

THIRD DIVISION

[G.R. No. 201018, July 12, 2017]

**UNITED COCONUT CHEMICALS, INC., PETITIONER, VS.
VICTORIANO B. VALMORES, RESPONDENT.**

DECISION

BERSAMIN, J.:

The base figure in the determination of full backwages is fixed at the salary rate received by the employee at the time he was illegally dismissed. The award shall include the benefits and allowances regularly received by the employee as of the time of the illegal dismissal, as well as those granted under the Collective Bargaining Agreement (CBA), if any.

The Case

The petitioner United Coconut Chemicals, Inc. (UCCI) appeals the decision promulgated on August 23, 2011,^[1] whereby the Court of Appeals (CA) upheld the order of the National Labor Relations Commission (NLRC)^[2] to remand the case to the Labor Arbiter for the re-computation of the respondent's full backwages.

Antecedents

UCCI hired the respondent as its Senior Utilities Inspector with a monthly salary of P11,194.00. He then became a member of the United Coconut Chemicals, Inc. Employees' Labor Organization (UELO) until his expulsion sometime in 1995.^[3] Due to the expulsion, UELO formally demanded that UCCI terminate the services of the respondent pursuant to the union security clause of the CBA. UCCI dismissed him on February 22, 1996.^[4] He then filed a complaint for illegal dismissal in the NLRC.^[5] After due proceedings, the Labor Arbiter dismissed his complaint for lack of merit.^[6] On appeal, however, the NLRC reversed the Labor Arbiter and disposed as follows:

WHEREFORE, premises considered, the appeal is GRANTED. The Decision appealed from is SET ASIDE and a new one entered finding respondents liable for illegal dismissal and ordered them to reinstate complainant to his former position without loss of seniority rights and with full backwages from the date of dismissal on 22 February 1996 to the date of actual reinstatement.

SO ORDERED.^[7]

The parties, including UELO, moved for reconsideration. The NLRC denied the motions for reconsideration of the respondent and UELO, but partially granted UCCI's motion by granting its prayer to be exempted from paying backwages.^[8]

Consequently, the respondent and UELO separately elevated the matter to the CA on *certiorari*, insisting that the NLRC thereby committed grave abuse of discretion amounting to lack or excess of jurisdiction.

On January 18, 2002,^[9] the CA promulgated its decision disposing as follows:

WHEREFORE, foregoing considered, the DECISION of the Third Division of NLRC dated November 29, 2000 is AFFIRMED in all respect.

The Resolution of the Third Division of NLRC dated January 31, 2001 which states:

"The motion for reconsideration filed by respondent United Coconut Chemicals from the decision of November 29, 2000 is partially GRANTED in that it is not held liable insofar as the award of full backwages in favor of complainant is concerned."

is ordered DELETED and declared null and void.

SO ORDERED.^[10]

Still, UCCI appealed to the Court, which, on November 17, 2003, denied the petition for review on *certiorari*.^[11] The denial became final and executory on February 26, 2004;^[12] hence, the respondent moved for the execution of the judgment in his favor.

On January 18, 2010, Labor Arbiter Michaela A. Lontoc issued an order decreeing thusly:

WHEREFORE, respondent [UCCI's] motion to hold respondent UELO primarily liable to pay complainant the herein monetary awards and/or direct respondent UELO to reimburse [UCCI] of whatever amount it may be made to pay complainant, disguised as a motion for clarification, is **DENIED** for lack of legal basis.

Complainant's motion for execution dated 29 November 2000 is **GRANTED**. Let a writ of execution be issued for its immediate implementation.

SO ORDERED.^[13]

Labor Arbiter Lontoc opined that the backwages due to the respondent should be computed by excluding the benefits under the CBA, to wit:

In fine, we compute the backwages of complainant beginning 22 February 1996 as directed in the 29 November 2000 decision of the NLRC up to 30 June 2008. Complainant was admittedly reinstated to work effective on 01 July 2008, with the corresponding wages beginning said period paid and received by complainant until he was declared in AWOL and consequently terminated from work. Thus;

Backwages: P1,659,622.44

P11,194.00 x
 148.26 months =
 13th Month Pay:
 P1,659,622.44 / P 138,301.87
 12 months =
 SILP: P11,194.00
 30 days x 5
 days/12 mos.
 x 148.26 mos. = P 23,050.31
 TOTAL P
 1,820,974.62

We do not neglect that in some of complainant's pleadings, he offered the computation of his backwages, which included a list of the benefits he claimed should be included, thus:

	Monthly Wage	Meal Subsidy	Safety Incentive Pay	SOFA	Financial Grant	Medical Assistance
1996	11,194.00	22.50	---	1,000.00	2,500.00	3,800.00
1997	12,444.00	25.00	---	1,000.00	2,500.00	3,800.00
1998	13,814.00	35.00	300.00	2,500.00	4,000.00	5,500.00
1999	15,314.00	35.00	300.00	2,500.00	4,000.00	5,500.00
2000	15,314.00	37.00	300.00	2,500.00	4,000.00	5,500.00
2001	16,314.00	37.00	300.00	2,500.00	4,000.00	5,500.00
2002	17,314.00	37.00	300.00	2,500.00	4,000.00	5,500.00
2003	19,064.00	40.00	500.00	2,500.00	4,000.00	6,500.00
2004	20,564.00	40.00	500.00	2,600.00	4,000.00	6,500.00
2005	22,564.00	40.00	500.00	2,600.00	5,000.00	10,000.00
2006	24,564.00	40.00	500.00	2,600.00	5,000.00	10,000.00
2007	26,614.00	40.00	500.00	2,600.00	5,000.00	10,000.00

One-time CBA increase 2000	P20,000.00
Built-in OT/NSD	P35,044.29/annum
Other bonuses	P 5,000/annum
Rice subsidy	one sack / month
Uniform	P8,765.00 monetary equivalent/annum
Christmas package	P1,000.00 / annum
VL/SL	46 days / annum

We cannot recognize these alleged CBA granted benefits. While the term "backwages" used in Article 279 of the Labor Code includes the benefits which the complainant should have received had he not been dismissed from work, benefits which are not prescribed by law of those referring to benefits granted by the employer either pursuant to the CBA or its benevolence, cannot be recognized unless duly proved. The decision dated 29 November 2000, which is the subject of the instant execution proceedings, did not recognize the foregoing alleged CBA and company issued benefits, although they were enumerated by complainant in his position paper. Neither did we find the basis of these alleged CBA negotiated benefits. While complainant attached a few pages of what purports to be their collective bargaining agreement, the effectivity date thereof was never presented for the NLRC and for us to determine the dates of their applicability. Thus,

complainant's entitlement to these benefits was not substantially proven. For the same reason, we have no basis to consider the same. Except for the bare allegation that he should have been paid these benefits, no proof of such grant was presented by complainant.

Corollary, we can only recognize the legally mandated benefits that need not be established by substantial evidence, *i.e.*, the 13th month pay and service incentive leave.^[14]

On June 29, 2010, the NLRC issued its resolution remanding the case to the Labor Arbiter for the recomputation of the backwages inclusive of the benefits granted under the CBA,^[15] disposing:

WHEREFORE, the decision dated 10 January 2010 is MODIFIED. The case is remanded to the Arbitration Branch of origin only for the purpose of recomputation of complainant's full backwages using the Collective Bargaining Agreement for the covered period as basis of computation. Respondent [UCCI] is directed to furnish the office of the Labor Arbiter's copies of the Collective Bargaining Agreement pertinent thereto.

The other findings are AFFIRMED.

SO ORDERED.^[16]

The NLRC observed that there was a need to include the benefits granted under the CBA; that in the personnel action form submitted by UCCI, the reinstatement salary of the respondent amounted to 26,614.00 as opposed to the P11,194.00 alleged salary at the time of his dismissal; and the disparity should have prompted the Labor Arbiter to probe into his claim of entitlement to the benefits under the CBA as part of his backwages.^[17]

Judgment of the CA

Not satisfied, UCCI assailed the resolution issued on June 29, 2010 by the NLRC on *certiorari*.

On August 23, 2011, the CA upheld the NLRC, agreeing with the latter's observation that UCCI had failed to submit the documents providing the details of the benefits granted to its employees from the time when the respondent was illegally terminated until his reinstatement on July 1, 2008. It cited *Fulache v. ABS-CBN Broadcasting Corporation*^[18] in holding that illegally dismissed employees were also entitled to the CBA benefits.^[19]

Upon denial of its motion for reconsideration,^[20] UCCI now appeals by petition for review on *certiorari*.

We note that during the pendency of the appeal, Isaias A. Valmores, Sr. and Leonarda B. Valmores, the parents of the respondent, prayed for their substitution herein in view of the respondent's intervening demise.^[21]

Issues

UCCI submits that:

THE COMPUTATION FOR THE PAYMENT OF BACKWAGES SHOULD CONFORM TO ESTABLISHED JURISPRUDENCE WHICH PROVIDES THAT THE BASE FIGURE TO BE USED IN THE COMPUTATION OF BACKWAGES IS PEGGED AT THE WAGE RATE AT THE TIME OF THE EMPLOYEE'S DISMISSAL UNQUALIFIED BY DEDUCTIONS, INCREASES AND/OR MODIFICATIONS GRANTED IN THE INTERIM^[22]

Citing *BPI Employees' Union-Metro Manila v. Bank of the Philippine Islands*,^[23] UCCI posits that in determining the respondent's backwages the prospective increases in wages as well as the benefits provided in the CBA should be excluded; that, as a consequence, the base figure for computing the respondent's backwages should be his basic salary prevailing at the time of his dismissal, unqualified by deductions or increases; that the ruling of the CA and the NLRC to include the CBA-granted benefits was without legal basis and was contrary to prevailing jurisprudence; and that at any rate the respondent did not establish that he was enjoying such CBA benefits at the time of his dismissal.

In contrast, the respondent, now represented by his parents, manifests that he would not oppose the computation of the backwages in accordance with the *BPI Employees' Union-Metro Manila* ruling, provided that: (1) the 12% interest *per annum* imposed from the time when the decision became final until full payment based on *BPI Employees' Union-Metro Manila* should be applied herein; and (2) that all CBA benefits being received by the respondent at the time of his dismissal should be added to his basic salary. He maintains that UCCI should alone be held liable for the payment of backwages instead of being held jointly liable with UELO.

In riposte, UCCI argues that it could not be solely held liable for the payment of backwages because of the express ruling of the NLRC on November 29, 2000 (as upheld by the CA and affirmed by this Court) declaring it and UELO liable for illegal dismissal; and that the respondent cannot belatedly raise the matter during the period of execution inasmuch as the matter should have been properly raised while the NLRC's decision was still on appeal.

In fine, the Court shall now determine the following, namely: (1) the correct basis for computing the backwages of the respondent; (2) the nature of UCCI's liability for payment of full backwages; and (3) the proper interest rate to be imposed on the judgment award.

Ruling of the Court

We deny the petition for review on *certiorari*.

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Backwages include all benefits previously enjoyed by the illegally dismissed employee

The extent of the backwages to be awarded to an illegally dismissed employee has been set in Article 279^[24] of the *Labor Code*, viz.: