of the Decision dated 12 November 2014 reads:

¹⁴

Id. at 180.

WHEREFORE, the instant appeal is hereby DENIED.

Accordingly, the *Decision dated 15 October 2007* rendered by Branch 49, Regional Trial Court of Bacolod City in Civil Case No. 02-11651 is AFFIRMED subject to the following MODIFICATIONS:

(1) the award of attorney's fees is ORDERED deleted.

(2) NAPOCOR is ORDERED to pay defendants-appellees interest at the rate of twelve (12) percent per *annum*, on the amount of Twenty Eight Million Four Hundred Twenty Eight Thousand Two Hundred Seven Pesos and Fifty Centavos (₱28,428,207.50) representing the just compensation of the subject property, from 02 February 2004 until full payment is made.

SO ORDERED.¹⁵

NAPOCOR filed a Motion for Reconsideration. NAPOCOR, along with National Transmission Corporation (petitioner), then filed a Joint Motion for Substitution of Parties and of Counsel. In its Resolution dated 18 November 2015, the Court of Appeals denied the Motion for Reconsideration, and granted the Joint Motion of NAPOCOR and petitioner:

WHEREFORE, the *Motion for Reconsideration* filed by appellants is hereby DENIED and the *Joint Motion for the Substitution of Parties and of Counsel* filed by NAPOCOR and TRANSCO is GRANTED.

x x x x

SO ORDERED.¹⁶

The Issues

The issues raised by the parties can be summed up as follows:

- (1) Whether the determination of just compensation has factual basis;
- (2) Whether the amount of consequential damages is justified; and
- (3) Whether the imposition of interest at the rate of 12% per annum on the just compensation is proper.

The Ruling of this Court

The petition is partly meritorious.

¹⁵ Id. at 58-59

¹⁶ Id. at 63.

Preliminarily, and as a matter of procedure, only questions of law can be raised in a petition for review on certiorari under Rule 45.¹⁷ Factual findings of the lower courts will generally *not* be disturbed.¹⁸ An exception is when there is a misapprehension of facts or when the inference drawn from the facts is manifestly mistaken,¹⁹ as in the present case. At the same time, while remanding the case for the reception of evidence would enable the trial court to clearly determine the amount of just compensation and consequential damages, doing so would only prejudice both the government and respondents. On the part of the government, the amount of interest would continue to accrue; on the part of respondents, the payment of just compensation would unnecessarily be delayed.²⁰ Thus, the Court finds that a finding of just compensation and consequential damages based on available records would be most beneficial to both parties.

Just compensation must be based on the selling price of similar lands in the vicinity at the time of taking.

Petitioner assails the amount of PhP722.50 per square meter as just compensation for three reasons. *First*, just compensation must be determined at the time of taking, which in turn, is reckoned at the time of filing of the complaint, having occurred earlier than the time of possession by the government. *Second*, the property to be expropriated is agricultural based on the tax declarations and actual use, notwithstanding its classification as residential by the local government. *Third*, the amount of PhP722.50 per square meter is not supported by evidence.

The Court agrees in part with petitioner.

Section 4, Rule 67 of the Rules of Court reckons the determination of just compensation on either the date of taking or date of filing of the complaint, whichever is earlier, thus:

SECTION 4. *Order of Expropriation.* — If the objections to and the defenses against the right of the plaintiff to expropriate the property are overruled, or when no party appears to defend as required by this Rule, the court may issue an order of expropriation declaring that the plaintiff has a lawful right to take the property sought to be expropriated, for the public use or purpose described in the complaint, upon the payment of **just compensation to be determined as of the date of the taking of the property or the filing of the complaint, whichever came first.** (Emphasis supplied)

¹⁷ *Spouses Plaza v. Lustiva*, 728 Phil. 359 (2014), citing *Calanasan v. Spouses Dolorito*, 722 Phil. 1 (2013).

¹⁸ *Id.*

¹⁹ *Dadis v. Spouses De Guzman*, G.R. No. 206008, 7 June 2017, citing *Claudio v. Saraza*, G.R. No. 213286, 26 August 2015, 768 SCRA 356, 364-365.

²⁰ *Evergreen Manufacturing Corporation v. Republic of the Philippines*, G.R. No. 218628. 6 September 2017.

Here, petitioner filed with the trial court the complaint on 28 February 2002, and was issued a writ of possession on 12 December 2003. Since the filing of the complaint came first, then just compensation must be determined as of that date, or 28 February 2002.

In this regard, when the board of commissioners made a valuation of the property, they filed with the trial court a Manifestation dated 7 October 2004, to which was attached a Narrative Report containing their recommendation and factual findings. According to the commissioners, their Narrative Report was based on “current ocular inspection, investigations and research personally made on subject properties.”²¹ While the Narrative Report was undated, the valuation of the property could safely be presumed to have been made by the commissioners no later than 7 October 2004, or **two years and seven months** after the filing of the complaint. Assuming that the valuation of the property was not made on the date of filing of the complaint, to the mind of the Court, no significant change in the fair market value could have happened between 28 February 2002 and 7 October 2004, or less than three years. Hence, the Court sees no reason to deviate from the recommendation and factual findings of the board of commissioners.

As regards the land classification of the property, both the Court of Appeals and the trial court correctly gave more credence to the Certification dated 27 July 1995 by the City Planning and Development Office and two city council resolutions over the tax declarations and actual use of the property. In *NAPOCOR v. Marasigan*,²² the Court categorically clarified that while the determination of just compensation is a judicial function, the power to reclassify and convert lands remains with the local government:

Here, NPC assails the valuation assigned to the subject properties for being contrary to its alleged classification as agricultural as appearing on the tax declarations attached to its expropriation complaint.

However, the insistence of NPC to base the value of the properties solely on the tax declarations is misplaced considering that such is only one of the several factors which the court may consider to facilitate the determination of just compensation. Indeed, courts enjoy sufficient judicial discretion to determine the classification of lands, because such classification is one of the relevant standards for the assessment of the value of lands subject of expropriation proceedings. It bears to emphasize, however, that the court’s discretion in classifying the expropriated land is only for the purpose of determining just compensation and is not meant to substitute that of the local government’s power to reclassify and convert lands through local ordinance.

The subject properties in this case had been reclassified as residential, commercial and industrial several years before the expropriation complaint was filed. If NPC contests the reclassification of the subject properties, the expropriation case is not the proper venue to do

²¹ *Rollo*, p. 110.

²² G.R. No. 220367, 20 November 2017.



so. As such, the RTC and the CA did not err in abiding by the classification of the subject properties as residential, commercial and industrial as reclassified under Sangguniang Bayan Resolution No. 17 and Municipal Ordinance No. 7 dated February 1, 1993 and as certified to by the Municipal Assessor of Pili, Camarines Sur.

Here, the trial court based its ruling on the following documentary evidence adduced by respondents to prove the classification of the property as residential: (a) the Certification dated 27 July 1995 by Salvador S. Malibong, Bacolod City Zoning Administrator certifying that the property was classified as residential under the updated Land Use Plan (Exhibit "2"); (b) Resolution No. 373 promulgated by the city council on 3 September 1992 approving the Updated Land Use Plan (Exhibit "3"); and (c) Resolution No. 5153-A, series of 1976, promulgated by the city council approving the 1976 Framework Plan. Hence, both the Court of Appeals and the trial court justifiably adopted the recommendation of the commissioners in treating respondents' property as residential.

As for the amount of just compensation fixed at PhP722.50 per square meter, the Court agrees with petitioner that the rate is not supported by evidence. While the use of the current selling price of **similar** lands in the vicinity finds basis in Section 5(d) of RA 8974, the commissioners erred when they computed for the average of three nearby subdivisions to determine just compensation. Based on the Narrative Report, the highest and best use of the Montinola Subdivision is residential, while that of Victorina Heights Subdivision and Green Acres Subdivision is residential and commercial. In other words, the three subdivisions are **not** similar lands in the vicinity of the property to be expropriated. Getting the average of their current selling prices to arrive at the just compensation for a purely residential property is bereft of basis. Considering that the land classification of the property to be expropriated is residential, then its fair market value must be pegged at the raw land value of the adjacent property of the same character. Hence, the Court fixes just compensation for the property at PhP600.00 per square meter, being the raw land value of Montinola Subdivision.

The award of consequential damages is limited to 50% of the BIR zonal valuation of the property segregated by the electric transmission lines.

Petitioner assails the award of consequential damages for being speculative. On the other hand, respondents maintain that the award is justified because of the reduction in the value of the land owing to the electric transmission lines traversing the middle of the lot, which the property subject of expropriation forms part of.



The Court agrees in part with petitioner.

Consequential damages are awarded if as a result of the expropriation, the remaining property of the owner suffers from an impairment or decrease in value.²³ In *NAPOCOR v. Marasigan*,²⁴ the Court awarded consequential damages equivalent to 50% of the BIR zonal valuation of the property segregated by the electric transmission lines, thus:

Thus, if as a result of expropriation, the remaining portion of the property suffers from impairment or decrease in value, the award of consequential damages is proper.

Respondents in this case claim consequential damages for the areas in between the transmission lines which were rendered unfit for use. “Dangling” areas, as defined under National Power Board Resolution No. 94-313, refer to those remaining small portions of the land not traversed by the transmission line project but which are nevertheless rendered useless in view of the presence of the transmission lines. The appraisal committee determined the total dangling area to be 41,867 square meters and consequently recommended the payment of consequential damages equivalent to **50% of the BIR zonal value per square meter** or for a total amount of Php22,227,800.

In arriving at its recommendation to pay consequential damages, the appraisal committee conducted an ocular inspection of the properties and observed that the areas before and behind the transmission lines could no longer be used either for commercial or residential purposes. Despite this determination, NPC insists that the affected areas cannot be considered as “dangling” as these may still be used for agricultural purposes. In so arguing, NPC loses sight of the undisputed fact that the transmission lines conveying high-tension current posed danger to the lives and limbs of respondents and to potential farm workers, making the affected areas no longer suitable even for agricultural production. Thus, the Court finds no reason to depart from the assessment of the appraisal committee, as affirmed and adopted by the RTC.

NPC’s contention that the consequential benefits should have canceled the consequential damages likewise deserve[s] no merit. It is true that if the expropriation resulted in benefits to the remaining lot, such consequential benefits may be deducted from the consequential damages or from the value of the expropriated property. However, such consequential benefits refer to the actual benefits derived by the landowner which are the direct and proximate results of the improvements as a consequence of the expropriation and not to the general benefits which the landowner may receive in common with the community. Here, it was not shown by NPC how the alleged “tremendous increase” in the value of the remaining portions of the properties could have been directly caused by the construction of the transmission lines. If at all, any appreciation in the value of the properties is caused by the consequent increase in land value over time and not by the mere presence of the transmission lines. (Emphasis supplied)

²³ *Republic v. Court of Appeals*, 612 Phil. 965, 980-981 (2009).

²⁴ *Supra* note 22.



Here, while the area of the property subject of expropriation was 39,347 square meters, the parcel of land is part of a much bigger lot with a total area of 874,450 square meters. In their Narrative Report, the board of commissioners justified the award of consequential damages to respondents because of the insignificant consequential benefit, if at all, and the harm posed by the electric transmission lines. In the estimate of the commissioners, **about one-third of the total area was prejudiced**, but the determination of the actual consequential damages was left to a licensed geodetic engineer after the conduct of a survey.

The trial court adopted the recommendation of the commissioners and gave credence to the submission of respondents that 310,908 square meters of their lot would be rendered useless by the construction of high-voltage electric transmission lines. Hence, the trial court awarded consequential damages in the amount of Twenty-Two Million Four Hundred Sixty-Three Thousand One Hundred Three Pesos (PhP22,463,103.00), representing 10% of the fair market value of the 310,908-square meter segregated area. The Decision dated 15 October 2007 reads in pertinent part:

Defendants argue that under the Sketch Plan (Exh. "7") submitted by plaintiff showing the property in question and Exh. "7-a" indicating the actual layout of their tower and transmission lines as shown by the green line, the area below the transmission lines to the west thereof with an area of 310,908 sq. m. had adversely affected the market value of the land situated as potential buyers of defendants' property subdivision would shy away from building their houses in the proximity of such high voltage transmission lines. x x x.

x x x x

The Court is not inclined to grant the claim of the defendants in the astronomical amount of ₱224,631,030.00 as consequential damages because it would practically [amount] to compelling plaintiff to buy the additional western portion of the defendants' property with an area of 310,908 [square meters] which is not needed in plaintiff's project. However, in [the] exercise of sound discretion, the Court shares defendants' thesis that the existence of the plaintiff's posts and high tension transmission lines which traversed defendants' property almost in the middle would impair its price or value to some extent more specifically that of the western portion thereof. If at all, the Court's conservative assessment of the price difference or reduction of value of the portion of defendants' property that is adversely affected by the presence of plaintiff's posts and high tension transmission wires would not be more than ten percent (10%), that is to say, based on the price or fair market value fixed by the Board of Commissioners which ₱772.00 [sic] per square meter, the award of Twenty Two Million Four Hundred Sixty Three Thousand One Hundred Three (₱22,463,103.00) Pesos, as consequential damages is considered just, fair and reasonable.²⁵

²⁵ *Rollo*, pp. 179-180.



While the award of consequential damages is proper, the Court finds the amount of 10% of the fair market value of the segregated property without basis. Rather, the more reasonable computation is the one laid down in *NAPOCOR v. Marasigan*,²⁶ which is 50% of the BIR zonal valuation of the affected property.

To recall, when the trial court granted petitioner's motion for the issuance of a writ of possession, petitioner deposited an amount equivalent to 100% of the value of the property based on the BIR zonal valuation pegged at PhP17.50 per square meter.²⁷ Hence, the amount of consequential damages is limited to 50% of the value of the 310,908-square meter property at PhP17.50 per square meter, or Two Million Seven Hundred Twenty Thousand Four Hundred Forty-Five Pesos (PhP2,720,445.00).

Legal interest at the rate of 12% per annum shall be imposed on the unpaid balance of the just compensation and amount of consequential damages from the date of actual taking on 2 February 2004 to 30 June 2013, and 6% per annum henceforth until full payment.

As regards the imposable interest, petitioner invokes Circular No. 799, series of 2013 issued by the Bangko Sentral ng Pilipinas (BSP), reducing the rate of interest to 6% per annum for the forbearance of money. Respondents argue otherwise and claim that the legal interest of 12% per annum is the prevailing rate because the complaint was filed prior to the effectivity of BSP Circular No. 799.

Petitioner is correct.

In *Evergreen Manufacturing Corporation v. Republic*,²⁸ the Court categorically declared that the delay in the payment of just compensation is a forbearance of money. Accordingly, the delay in payment is entitled to earn legal interest at the rate of 12% per annum from the time of actual taking up to 30 June 2013 and 6% per annum from 1 July 2013 until full payment, thus:

x x x. The delay in the payment of just compensation is a forbearance of money. As such, this is necessarily entitled to earn interest. The difference in the amount between the final amount as adjudged by the court and the initial payment made by the government — which is part and parcel of the just compensation due to the property owner — should earn legal interest as a forbearance of money. In *Republic v. Mupas*, we stated clearly:

²⁶ Supra note 22.

²⁷ *Rollo*, pp. 15, 186.

²⁸ Supra note 20.

x x x x

With respect to the amount of interest on the difference between the initial payment and final amount of just compensation as adjudged by the court, we have upheld in *Eastern Shipping Lines, Inc. v. Court of Appeals*, and in subsequent cases thereafter, the imposition of 12% interest rate from the time of taking when the property owner was deprived of the property, until 1 July 2013, when the legal interest on loans and forbearance of money was reduced from 12% to 6% per annum by BSP Circular No. 799. Accordingly, from 1 July 2013 onwards, the legal interest on the difference between the final amount and initial payment is 6% per annum.

In the present case, Republic-DPWH filed the expropriation complaint on 22 March 2004. As this preceded the actual taking of the property, the just compensation shall be appraised as of this date. No interest shall accrue as the government did not take possession of the Subject Premises. Republic-DPWH was able to take possession of the property on 21 April 2006 upon the agreement of the parties. Thus, a legal interest of 12% per annum on the difference between the final amount adjudged by the Court and the initial payment made shall accrue from 21 April 2006 until 30 June 2013. From 1 July 2013 until the finality of the Decision of the Court, the difference between the initial payment and the final amount adjudged by the Court shall earn interest at the rate of 6% per annum. Thereafter, the total amount of just compensation shall earn legal interest of 6% per annum from the finality of this Decision until full payment thereof.

Here, the Writ of Possession was issued on 12 December 2003, but petitioner only took actual possession of the property on 2 February 2004. Because the total amount of just compensation remains unpaid, legal interest at the rate of 12% per annum shall accrue from 2 February 2004 to 30 June 2013. Further, pursuant to BSP Circular No. 799, the reduced legal interest of 6% per annum shall be the applicable rate from 1 July 2013 until full payment.

The same rates shall also apply to the award of consequential damages. In *NAPOCOR v. Marasigan*,²⁹ the Court thus explained:

However, interest should be imposed on the award of consequential damages as it is a component of just compensation. x x x. Here, when the RTC pegged the amount of PhP47,064,400 for the expropriated 49,173 square meters, the consequential damages was not yet included. The total just compensation should therefore be the total of PhP47,064,400 and PhP22,227,800. Considering that the amount of PhP22,227,800 as consequential damages was not yet paid, such amount should earn interest at the rate of 12% per annum from January 23, 2006 until June 30, 2013 and the interest rate of 6% per annum is imposed from July 1, 2013 until fully paid.

²⁹

Supra note 22.



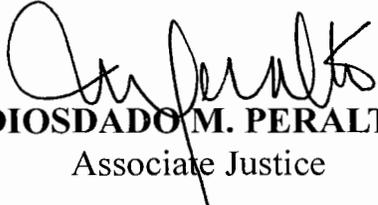
WHEREFORE, the petition is **PARTLY GRANTED**. The Decision dated 12 November 2014 of the Court of Appeals in CA-G.R. CV No. 02423 is **AFFIRMED** with **MODIFICATIONS** and petitioner is directed to pay respondents the following amounts:

- (1) The sum of Twenty-Three Million Six Hundred Eight Thousand Two Hundred Pesos (PhP23,608,200.00), representing just compensation for the 39,347-square meter property at PhP600.00 per square meter;
- (2) The sum of Two Million Seven Hundred Twenty Thousand Four Hundred Forty-Five Pesos (PhP2,720,445.00), representing consequential damages equivalent to 50% of the BIR zonal valuation of the 310,908-square meter segregated area at PhP17.50 per square meter;
- (3) Legal interest at the rate of 12% per annum from the date of taking or 2 February 2004 to 30 June 2013 on the difference between the final amount of just compensation and the initial deposit made by petitioner. From 1 July 2013 until the finality of this Decision, the difference shall earn legal interest at the rate of 6% per annum. Further, the total amount of just compensation shall earn legal interest at the rate of 6% per annum from the finality of this Decision until full payment; and
- (4) The award of consequential damages shall earn interest at the rate of 12% per annum from 2 February 2004 until 30 June 2013 and the interest rate of 6% per annum is imposed from 1 July 2013 until fully paid.

SO ORDERED.


ANTONIO T. CARPIO
Senior Associate Justice

WE CONCUR:


DIOSDADO M. PERALTA
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice


ALFREDO BENJAMIN S. CAGUIOA
Associate Justice


ANDRES B. REYES, JR.
Associate Justice

CERTIFICATION

I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ANTONIO T. CARPIO
Senior Associate Justice
(Per Section 12, R.A. 296,
The Judiciary Act of 1948, as amended)