Republic of the Philippines
Supreme Court
Manila

**FIRST DIVISION**

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| **PHILIPPINE NATIONAL BANK,** Petitioner, | **G.R. No. 174433** |
| | Present: |
| *- versus -* | SERENO, *C.J.*, LEONARDO-DE CASTRO, BERSAMIN, VILLARAMA, JR., and REYES, *JJ.* |
| **SPOUSES ENRIQUE MANALO & ROSALINDA JACINTO, ARNOLD J. MANALO, ARNEL J. MANALO, and ARMA J. MANALO,** Respondents. | Promulgated: FEB 24 2014 |

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**D E C I S I O N**

**BERSAMIN, *J.*:**

Although banks are free to determine the rate of interest they could impose on their borrowers, they can do so only reasonably, not arbitrarily. They may not take advantage of the ordinary borrowers' lack of familiarity with banking procedures and jargon. Hence, any stipulation on interest unilaterally imposed and increased by them shall be struck down as violative of the principle of mutuality of contracts.

## Antecedents

Respondent Spouses Enrique Manalo and Rosalinda Jacinto (Spouses Manalo) applied for an All-Purpose Credit Facility in the amount of ₱1,000,000.00 with Philippine National Bank (PNB) to finance the construction of their house. After PNB granted their application, they executed a *Real Estate Mortgage* on November 3, 1993 in favor of PNB over their property covered by Transfer Certificate of Title No. S- 23191 as security for the loan.[1] The credit facility was renewed and increased several

[1] *Rollo*, p. 59.

times over the years. On September 20, 1996, the credit facility was again renewed for ₱7,000,000.00. As a consequence, the parties executed a *Supplement to and Amendment of Existing Real Estate Mortgage* whereby the property covered by TCT No. 171859 was added as security for the loan. The additional security was registered in the names of respondents Arnold, Arnel, Anthony, and Arma, all surnamed Manalo, who were their children.[2]

It was agreed upon that the Spouses Manalo would make monthly payments on the interest. However, PNB claimed that their last recorded payment was made on December, 1997. Thus, PNB sent a demand letter to them on their overdue account and required them to settle the account. PNB sent another demand letter because they failed to heed the first demand.[3]

After the Spouses Manalo still failed to settle their unpaid account despite the two demand letters, PNB foreclose the mortgage. During the foreclosure sale, PNB was the highest bidder for ₱15,127,000.00 of the mortgaged properties of the Spouses Manalo. The sheriff issued to PNB the Certificate of Sale dated November 13, 2000.[4]

After more than a year after the Certificate of Sale had been issued to PNB, the Spouses Manalo instituted this action for the nullification of the foreclosure proceedings and damages. They alleged that they had obtained a loan for ₱1,000,000.00 from a certain Benito Tan upon arrangements made by Antoninus Yuvienco, then the General Manager of PNB's Bangkal Branch where they had transacted; that they had been made to understand and had been assured that the ₱1,000,000.00 would be used to update their account, and that their loan would be restructured and converted into a long-term loan;[5] that they had been surprised to learn, therefore, that had been declared in default of their obligations, and that the mortgage on their property had been foreclosed and their property had been sold; and that PNB did not comply with Section 3 of Act No. 3135, as amended.[6]

PNB and Antoninus Yuvienco countered that the ₱1,000,000.00 loan obtained by the Spouses Manalo from Benito Tan had been credited to their account; that they did not make any assurances on the restructuring and conversion of the Spouses Manalo's loan into a long-term one;[7] that PNB's right to foreclose the mortgage had been clear especially because the Spouses Manalo had not assailed the validity of the loans and of the mortgage; and that the Spouses Manalo did not allege having fully paid their indebtedness.[8]

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2 Id. at 60.
3 Id.
4 Id. at 61.
5 Id.
6 Id. at 62.
7 Id.
8 Id. at 62-63.

**Ruling of the RTC**

After trial, the RTC rendered its decision in favor of PNB, holding thusly:

> In resolving this present case, one of the most significant matters the court has noted is that while during the pre-trial held on 8 September 2003, plaintiff-spouses Manalo with the assistance counsel had agreed to stipulate that defendants had the right to foreclose upon the subject properties and that the plaintiffs[‘] main thrust was to prove that the foreclosure proceedings were invalid, in the course of the presentation of their evidence, they modified their position and claimed [that] the loan document executed were contracts of adhesion which were null and void because they were prepared entirely under the defendant bank’s supervision. They also questioned the interest rates and penalty charges imposed arguing that these were iniquitous, unconscionable and therefore likewise void.
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> Not having raised the foregoing matters as issues during the pre-trial, plaintiff-spouses are presumably estopped from allowing these matters to serve as part of their evidence, more so because at the pre-trial they expressly recognized the defendant bank’s right to foreclose upon the subject property (See Order, pp. 193-195).
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> However, considering that the defendant bank did not interpose any objection to these matters being made part of plaintiff’s evidence so much so that their memorandum contained discussions rebutting plaintiff spouses arguments on these issues, the court must necessarily include these matters in the resolution of the present case.[9]

The RTC held, however, that the Spouses Manalo’s “contract of adhesion” argument was unfounded because they had still accepted the terms and conditions of their credit agreement with PNB and had exerted efforts to pay their obligation;[10] that the Spouses Manalo were now estopped from questioning the interest rates unilaterally imposed by PNB because they had paid at those rates for three years without protest;[11] and that their allegation about PNB violating the notice and publication requirements during the foreclosure proceedings was untenable because personal notice to the mortgagee was not required under Act No. 3135.[12]

The Spouses Manalo appealed to the CA by assigning a singular error, as follows:

> THE COURT A QUO SERIOUSLY ERRED IN DISMISSING PLAINTIFF-APPELLANTS’ COMPLAINT FOR BEING (sic) LACK OF MERIT NOTWITHSTANDING THE FACT THAT IT WAS

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9 Id. at 95.
10 Id. at 96-97.
11 Id. at 97.
12 Id. at 97-98.

CLEARLY SHOWN THAT THE FORECLOSURE PROCEEDINGS WAS INVALID AND ILLEGAL.[13]

The Spouses Manalo reiterated their arguments, insisting that: (1) the credit agreements they entered into with PNB were contracts of adhesion;[14] (2) no interest was due from them because their credit agreements with PNB did not specify the interest rate, and PNB could not unilaterally increase the interest rate without first informing them;[15] and (3) PNB did not comply with the notice and publication requirements under Section 3 of Act 3135.[16] On the other hand, PNB and Yuvienco did not file their briefs despite notice.[17]

**Ruling of the CA**

In its decision promulgated on March 28, 2006,[18] the CA affirmed the decision of the RTC insofar as it upheld the validity of the foreclosure proceedings initiated by PNB, but modified the Spouses Manalo's liability for interest. It directed the RTC to see to the recomputation of their indebtedness, and ordered that should the recomputed amount be less than the winning bid in the foreclosure sale, the difference should be immediately returned to the Spouses Manalo.

The CA found it necessary to pass upon the issues of PNB's failure to specify the applicable interest and the lack of mutuality in the execution of the credit agreements considering the earlier cited observation made by the trial court in its decision. Applying Article 1956 of the *Civil Code*, the CA held that PNB's failure to indicate the rate of interest in the credit agreements would not excuse the Spouses Manalo from their contractual obligation to pay interest to PNB because of the express agreement to pay interest in the credit agreements. Nevertheless, the CA ruled that PNB's inadvertence to specify the interest rate should be construed against it because the credit agreements were clearly contracts of adhesion due to their having been prepared solely by PNB.

The CA further held that PNB could not unilaterally increase the rate of interest considering that the credit agreements specifically provided that prior notice was required before an increase in interest rate could be effected. It found that PNB did not adduce proof showing that the Spouses Manalo had been notified before the increased interest rates were imposed; and that PNB's unilateral imposition of the increased interest rate was null and void for being violative of the principle of mutuality of contracts

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13 Id. at 108.
14 Id.
15 Id.
16 Id. at 108-128.
17 CA *rollo*, p. 87.
18 *Rollo*, pp. 10-25; penned by Associate Justice Magdangal M. De Leon, and concurred in by Associate Justice Conrado M. Vasquez, Jr. (later Presiding Justice, but now retired) and Associate Justice Mariano C. Del Castillo (now a Member of the Court).

enshrined in Article 1308 of the *Civil Code*. Reinforcing its "contract of adhesion" conclusion, it added that the Spouses Manalo's being in dire need of money rendered them to be not on an equal footing with PNB. Consequently, the CA, relying on *Eastern Shipping Lines, v. Court of Appeals*,[19] fixed the interest rate to be paid by the Spouses Manalo at 12% *per annum*, computed from their default.

The CA deemed to be untenable the Spouses Manalo's allegation that PNB had failed to comply with the requirements for notice and posting under Section 3 of Act 3135. The CA stated that Sheriff Norberto Magsajo's testimony was sufficient proof of his posting of the required Notice of Sheriff's Sale in three public places; that the notarized Affidavit of Publication presented by Sheriff Magsajo was *prima facie* proof of the publication of the notice; and that the Affidavit of Publication enjoyed the presumption of regularity, such that the Spouses Manalo's bare allegation of non-publication without other proof did not overcome the presumption.

On August 29, 2006, the CA denied the Spouses Manalo's Motion for Reconsideration and PNB's Partial Motion for Reconsideration.[20]

## Issues

In its Memorandum,[21] PNB raises the following issues:

I

WHETHER OR NOT THE COURT OF APPEALS WAS CORRECT IN NULLIFYING THE INTEREST RATES IMPOSED ON RESPONDENT SPOUSES' LOAN AND IN FIXING THE SAME AT TWELVE PERCENT (12%) FROM DEFAULT, DESPITE THE FACT THAT (i) THE SAME WAS RAISED BY THE RESPONDENTS ONLY FOR THE FIRST TIME ON APPEAL (ii) IT WAS NEVER PART OF THEIR COMPLAINT (iii) WAS EXLUDED AS AN ISSUE DURING PRE-TRIAL, AND WORSE, (iv) THERE WAS NO FORMALLY OFFERED PERTAINING TO THE SAME DURING TRIAL.

II

WHETHER OR NOT THE COURT OF APPEALS CORRECTLY RULED THAT THERE WAS NO MUTUALITY OF CONSENT IN THE IMPOSITION OF INTEREST RATES ON THE RESPONDENT SPOUSES' LOAN DESPITE THE EXISTENCE OF FACTS AND CIRCUMSTANCES CLEARLY SHOWING RESPONDENTS' ASSENT TO THE RATES OF INTEREST SO IMPOSED BY PNB ON THE LOAN.

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19 G.R. No. 97412, July 12, 1994, 234 SCRA 78, 95.
20 Id. at 145-147.
21 *Rollo*, pp. 212-234.

Anent the first issue, PNB argues that by passing upon the issue of the validity of the interest rates, and in nullifying the rates imposed on the Spouses Manalo, the CA decided the case in a manner not in accord with Section 15, Rule 44 of the *Rules of Court*, which states that only questions of law or fact raised in the trial court could be assigned as errors on appeal; that to allow the Spouses Manalo to raise an issue for the first time on appeal would "offend the basic rules of fair play, justice and due process;"[22] that the resolution of the CA was limited to the issues agreed upon by the parties during pre-trial;[23] that the CA erred in passing upon the validity of the interest rates inasmuch as the Spouses Manalo did not present evidence thereon; and that the Judicial Affidavit of Enrique Manalo, on which the CA relied for its finding, was not offered to prove the invalidity of the interest rates and was, therefore, inadmissible for that purpose.[24]

As to the substantive issues, PNB claims that the Spouses Manalo's continuous payment of interest without protest indicated their assent to the interest rates imposed, as well as to the subsequent increases of the rates; and that the CA erred in declaring that the interest rates and subsequent increases were invalid for lack of mutuality between the contracting parties.

## Ruling

The appeal lacks merit.

### 1.
### Procedural Issue

Contrary to PNB's argument, the validity of the interest rates and of the increases, and on the lack of mutuality between the parties were not raised by the Spouses Manalo's for the first time on appeal. Rather, the issues were impliedly raised during the trial itself, and PNB's lack of vigilance in voicing out a timely objection made that possible.

It appears that Enrique Manalo's Judicial Affidavit introduced the issues of the validity of the interest rates and the increases, and the lack of mutuality between the parties in the following manner, to wit:

> 5. True to his words, defendant Yuvienco, after several days, sent us a document through a personnel of defendant PNB, Bangkal, Makati City Branch, who required me and my wife to affix our signature on the said document;

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22 Id. at 220-222.
23 Id. at 222-225.
24 Id. at 225-228.

> 6. When the document was handed over me, I was able to know that it was a Promissory Note which was in ready made form and prepared solely by the defendant PNB;
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> x x x x
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> 21. As above-noted, the rates of interest imposed by the defendant bank were never the subject of any stipulation between us mortgagors and the defendant PNB as mortgagee;
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> 22. The truth of the matter is that defendant bank imposed rate of interest which ranges from 19% to as high as 28% and which changes from time to time;
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> 23. The irregularity, much less the invalidity of the imposition of iniquitous rates of interest was aggravated by the fact that we were not informed, notified, nor the same had our prior consent and acquiescence therefor. x x x[25]

PNB cross-examined Enrique Manalo upon his Judicial Affidavit. There is no showing that PNB raised any objection in the course of the cross examination.[26] Consequently, the RTC rightly passed upon such issues in deciding the case, and its having done so was in total accord with Section 5, Rule 10 of the *Rules of Court*, which states:

> Section 5. *Amendment to conform to or authorize presentation of evidence*. – When issues not raised by the pleadings are tried with the express or implied consent of the parties, they shall be treated in all respects as if they had been raised in the pleadings. Such amendment of the pleadings as may be necessary to cause them to conform to the evidence and to raise these issues may be made upon motion of any party at any time, even after judgment; but failure to amend does not affect the result of the trial of these issues. If evidence is objected to at the trial on the ground that it is not within the issues made by the pleadings, the court may allow the pleadings to be amended and shall do so with liberality if the presentation of the merits of the action and the ends of substantial justice will be subserved thereby. The court may grant a continuance to enable the amendment to be made.

In *Bernardo Sr. v. Court of Appeals,*[27] we held that:

> It is settled that even if the complaint be defective, but the parties go to trial thereon, and the plaintiff, without objection, introduces sufficient evidence to constitute the particular cause of action which it intended to allege in the original complaint, and the defendant voluntarily produces witnesses to meet the cause of action thus established, an issue is joined as fully and as effectively as if it had been previously joined by the most perfect pleadings. Likewise, when issues not raised by the pleadings

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25 Records, pp. 204, 207.
26 See TSN, November 25, 2003, pp. 8-30.
27 G.R. No. 120730, October 28, 1996, 263 SCRA 660, 673-674.

> are tried by express or implied consent of the parties, they shall be treated in all respects as if they had been raised in the pleadings.

The RTC did not need to direct the amendment of the complaint by the Spouses Manalo. Section 5, Rule 10 of the *Rules of Court* specifically declares that the "failure to amend does not affect the result of the trial of these issues." According to *Talisay-Silay Milling Co., Inc. v. Asociacion de Agricultores de Talisay-Silay, Inc.*:[28]

> The failure of a party to amend a pleading to conform to the evidence adduced during trial does not preclude an adjudication by the court on the basis of such evidence which may embody new issues not raised in the pleadings, or serve as a basis for a higher award of damages. Although the pleading may not have been amended to conform to the evidence submitted during trial, judgment may nonetheless be rendered, not simply on the basis of the issues alleged but also on the basis of issues discussed and the assertions of fact proved in the course of trial. The court may treat the pleading *as if* it had been amended to conform to the evidence, although it had not been actually so amended. Former Chief Justice Moran put the matter in this way:
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> > When evidence is presented by one party, with the expressed or implied consent of the adverse party, as to *issues not alleged in the pleadings, judgment may be rendered validly as regards those issues,* which shall be considered *as if they have been raised in the pleadings*. There is implied, consent to the evidence thus presented when the adverse party fails to object thereto." (Emphasis supplied)
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> Clearly, a court may rule and render judgment on the basis of the evidence before it even though the relevant pleading had not been previously amended, so long as no surprise or prejudice is thereby caused to the adverse party. Put a little differently, so long as the basic requirements of fair play had been met, as where litigants were given full opportunity to support their respective contentions and to object to or refute each other's evidence, the court may validly treat the pleadings as if they had been amended to conform to the evidence and proceed to adjudicate on the basis of all the evidence before it.

There is also no merit in PNB's contention that the CA should not have considered and ruled on the issue of the validity of the interest rates because the Judicial Affidavit of Enrique Manalo had not been offered to prove the same but only "for the purpose of identifying his affidavit."[29] As such, the affidavit was inadmissible to prove the nullity of the interest rates.

We do not agree.

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[28] G.R. No. 91852, August 15, 1995, 247 SCRA 361, 377-378.

[29] *Rollo*, p. 226.

Section 5, Rule 10 of the *Rules of Court* is applicable in two situations. The first is when evidence is introduced on an issue not alleged in the pleadings and no objection is interposed by the adverse party. The second is when evidence is offered on an issue not alleged in the pleadings but an objection is raised against the offer.[30] This case comes under the first situation. Enrique Manalo's Judicial Affidavit would introduce the very issues that PNB is now assailing. The question of whether the evidence on such issues was admissible to prove the nullity of the interest rates is an entirely different matter. The RTC accorded credence to PNB's evidence showing that the Spouses Manalo had been paying the interest imposed upon them without protest. On the other hand, the CA's nullification of the interest rates was based on the credit agreements that the Spouses Manalo and PNB had themselves submitted.

Based on the foregoing, the validity of the interest rates and their increases, and the lack of mutuality between the parties were issues validly raised in the RTC, giving the Spouses Manalo every right to raise them in their appeal to the CA. PNB's contention was based on its wrong appreciation of what transpired during the trial. It is also interesting to note that PNB did not itself assail the RTC's ruling on the issues obviously because the RTC had decided in its favor. In fact, PNB did not even submit its appellee's brief despite notice from the CA.

**2.**
**Substantive Issue**

The credit agreement executed succinctly stipulated that the loan would be subjected to interest at a rate "determined by the Bank to be its prime rate plus applicable spread, prevailing at the current month."[31] This stipulation was carried over to or adopted by the subsequent renewals of the credit agreement. PNB thereby arrogated unto itself the sole prerogative to determine and increase the interest rates imposed on the Spouses Manalo. Such a unilateral determination of the interest rates contravened the principle of mutuality of contracts embodied in Article 1308 of the *Civil Code*.[32]

The Court has declared that a contract where there is no mutuality between the parties partakes of the nature of a contract of adhesion,[33] and any obscurity will be construed against the party who prepared the contract, the latter being presumed the stronger party to the agreement, and who

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[30] *Mercader v. Development Bank of the Philippines (Cebu Branch)*, G.R. No. 130699, May 12, 2000, 332 SCRA 82, 97.

[31] Exhibits, pp. 14, 18.

[32] Article 1308. The contract must bind both contracting parties; its validity or compliance cannot be left to the will of one of them. (1256a)

[33] *Floirendo, Jr. v. Metropolitan Bank and Trust Company*, G.R. No. 148325, September 3, 2007, 532 SCRA 43, 51, citing *Philippine National Bank v. Court of Appeals,* G.R. No. 88880, April 30, 1991, 196 SCRA 536, 545.

caused the obscurity.[34] PNB should then suffer the consequences of its failure to specifically indicate the rates of interest in the credit agreement. We spoke clearly on this in *Philippine Savings Bank v. Castillo*,[35] to wit:

> The unilateral determination and imposition of the increased rates is violative of the principle of mutuality of contracts under Article 1308 of the Civil Code, which provides that '[t]he contract must bind both contracting parties; its validity or compliance cannot be left to the will of one of them.' A perusal of the Promissory Note will readily show that the increase or decrease of interest rates hinges solely on the discretion of petitioner. It does not require the conformity of the maker before a new interest rate could be enforced. Any contract which appears to be heavily weighed in favor of one of the parties so as to lead to an unconscionable result, thus partaking of the nature of a contract of adhesion, is void. **Any stipulation regarding the validity or compliance of the contract left solely to the will of one of the parties is likewise invalid.** (Emphasis supplied)

PNB could not also justify the increases it had effected on the interest rates by citing the fact that the Spouses Manalo had paid the interests without protest, and had renewed the loan several times. We rule that the CA, citing *Philippine National Bank v. Court of Appeals*,[36] rightly concluded that "a borrower is not estopped from assailing the unilateral increase in the interest made by the lender since no one who receives a proposal to change a contract, to which he is a party, is obliged to answer the same and said party's silence cannot be construed as an acceptance thereof."[37]

Lastly, the CA observed, and properly so, that the credit agreements had explicitly provided that prior notice would be necessary before PNB could increase the interest rates. In failing to notify the Spouses Manalo before imposing the increased rates of interest, therefore, PNB violated the stipulations of the very contract that it had prepared. Hence, the varying interest rates imposed by PNB have to be vacated and declared null and void, and in their place an interest rate of 12% *per annum* computed from their default is fixed pursuant to the ruling in *Eastern Shipping Lines, Inc. v. Court of Appeals*.[38]

The CA's directive to PNB (*a*) to recompute the Spouses Manalo's indebtedness under the oversight of the RTC; and (*b*) to refund to them any excess of the winning bid submitted during the foreclosure sale over their recomputed indebtedness was warranted and equitable. Equally warranted and equitable was to make the amount to be refunded, if any, bear legal interest, to be reckoned from the promulgation of the CA's decision on

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34 *Pilipino Telephone Corporation v. Tecson,* G.R. No. 156966, May 7, 2004, 428 SCRA 378, 380.
35 G.R. No. 193178, May 30, 2011, 649 SCRA 527, 533.
36 G.R. No. 107569, November 8, 1994, 238 SCRA 20, 26.
37 *Rollo*, p. 69.
38 Supra note 19.

March 28, 2006.[39] Indeed, the Court said in *Eastern Shipping Lines, Inc. v. Court of Appeals*[40] that interest should be computed from the time of the judicial or extrajudicial demand. However, this case presents a peculiar situation, the peculiarity being that the Spouses Manalo did not demand interest either judicially or extrajudicially. In the RTC, they specifically sought as the main reliefs the nullification of the foreclosure proceedings brought by PNB, accounting of the payments they had made to PNB, and the conversion of their loan into a long term one.[41] In its judgment, the RTC even upheld the validity of the interest rates imposed by PNB.[42] In their appellant's brief, the Spouses Manalo again sought the nullification of the foreclosure proceedings as the main relief.[43] It is evident, therefore, that the Spouses Manalo made no judicial or extrajudicial demand from which to reckon the interest on any amount to be refunded to them. Such demand could only be reckoned from the promulgation of the CA's decision because it was there that the right to the refund was first judicially recognized. Nevertheless, pursuant to *Eastern Shipping Lines, Inc. v. Court of Appeals,*[44] the amount to be refunded and the interest thereon should earn interest to be computed from the finality of the judgment until the full refund has been made.

Anent the correct rates of interest to be applied on the amount to be refunded by PNB, the Court, in *Nacar v. Gallery Frames*[45] and *S.C. Megaworld Construction v. Parada*,[46] already applied Monetary Board Circular No. 799 by reducing the interest rates allowed in judgments from 12% *per annum* to 6% *per annum*.[47] According to *Nacar v. Gallery Frames*, MB Circular No. 799 is applied prospectively, and judgments that became final and executory prior to its effectivity on July 1, 2013 are not to be disturbed but continue to be implemented applying the old legal rate of 12% *per annum*. Hence, the old legal rate of 12% *per annum* applied to judgments becoming final and executory prior to July 1, 2013, but the new rate of 6% *per annum* applies to judgments becoming final and executory after said dater.

Conformably with *Nacar v. Gallery Frames* and *S.C. Megaworld Construction v. Parada*, therefore, the proper interest rates to be imposed in the present case are as follows:

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39 Supra note 18.
40 Supra note 19.
41 *Rollo*, pp. 81-82.
42 Id. at 96.
43 Id. at 128.
44 Supra note 19.
45 G.R. No. 189871, August 13, 2013.
46 G.R. No. 183804, September 11, 2013.
47 Section 1. The rate of interest for the loan or forbearance of any money, goods or credits and the rate allowed in judgments, in the absence of an express contract as to such rate of interest, shall be six percent (6%) *per annum*.

1. Any amount to be refunded to the Spouses Manalo shall bear interest of 12% *per annum* computed from March 28, 2006, the date of the promulgation of the CA decision, until June 30, 2013; and 6% *per annum* computed from July 1, 2013 until finality of this decision; and

2. The amount to be refunded and its accrued interest shall earn interest of 6% *per annum* until full refund.

**WHEREFORE**, the Court **AFFIRMS** the decision promulgated by the Court of Appeals on March 28, 2006 in CA-G.R. CV No. 84396, subject to the **MODIFICATION** that any amount to be refunded to the respondents shall bear interest of 12% *per annum* computed from March 28, 2006 until June 30, 2013, and 6% *per annum* computed from July 1, 2013 until finality hereof; that the amount to be refunded and its accrued interest shall earn interest at 6% *per annum* until full refund; and **DIRECTS** the petitioner to pay the costs of suit.

**SO ORDERED.**

**LUCAS P. BERSAMIN**
Associate Justice

**WE CONCUR:**

**MARIA LOURDES P. A. SERENO**
Chief Justice

**TERESITA J. LEONARDO-DE CASTRO**
Associate Justice

**MARTIN S. VILLARAMA, JR.**
Associate Justice

**BIENVENIDO L. REYES**
Associate Justice

## CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, 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.

**MARIA LOURDES P. A. SERENO**
Chief Justice