Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

N O T I C E

Sirs/Mesdames:

Please take notice that the Court, Third Division, issued a Resolution dated **August 17, 2022**, *which reads as follows:*

"G.R. No. 260924 – UNIVERSAL ROBINA CORPORATION (SUGAR DIVISION – URSUMCO), *Petitioner*, **v. NAGKAHIUSANG MAMUMUO SA URSUMCO – NATIONAL FEDERATION OF LABOR (NAMAURSUMCO – NFL),** *Respondent.*

The Court resolves to deny the Petition for Review on *Certiorari*[1] **(the Petition)** for failure to sufficiently show that the Court of Appeals **(CA)** committed any reversible error in affirming the Office of the Voluntary Arbitrator, Regional Branch No. VII, Cebu City **(OVA)**.

The CA correctly ruled that the 13th month pay of an employee, in this case, Roger de Castro **(de Castro)**, cannot be subjected to a deduction for the payment of his Pag-Ibig Multi-Purpose Loan **(Pag-Ibig MPL)**. The 13th month pay is a product of Presidential Decree **(P.D.)** No. 851.[2] Owing to the peculiar nature of the 13th month pay, the Court agrees with the CA that as an additional income mandated by P.D. No. 851, it is not a part of one's basic monthly salary, although it is computed on the basis thereof.

While admittedly, "pay," "wage," and "salary" may be interchangeably used, as alleged by Universal Robina Corporation (Sugar Division – URSUMCO) **(URSUMCO)**, de Castro had more than enough left of his regular salary from which it could deduct the payment for his Pag-Ibig MPL, although it may result in a net take-home pay that is less than 50% of his monthly salary.[3] On this score, the Court agrees with the CA that there was no reason for URSUMCO to deduct de Castro's 13th month pay for the payment of his Pag-Ibig MPL, especially when the practice had always been to deduct payments therefor from their regular salary, an allegation which had

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1 *Rollo*, pp. 3-44.
2 REQUIRING ALL EMPLOYERS TO PAY THEIR EMPLOYEES A 13TH-MONTH PAY (1976).
3 *Rollo*, p. 10.

not been refuted by URSUMCO, and notwithstanding the laudable intent of URSUMCO to ensure that their employees have more than sufficient take-home pay. It must be stressed that it was only when URSUMCO shifted its payroll system from HR-Pro to SAP in December 2016 that it started deducting MPL payments from de Castro's 13th month pay.[4]

Besides, the Court wishes to point out that Item 5 (5.6) (c) on "Loan Payments" in the Guidelines and Instructions[5] on the payment of the Pag-Ibig MPL which is attached to the Pag-Ibig MPL Application Form, [6] states:

> The borrower shall pay directly to the Fund in case the borrower is unable to pay through salary deduction for any of the following circumstances such as but not limited to:
>
> xxx xxx xxx
>
> c. Insufficiency of take home pay at any time during the term of the loan; or
>
> xxx xxx xxx[7]
>
> (underscoring supplied)

The foregoing provision imposes the obligation on the borrower, in this case, de Castro, not on URSUMCO. Thus, if de Castro is unable to pay through salary deduction due to the insufficiency of his take home pay, this provision ensures that Pag-Ibig will still be paid what is due to it.

In any case, assuming *arguendo* that the 13th month pay of de Castro forms part of his wage and could be subjected to deductions by URSUMCO, URSUMCO was unable to prove that it was authorized to do so by de Castro.

In *Agabon v. National Labor Relations Commission*,[8] the Supreme Court explained:

> Anent the deduction of SSS loan and the value of the shoes from petitioner Virgilio Agabon's 13th month pay, we find the same to be unauthorized. The evident intention of Presidential Decree No. 851 is to grant an *additional income* in the form of the 13th month pay to employees not already receiving the same so as '*to further protect*

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4 Id. at 94.
5 Id. at 148.
6 Id. at 147.
7 Id. at 148.
8 485 Phil. 248 (2004).

the level of real wages from the ravages of world-wide inflation.' Clearly, as additional income, the 13th month pay is included in the definition of wage under Article 97 (f) of the Labor Code, to wit:

> (f) 'Wage' paid to any employee shall mean the remuneration or earnings, however designated, capable of being expressed in terms of money, whether fixed or ascertained on a time, task, piece, or commission basis, or other method of calculating the same, which is payable by an employer to an employee under a written or unwritten contract of employment for work done or to be done, or for services rendered or to be rendered and includes the fair and reasonable value, as determined by the Secretary of Labor and Employment, of board, lodging, or other facilities customarily furnished by the employer to the employee...

from which an employer is prohibited under Article 113 of the same Code from making any deductions without the employee's knowledge and consent. **In the instant case, private respondent failed to show that the deduction of the SSS loan and the value of the shoes from petitioner Virgilio Agabon's 13th month pay was authorized by the latter. The lack of authority to deduct is further bolstered by the fact that petitioner Virgilio Agabon included the same as one of his money claims against private respondent**.[9] (italics in the original; emphasis supplied)

This is exactly the case in the present Petition. The lack of authority on the part of URSUMCO to deduct the payment of de Castro's Pag-Ibig MPL from his 13th month pay is established by the record. In fact, the lack of authority is precisely the subject of the Grievance Letter of Nagkahiusang Mamumuo sa URSUMCO – National Federation of Labor (**NAMA-URSUMCO-NFL**).[10]

With respect to the computation of the Social Amelioration Bonus (**SAB**), the Court likewise affirms the CA. Republic Act (**R.A.**) No. 6982[11] provides:

> **Section 7.** ***Lien; Distribution; Collection and Remittance.*** –
>
> a) Effective on sugar crop year 1991-1992 a lien of Five pesos (₱5.00) per picul of sugar shall be imposed on the gross production of sugar to primarily augment the income of sugar workers, and to finance

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9 Id.
10 *Rollo*, p. 120.
11 AN ACT STRENGTHENING THE SOCIAL AMELIORATION PROGRAM IN THE SUGAR INDUSTRY, PROVIDING THE MECHANICS FOR ITS IMPLEMENTATION, AND FOR OTHER PURPOSES (1991).

> social and economic programs to improve their livelihood and well-being: provided, that there shall be an automatic additional lien of One peso (₱1.00) for every two (2) years for the succeeding ten (10) years from the effectivity of this Act: provided, further, that the Secretary of Labor and Employment may, upon the recommendation of the Sugar Tripartite Council, suspend or reduce the amount of the automatic additional lien herein authorized whenever circumstances occur adversely affecting or causing undue increases in the cost of producing sugar, taking into consideration the declared policy of this Act.
>
> The amounts herein imposed shall be borne by the sugar planters and millers in proportion to their corresponding milling share and said amounts shall constitute a lien on their sugar quedans and/or warehouse receipts.

URSUMCO would have the Court believe that the lien to be imposed on the gross production of sugar is qualified by the second paragraph and should thus take into consideration the actual share of the mill in the gross production of sugar.[12]

The Court is not convinced.

The wording of R.A. No. 6982 could not be any clearer. The lien should be based, first, on the gross production of sugar, which is 1,605,297.22 Lkg. What URSUMCO did was to use the "theoretical sugar production" of 1,639,782.24 Lkg. to determine the 70% share it has committed to its sugar planters,[13] but used the gross production of sugar of 1,605,297.22 Lkg., less the planters' share,[14] as base for the computation of the share of the millers which, in turn, will be used as base of the SAB. The Court cites with approval the disquisition of the OVA:

> The undersigned finds for the complainant. She is guided by R.A. 6982, which in Section 7 states: 'Effective on sugar crop year 1991-1992 a lien of Five pesos (₱5.00) per picul of sugar shall be imposed on the GROSS PRODUCTION OF SUGAR to primarily augment the income of sugar workers, and to finance social and economic programs to improve their livelihood and well-being...' The term, to the undersigned refers to actual sugar production and not theoretical sugar production which the respondent uses to arrive at the share of the mill workers. xxx[15] (emphasis not ours; underscoring supplied)

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12 *Rollo*, p. 30.
13 1,639,782.24 Lkg. x 70% = 1,147,847.57 Lkg.
14 1,605,297.22 Lkg. – 1,147,847.57 Lkg. = 457,449 Lkg.
15 *Rollo*, p. 96.

In *Wyeth Philippines, Inc. v. Construction Industry Arbitration Commission ("CIAC"), et al.*,[16] the Court had occasion to explain:

> Aware of the objective of voluntary arbitration in the labor field, in the construction industry, and in any other area for that matter, the Court will not assist one or the other or even both parties in any effort to subvert or defeat that objective for their private purposes. **The Court will not review the factual findings of an arbitral tribunal upon the artful allegation that such body had 'misapprehended the facts' and will not pass upon issues which are, at bottom, issues of fact, no matter how cleverly disguised they might be as 'legal questions.'** The parties here had recourse to arbitration and chose the arbitrators themselves; they must have had confidence in such arbitrators. The Court will not, therefore, permit the parties to relitigate before it the issues of facts previously presented and argued before the Arbitral Tribunal, save only where a very clear showing is made that, in reaching its factual conclusions, the Arbitral Tribunal committed an error so egregious and hurtful to one party as to constitute a grave abuse of discretion resulting in lack or loss of jurisdiction. Prototypical examples would be factual conclusions of the Tribunal which resulted in deprivation of one or the other party of a fair opportunity to present its position before the Arbitral Tribunal, and an award obtained through fraud or the corruption of arbitrators. Any other, more relaxed, rule would result in setting at naught the basic objective of a voluntary arbitration and would reduce arbitration to a largely inutile institution.[17] (citation omitted; emphasis supplied)

Here, URSUMCO failed to demonstrate any reversible error on the part of the CA in affirming the Decision of the OVA.

Finally, the Court modifies the monetary award due to each employee of URSUMCO in the amount of ₱449.39, representing the difference between the SAB as computed by URSUMCO and that computed by the OVA. Pursuant to the ruling of this Court in *Nacar v. Gallery Frames*,[18] the same shall earn interest at the rate of six percent (6%) *per annum* reckoned from the finality of this Resolution until full payment.

WHEREFORE, the Petition for Review on *Certiorari* filed by Universal Robina Corporation (Sugar Division – URSUMCO) is **DENIED**. The Decision, dated 21 April 2021, and Resolution, dated 22 February 2022 of the Court of Appeals in CA-G.R. SP No. 12291 are **AFFIRMED with the MODIFICATION** that the monetary award due to each employee of

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16 G.R. Nos. 220045-48, 22 June 2020.
17 Id., citing *Hi-Precision Steel Center, Inc. v. Lim Kim Steel Builders, Inc.*, 298-A Phil. 361 (1993).
18 715 Phil. 267-283 (2013).

URSUMCO in the amount of ₱449.39, representing the difference between the Social Amelioration Bonus as computed by Universal Robina Corporation (Sugar Division – URSUMCO) and that computed by the Office of the Voluntary Arbitrator, shall earn interest at the rate of six percent (6%) *per annum* reckoned from the finality of this Resolution until full payment.

SO ORDERED."

By authority of the Court:

Misael DC Batt
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Division Clerk of Court 11/15/22

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