

CHANROBLES PUBLISHING COMPANY

**SUPREME COURT
SECOND DIVISION**

**WILLIAM TIU and/or THE ROUGH
RIDERS,**

Petitioners,

-versus-

**G.R. No. 139876
April 30, 2003**

**JULIO PASAOL, SR. and the NATIONAL
LABOR RELATIONS COMMISSION, 4TH
DIVISION with HON. IRENEA CENIZA
as the Presiding Commissioner,**

Respondents.

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DECISION

QUISUMBING, J.:

In this Petition for Review on Certiorari, petitioners seek to set aside (a) the Decision^[1] dated June 2, 1999 of the Court of Appeals in C.A. G.R. SP No. 51074, as well as (b) its Resolution^[2] dated August 5, 1999 denying petitioners' Motion for Reconsideration. In said decision, the Court of Appeals dismissed petitioners' petition for certiorari under Rule 65 and affirmed with modification the Decision^[3] of the National Labor Relations Commission (NLRC), 4th Division, in NLRC Case No. V-0240-95 and the Decision^[4] of the

Regional Arbitration Branch No. VII (RAB-7) which ordered petitioners to pay private respondent retirement pay differentials.

The facts of the case, as culled from the records, are as follows:

Private respondent Julio Pasaol, Sr., was a bus inspector of petitioner William Tiu's Rough Riders Transportation from October 18, 1977^[5] to October 1993. He was receiving P55 a day as wages just before he was fired. He filed a complaint for illegal dismissal, underpayment of wages, payment of overtime pay, holiday pay, premium pay for holiday, 13th month pay, service incentive leave pay, allowances, separation pay, and retirement benefits. His complaint against herein petitioners was lodged before the NLRC Regional Arbitration Branch in Cebu City.

Respondent Pasaol claimed that he was dismissed by petitioners without just and valid cause on October 18, 1993 and that he was not paid the above-mentioned monetary benefits. Petitioners, on the other hand, alleged that private respondent was duly paid all his salaries and other monetary benefits in accordance with law, and that he retired sometime in December 1993 and received his retirement benefits in the amount of P36,316.00 computed as follows and as evidenced by a Voucher^[6] dated December 21, 1993:

Retirement benefit	P39,600.00
Less: Cash Advance	3,284.00

Balance	P36,316.00
	=====

The Labor Arbiter dismissed the complaint for illegal dismissal. The Arbiter ruled that complainant had applied for a clearance which was indicative of his intention to voluntarily cut-off all remaining ties he had with his employer.^[7] The Arbiter likewise found that based on petitioners' documentary exhibits, private respondent was duly paid his overtime pay, holiday pay, 13th month pay, service incentive leave pay, and other labor standard benefits. However, petitioners were ordered to pay private respondent retirement pay differentials in the amount of

P39,600, based on a P330 average daily rate and 1/2 month (15 days) for every year of service (16 years), thus:

In determining complainant's daily rate, we have used as basis respondent's own documentary exhibit. Thus Annex "F-2" of respondent's position paper showed that complainant was paid the sum of P1,650.00 as his service incentive leave pay for 1993. Dividing this figure by 5 days, complainant's average daily rate is P330 per respondents' own evidence. Even at fifteen (15) days for every year of service, complainant is already entitled to P79,200 having served the company for 16 years. Considering however that respondent had already advanced the sum of P39,600.00 (Annex "A"), complainant is still entitled to the balance of P39,600.00.

Wherefore premises considered, the complaint for illegal dismissal and other money claims are hereby ordered dismissed. Respondent William Tiu is however ordered to pay complainant the sum of P39,600 representing his retirement pay differentials.^[8]

Both parties appealed to the NLRC. Private respondent Pasaol questioned the Arbiter's finding that he was paid correct wages and other labor standard benefits. Petitioners, on the other hand, questioned the Arbiter's computation of private respondent's retirement benefits. The NLRC affirmed with modification the above Arbiter's decision. The NLRC affirmed the Arbiter's finding that private respondent was paid the correct wages and other labor standard benefits, but differed with the Arbiter on the amount of retirement benefits already received by and still due to private respondent. The NLRC used P105, the amount as reflected in private respondent's voucher, as the average daily rate. However, it gave more evidentiary weight to the clearance slip than the voucher in computing the retirement pay differentials. Thus, it concluded that petitioners only paid private respondent P3,284 as retirement benefits and there was a balance of P34,516 remaining, to wit:

But then, truth comes from the most unexpected sources. We note that in the Clearance signed by the complainant and respondent respectively, what appears to have been paid to the complainant was only the sum of P3,284.00. Indeed, a clearance is the final statement of an employee's receivables and/or liabilities as the case may be. We are thus inclined to give more evidentiary weight to this document as against the vouchers showing full payment of complainant's retirement benefits. After all, doubts in the interpretation and implementation of the provisions of the Labor Code shall be resolved in favor of labor.

That notwithstanding, We agree with the respondents that the basis of complainant's retirement benefits should be P105.00. We are satisfied with respondent's explanation that the amount reflected as service incentive leave in the vouchers represents fifteen (15) days in accordance with their policy. Accordingly, complainant's retirement benefits pursuant to R.A. 7641 is recomputed as follows:

P105.00 x 15 days salary	=	P1,575.00
105.00 x 5 days SILP	=	525.00
105.00 x 30 days	=3,150/12=	262.50

		P2,362.50
		=====
P2,362.50 x 16 years	=	37,800.00
Less: Amount received		3,284.00

Retirement Pay Differentials =		P34,516.00
		=====

WHEREFORE, premises considered, the decision of the Labor Arbiter is hereby **AFFIRMED** with **MODIFICATIONS**. Respondent William Tiu is hereby ordered to pay complainant Julio Pasaol, Sr. the sum of Thirty Four Thousand Five Hundred Sixteen (P34,516.00) Pesos as retirement pay differentials.^[9]

Petitioners filed a petition for review before the Supreme Court after the denial of his motion for reconsideration in the NLRC. However, in a Resolution dated November 25, 1998,^[10] we referred the case to the Court of Appeals in accordance with our ruling in the St. Martin Funeral case.^[11] The Court of Appeals, treating the petition as one for Certiorari under Rule 65, dismissed the petition and affirmed with modification the decision of NLRC. It ordered petitioners to pay P36,316 as retirement differentials with P110 as the daily rate instead of P105, but stressed that such modification can be the subject of a motion for clarificatory judgment. Thus:

It must be noted that a modification of the amount of retirement pay differential is in order. Private respondent's daily rate should be one hundred ten pesos (P110.00), not one hundred five pesos (P105.00) as computed by the Commissioner. This amount is arrived at by dividing the SILP by fifteen (15) days. Therefore, the retirement benefits of private respondent is recomputed as follows:

P110.00 x 15 days salary	=	P1,650.00
110.00 x 5 days salary		
incentive leave pay=		550.00
110.00 x 30 days/12		
(1/2 of the 13 th month pay)	=	275.00

		P2,475.00
		=====
P2,475 x 16 years of service		
in the company		
	=	P39,600.00
Less: Amount received as		
shown in the clearance	=	3,284.00

Retirement pay differentials		P36,316.00
		=====

However, since it is not our office to review the same, such modification is properly the object of a motion for clarificatory judgment before the Commission.

WHEREFORE, above premises considered, the instant Petition is DISMISSED.^[12]

Petitioners filed a Motion for Reconsideration which was denied by the Court of Appeals on August 5, 1999.

Hence, this petition assigning the following error the following:

THE CA GRAVELY ERRED IN AFFIRMING THE GRANT OF RETIREMENT PAY DIFFERENTIALS TO RESPONDENT JULIO PASAOL, SR. AND IN CONCURRING WITH THE ABSURD DEFINITION BY THE PUBLIC RESPONDENT NLRC OF THE CLEARANCE SLIP.

The relevant issues for our resolution are the following:

- (1) Whether or not the petition should be dismissed because:
 - (a) the substituted heirs of deceased Julio Pasaol, Sr., were not impleaded as private respondents in this petition.
 - (b) The petition does not raise questions of law but of facts.
- (2) Whether or not private respondent is entitled to retirement pay differentials.

Petitioners assail the Court of Appeals and NLRC for relying on the clearance slip, which shows an amount of P3,284 instead of the voucher which shows the amount of P36,316 as the retirement benefits of private respondent after deducting the cash advance of P3,284 and by ruling that the actual retirement benefits paid to private respondent is only P3,284, hence, petitioners were made to pay retirement pay differentials.

Private respondent, through counsel, contends that the petition is fatally defective as the heirs of Julio Pasaol were not impleaded in the petition and that the assailed decision had already become final and executory in view of the Resolution dated November 25, 1998 of the Supreme Court referring the case to the Court of Appeals. Also, he argues that said petition does not raise any question of law.

The Office of the Solicitor General, representing public respondent NLRC, argues that no grave abuse of discretion may be imputed to the NLRC for giving more evidentiary weight on the clearance slip which is more accurate than the voucher which is of dubious origin, inconsistent with other accounting records, and appeared to be belatedly generated.

Considering the long lapse of time since this dispute on labor benefits arose, we shall now resolve both the procedural and the substantive issues presented.

The first issue deals with technical rules and procedural matters which we shall first resolve. Generally, technical rules of procedure are not applicable in labor cases except suppletorily. The fact that the substituted heirs were not impleaded as private respondent is not fatal to the petition. Technical rules of procedure are not binding in labor cases. The application of technical rules of procedure may be relaxed to serve the demands of substantial justice.^[13] In this case, it is more in keeping with the objective of rendering substantial justice if we brush aside technical rules rather than strictly apply its literal reading. There be no objective reason to further delay this case by insisting on a technicality when the controversy could now be resolved.

In the same vein, although as a general rule a petition for review under Rule 45 should raise only questions of law and not factual issues, there are well-recognized exceptions such as in this case when the factual findings of the Labor Arbiter, NLRC, and the Court of Appeals are contradictory. In view thereof, it is our task to re-evaluate and review certain factual issues. While administrative findings of fact are accorded great respect and even finality when supported by substantial evidence, nevertheless, when it can be shown that administrative bodies grossly misappreciated evidence of such nature

as to compel a contrary conclusion, this Court will not hesitate to reverse their factual findings. Factual findings of administrative agencies are not infallible and will be set aside when they are tainted by arbitrariness. Moreover, where the findings of NLRC contradict those of the labor arbiter, this Court, in the exercise of its equity jurisdiction, may look into the records of the case and reexamine the questioned findings.^[14]

On the merits, we are unable to agree with the factual findings of the NLRC and the Court of Appeals. We do not find any plausible reason why the voucher should not be given any evidentiary weight. As shown in the voucher, petitioners computed the total amount of retirement benefits due to private respondent to be P39,600. The total amount actually received by private respondent is only P36,316 due to the deduction of his unpaid cash advance in the amount of P3,284. This Court cannot give its concurrence to the findings of both the Court of Appeals and NLRC that the amount of P3,284 as shown in the clearance is the amount of retirement benefits received by private respondent Pasaol, which meant totally disregarding the amount received by private respondent as indicated in the voucher. We must make sense of the three figures: petitioners computed^[15] the retirement benefits of Pasaol at P39,600, but he had P3,284 cash advance; hence, he was given only P36,316 after deducting said advance.

It is generally accepted that a voucher records and indicates the amount of money disbursed to a particular person or entity while a clearance is a certification clearing an employee of any liabilities or accountabilities from the employer and is usually issued upon the retirement or voluntary severance of employee from his employment. In our view, it was erroneous for the NLRC to treat the P3,284 in the clearance as the retirement benefits paid to private respondent. That the same amount of P3,284 appeared in the voucher as the cash advance deducted from the retirement pay could not be a coincidence. Closer examinations of the voucher and clearance would show that they are consistent and complimentary with each other. The amount of P3,284 in the clearance slip indicated the amount paid by private respondent to petitioners as payment of his cash advance previously incurred and not the amount paid by petitioners to private respondent Pasaol as retirement pay.

We note that insofar as retirement pay differentials are concerned, the NLRC affirmed the original decision of the Labor Arbiter, but modified the amount due from P39,600 to only P34,516.00. Then, the Court of Appeals on recomputation put the amount of differentials due at P36,316.00. Between the original award of the Labor Arbiter and the CA award, the difference is only P2,284.00. Yet, the dispute has lasted almost 10 years since the worker's retirement. Social justice and common sense dictate that the claims of the worker be now settled fully in his favor.

WHEREFORE, the petition is **GRANTED**. The decision of the Court of Appeals and the NLRC is **REVERSED AND SET ASIDE**. The Order of the Labor Arbiter, to the effect that herein petitioner William Tiu and/or his own company, co-petitioner The Rough Riders, should pay to private respondent Julio Pasaol, Sr., through his heirs now, the amount of P39,600.00 representing retirement pay differentials is hereby **REINSTATED**.

Costs against petitioners.

SO ORDERED.

Bellosillo, Austria-Martinez and Callejo, Sr., JJ., concur.

[1] CA Rollo, pp. 96–99.

[2] Id. at 107.

[3] Id. at 16–19.

[4] Id. at 26–30.

[5] Per Complaint in RAB. Erroneously stated as 18 October 1987 in some pleadings.

[6] Rollo, p. 24.

[7] CA Rollo, p. 27.

[8] NLRC Records, p. 39.

[9] NLRC Records, pp. 85–86.

[10] CA Rollo, p. 86.

[11] *St. Martin Funeral Home vs. NLRC*, G.R. No. 130866, 16 September 1998, 295 SCRA 494.

[12] CA Rollo, pp. 98–99.

[13] *Samahan ng Manggagawa sa Moldex Products, Inc. vs. NLRC*, G.R. No. 119467, 1 February 2000, 324 SCRA 242, 252.

- [14] Aklan Electric Cooperative, Inc. vs. NLRC, G.R. No. 121439, 25 January 2000, 323 SCRA 258, 270.
- [15] Note, however, that the Labor Arbiter computed the total worker's retirement benefits due from the petitioner at P79,200. NLRC Records, p. 39. Hence, retirement benefit differentials computed also at P39,600 remain unpaid.

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