

Title:

****City of Davao vs. The Intestate Estate of Amado S. Dalisay****

Facts:

The Intestate Estate of Amado S. Dalisay (the Estate) owned five properties in Davao City, which became delinquent in real estate tax payments. As a result, these properties were advertised for sale in a public auction on July 19, 2004. No bidders appeared, so the City of Davao (the City) acquired the properties per Section 263 of Republic Act No. 7160, the Local Government Code (LGC) of 1991.

On September 13, 2005, more than a year after the public auction, the City Treasurer issued separate Declarations of Forfeiture for each property and subsequently caused their annotation on the Transfer Certificates of Titles. In September 2006, the Estate inquired about the redemption price, which the City calculated as Php 4,996,534.67. The Estate tendered Php 5,000,000.00 on September 13, 2006, but the City refused the payment, arguing that the redemption period had expired on July 19, 2005. Consequently, the Estate deposited the amount with the Office of the Clerk of Court and filed an action for redemption, consignment, and damages in the Regional Trial Court (RTC) of Davao City.

The RTC ruled in favor of the Estate, ordering the City to accept the Php 5 million as full payment and to issue a certificate of redemption. The City appealed to the Court of Appeals (CA), which affirmed the RTC ruling, emphasizing the liberal interpretation of redemption laws in favor of property owners.

Issues:

1. When does the one-year redemption period commence for properties forfeited due to tax delinquency: from the date of the public auction or from the issuance of the Declaration of Forfeiture?
2. Should the City be estopped from denying the erroneous statement in the Declarations of Forfeiture that implied the one-year redemption period started from the date of issuance?
3. Whether the City can be held responsible for actual damages and attorney's fees arising from its refusal to accept the redemption amount based on the Declarations of Forfeiture.

Court's Decision:

1. ****Commencement of the Redemption Period:****

- The Supreme Court ruled that the one-year redemption period begins from the date of the public auction (July 19, 2004), not from the issuance of the Declaration of Forfeiture

(September 13, 2005). The Court emphasized that forfeiture occurs upon the City purchasing the property due to the absence of bidders, not upon the issuance of the declaration.

2. **Estoppel Against the Government:**

- The Court held that estoppel does not ordinarily apply against the government for the mistakes of its officers. However, given the circumstances, there was no basis to depart from this general rule. The delay in issuing the Declaration of Forfeiture was a significant procedural irregularity by the City Treasurer, but it did not extend the statutory redemption period.

3. **Damages and Attorney's Fees:**

- The Supreme Court reversed the CA's affirmation of the damages and attorney's fees awarded to the Estate. The Court found the City's refusal to accept the redemption payment was not legally improper since the redemption period had already expired.

Doctrine:

- **Redemption Laws:**

- The right of redemption from forfeiture due to delinquent taxes is a statutory privilege and not a proprietary right. Compliance with statutory requirements is necessary for valid redemption. Here, the Court clarified that the one-year redemption period starts from the date of the public auction, as the forfeiture is effective from that date.

- **Non-application of Estoppel Against the Government:**

- The principle generally stands that the government cannot be estopped by the mistakes or errors of its agents, except in rare and exceptional circumstances.

Class Notes:

- **Key Concepts:**

1. **Redemption of Tax Delinquent Properties:**

- The redemption period starts from the date of the public auction. Section 263 of R.A. 7160 emphasizes the City's acquisition due to the absence of a bidder as the starting point, not the issuance of the Declaration of Forfeiture.

2. **Estoppel Against the Government:**

- Estoppel generally does not apply to the government except in special cases requiring the interests of justice. Procedural mistakes by government agents do not typically extend statutory periods.

- **Statutory Provisions:**

- **Section 263, LGC:** Governs the purchase of tax-delinquent properties by the local government and sets the redemption period as one year from the date of forfeiture (public auction for lack of a bidder).
- **Article XI, Section 1, 1987 Constitution:** Mandates that a public office is a public trust, and public officers must serve with the highest degree of responsibility and efficiency.

Historical Background:

This case arose under the complex contexts of property tax delinquencies and redemption rights in the Philippines, reflecting the government's efforts to balance tax enforcement with individuals' rights to redeem properties. Historically, forfeiture laws aimed at ensuring tax compliance while also allowing property owners a fair chance to reclaim their properties, highlighting the continuing interplay between government efficiency and individual property rights.