SUPREME COURT
THIRD DIVISION

MA. LUISA OLARTE, doing business under the name and style, SUNACE INTERNATIONAL MANAGEMENT SERVICES,
***Petitioners*,**

-versus-

G.R. No. 148407
November 12, 2003

LEOCADIA NAYONA,
***Respondent*.**
x----------x

D E C I S I O N

SANDOVAL-GUTIERREZ, *J.*:

Our overseas workers belong to a disadvantaged class. Most of them come from the poorest sector of our society. Their profile shows they live in suffocating slums, trapped in an environment of crimes. Hardly literate and in ill health, their only hope lies in jobs they find with difficulty in our country. Their unfortunate circumstance makes them easy prey to avaricious employers. They will climb mountains, cross the seas, endure slave treatment in foreign lands just to survive. Out of despondence, they will work under sub-human conditions and accept salaries below the minimum. The least we can do is to protect them with our laws.[1]

Before us is a petition for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure, as amended, assailing the Decision[2] dated September 14, 2000 and the Resolution[3] dated May 31, 2001 rendered by the Court of Appeals in CA-G.R. SP No. 57473, entitled "Sunace International Management Services vs. National Labor Relations Commission (NLRC), Third Division, Quezon City, Hon. Rolando D. Gambito, in his capacity as Labor Arbiter, NLRC, Sub-Regional Arbitration Branch No. 1, Dagupan City and Leocadia A. Nayona".

The factual antecedents, as found by the Court of Appeals, are:

On April 8, 1998, Leocadia A. Nayona (herein respondent) executed a contract of employment as a domestic helper/caretaker with Sunace International Management Services (herein petitioner) for its Taiwan-based agency/employer Chung I Manpower Agency. Respondent's employment covered a period of one (1) year or from May 22, 1998 to May 22, 1999.

On May 22, 1998, respondent was deployed to Taiwan to work for Wu Dian Man with a monthly salary of New Taiwan (NT) Dollars $15,840.00.

On June 11, 1998, Tseng Wen, the owner/manager of Chung I Manpower Agency, pre-terminated respondent's work assignment at Wu Dian Man, with an express promise of another employment. But Tseng Wen reneged in his commitment. Consequently, respondent was repatriated to the Philippines on June 13, 1998.

Aggrieved, respondent, on August 18, 1998, filed with the Sub-Regional Arbitration Branch of Dagupan City a complaint for illegal dismissal, payment of salaries, refund of placement fee and other monetary claims against petitioners, docketed as SRB-OFW-01-07-8-0245-98.

On March 9, 1999, the Labor Arbiter rendered a Decision,[4] the dispositive portion of which reads:

"IN VIEW OF THE FOREGOING PREMISES, judgment is hereby rendered as follows:

1. Declaring that the dismissal of the complainant is illegal;

2. Ordering respondents Chung I Manpower Agency/Tseng Wen-Shu and Sunace International Management Services to pay jointly and severally the complainant the following:

    a) Unpaid salary from May 22 to June 13, 1998 = New Taiwan Dollars — NT $ 11,616 or its equivalent in Philippine currency at the time of actual payment;

    b) Salary for the unexpired portion of her contract (May 22, 1998 to May 22, 1999) equivalent to three (3) months (15,840 NT $ x 3) = New Taiwan Dollars (NT$) 47,520;

    c) Refund of placement fee: P23,000;

    d) Overtime pay for three weeks = 500 NT $ or its peso equivalent;

    e) Moral and exemplary damages in the amount of P20,000 each, or P40,000.00.

All other claims of the complainant and the respondents' counterclaims for damages, attorney's fees and expenses for documentation are hereby denied for want of merit.

TOTAL AWARD = NT$ 59,136 P 63,000

SO ORDERED."

On appeal, the National Labor Relations Commission (NLRC) rendered its Decision 5 affirming with modification the Arbiter's Decision with respect to the monetary award, thus:

> "WHEREFORE, the Decision appeal(ed) from is Modified. Respondents are ordered to pay complainant the following:
>
> 1. unpaid salary from 22 May to 13 June 1998 — NT$ 11,616.00
>
> 2. salary for the unexpired portion of her contract (14 June 1998 to 22 May 1999) — NT$ 47,520.00 (for three months)
>
> 3. Refund of placement fee: P23,000.00.
>
> "The claims for payment of damages and overtime pay are dismissed for lack of merit.
>
> "SO ORDERED."

Petitioners filed a motion for reconsideration but was denied.

Consequently, petitioners filed a petition for certiorari and prohibition with prayer for issuance of a writ of preliminary injunction with the Court of Appeals, alleging that the NLRC committed grave abuse of discretion in ruling that respondent's dismissal from employment is illegal and in awarding to her unconscionable amounts representing unpaid salary, salary differential and refund of placement fee.

On September 14, 2000, the Court of Appeals promulgated its Decision affirming the NLRC's Decision dated October 29, 1999 and Resolution dated December 20, 1999. In holding that respondent was illegally dismissed from employment, the Appellate Court ratiocinated as follows:

> "Petitioner claims that the NLRC and Labor Arbiter Gambito committed grave abuse of discretion amounting to lack of jurisdiction in finding that private respondent was illegally dismissed as said finding was not supported by substantial evidence and there was misappreciation of facts by both public respondents.

"The contention is without merit. In termination cases, the burden of proving that the termination was for a valid or authorized cause shall rest on the employer. In this case, the petitioner miserably failed to prove that private respondent was legally terminated. After a careful scrutiny of the records of this case, we find no reason to disturb the NLRC's findings that private respondent was illegally dismissed. As aptly observed by the Labor Arbiter and affirmed by the NLRC:

> 'In the instant case, respondents failed to substantiate their defense that complainant was unfit for work and incapable of performing the tasks assigned to her. Nothing was presented as evidence to bolster their allegation; not even copies of the alleged warnings that they sent her which allegedly remained ignored (pp. 61 & 182, Records).'

"It is likewise evident that petitioner failed to comply with the twin-requirement of notice and hearing which constitutes the essential elements of due process, thus making private respondent's dismissal illegal. Petitioner never gave private respondent any chance to know why she was repatriated. She was suddenly fetched by Tseng Wen making her believe that she will only be given another employment. She never knew the reason, if ever there was, why she was dismissed and brought back to the Philippines.

"It is a settled rule that "if the contract is for a fixed term and the employee is dismissed without just cause, he is entitled to the payment of his salaries corresponding to the unexpired portion of his contract."

In this case, as private-respondent's contract was for one year and her dismissal was not for a just cause, hence, she is entitled to her salaries corresponding to the unexpired portion of her contract. The NLRC, therefore, correctly awarded private respondent the amount which is equivalent to the unexpired portion of her contract as well as her unpaid salary.

"The claim that public respondent NLRC abused its discretion when it ordered the refund of the placement fee of P23,000.00, when the official receipt (Exhibit "N") which is the best evidence as to the payment of the placement fee of private respondent Nayona, only states P20,840.00, holds no water. As correctly ruled by the Labor Arbiter:

> 'Moreover, we do not believe that the complainant paid a placement fee of only P5,000.00 as shown in Annex "1" of respondents' position paper. Recruitment agencies are allowed to collect placement fees not exceeding P5,000.00 as required by the POEA. However, applicants pay more but their payments are not reflected in the receipts issued to them by these agencies.'

" x x x

"Private respondent having been illegally dismissed and not paid the wages due her from the foreign employer, the liabilities arising as a consequence thereof shall attach to petitioner.

" x x x

WHEREFORE, the Decision dated October 29, 1999 and Resolution dated December 20, 1999 of the National Labor Relations Commission are hereby AFFIRMED.

SO ORDERED."

On May 31, 2001, the Court of Appeals issued a Resolution denying the respondent's motion for reconsideration.

Petitioners, in the instant petition for review on certiorari, vigorously assert that the Court of Appeals erred in interpreting Section 10 of Republic Act No. 8042 6 on the amount of the salary that should be awarded to an illegally dismissed overseas contract worker.

Section 10 of RA 8042 partly provides:

" x x x

> "In case of termination of overseas employment without just, valid or authorized cause as defined by law or contract, the worker shall be entitled to the full reimbursement of his placement fee with interest at twelve percent (12%) per annum, plus his salaries for the unexpired portion of his employment contract or for three (3) months for every year of the unexpired term, whichever is less.
>
> " x x x."

A plain reading of the above provision clearly reveals that the choice of which amount to award an illegally dismissed overseas contract worker comes into play when the employment contract has a term of at least one (1) year or more.

We are not in accord with the ruling of the labor tribunals and the Court of Appeals that respondent should be paid her salaries for the unexpired portion of her employment contract. Records show that her actual employment was only for twenty-one (21) days. Following the above provision, we hold that she is entitled only to an amount corresponding to her three (3) months salary, which is obviously less than her salaries for the unexpired portion of her one-year employment contract.

WHEREFORE, the assailed Decision dated September 14, 2000 and Resolution dated May 31, 2001 of the Court of Appeals are hereby **AFFIRMED** with **MODIFICATION** in the sense that petitioner is ordered to pay respondent (NT) $47,520.00, or its peso equivalent, corresponding to her three (3) months salary, and to reimburse her placement fee of P23,000.00, with legal interest of twelve percent (12%) per annum.

SO ORDERED.

Puno, Panganiban, Corona and Carpio Morales, *JJ*., concur.

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[1] See Chavez vs. Bonto-Perez, G.R. No. 109808, March 1, 1995, 242 SCRA 73, 82.

[2] Annex “B-1” of the Petition for Review on Certiorari, Rollo at 17–25.
[3] Annex “A-1”, id. at 14–15.
[4] Annex “N-1”, id. at 92–98.
[5] Annex “H-1”, id. at 50–57.
[6] “The Migrant Workers and Overseas Filipinos Act of 1995”.