



Republic of the Philippines
Supreme Court
Office of the Court Administrator
Manila

OCA CIRCULAR NO. 51-2024

TO : ALL JUDGES OF SECOND LEVEL COURTS HANDLING EXPROPRIATION CASES

SUBJECT: PROMPT PAYMENT OF JUST COMPENSATION AND CLARIFICATION ON PROPER INTEREST RATE IN EXPROPRIATION CASES

In its Decision dated 08 March 2023 in *Republic of the Philippines, Represented by the Department of Public Works and Highways v. Casimiro Tamparong, Jr.*,¹ the Court (Second Division), speaking through Associate Justice Mario V. Lopez, emphasized the need for the prompt payment of just compensation, including the payment of interest with correct rate to compensate for any delay in giving full payment for the property taken from the landowner.

The Court, citing the case of *Republic v. Silvestre*, 846 Phil. 599, 611 (2019) penned by former Chief Justice Diosdado M. Peralta, ruled that:

[T]he delay in the payment of just compensation is a forbearance of money and, as such, is necessarily entitled to earn interest. Thus, the difference between the final amount as adjudged by the Court, x x x and the initial payment made by the government x x x – which is part and parcel of the just compensation due to the property owner – should earn legal interest as a forbearance of money. x x x [W]ith respect to the amount of interest on this difference between the initial payment and the final amount of just compensation, as adjudged by the Court, we have upheld, in recent pronouncements, the imposition of 12% interest rate from the time of taking, when the property owner was deprived by the property, until July 1, 2013, when the legal interest on loans and forbearance of money was reduced from 12% to 6% per annum by [the] Bangko Sentral ng Pilipinas [BSP] Circular No. 799. Accordingly, from July 1, 2013 onwards, the legal interest on the difference between the final amount and initial payment is 6% per annum. (Emphasis supplied)


Accordingly, as applied in the instant case, the Court declared that:

x x x [W]hat more injustice can be caused to a landowner who, up to the time of his death, was not able to fully enjoy the benefits of the land taken from him by the government than to shortchange him with the delay in the payment of just compensation. x x x

All given, the RTC, Br. 20, as affirmed by the CA, did not err or gravely abused its discretion in fixing the interest to be included in the just compensation as the prevailing legal rate of 12% per annum from the taking of property. **Applying the prevailing jurisprudential rules, however, we clarify that the 12% interest should be imposed upon the unpaid balance from the taking of the property, i.e., upon the issuance of the Order immediately placing the Republic in possession of the property on November 29, 2000 until June 30, 2013 only. Thereafter, or from July 1, 2023 until full payment, the legal interest is reduced to 6% per annum. (Emphasis added)**

For the information and guidance of all concerned.

23 February 2024



RAUL B. VILLANUEVA
Court Administrator