Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

RAMIRO LIM & SONS AGRICULTURAL CO., INC., SIMA REAL ESTATE DEVELOPMENT, INC., and RAMIRO LIM,
Petitioners,

- versus -

ARMANDO GUILARAN, ROMEO FRIAS, SANTIAGO CARAMBIAS, SR., JOEL SUAREZ, VICENTE OBORDO, JESSIE DAYON, JOEL PALMA, DOMICIANO PITULAN, NINFA ESPINOSA, ROMULO DELA PEÑA, FERNANDO ROWEL, VICENTE ESPINOSA, PONCIANO DACUMOS, OFELIA FRIAS, GILBERT CARAMBIAS, RODRIGO FRIAS, NIXON CARAMBIAS, RESTITUTO JUANICA, MARIANITA GUILARAN, ALY ROMERO, ROSEMINDA JUANICA, LOLITA ROMERO, LILIA ROWEL, ANTONIO DUMDUMAN, SANTIAGO CARAMBIAS, JR., DIOSCORO DACUMOS, ROSENDO DACUMOS, JONIEL DACUMOS,

G.R. No. 221967

Present:

CARPIO, *J.*, Chairperson,
PERLAS-BERNABE,
CAGUIOA,
REYES, J., JR.,* and
HERNANDO,** *JJ.*

* On official leave.
** Designated additional member per Special Order No. 2630 dated 18 December 2018.

LEONARDA DACUMOS,
JUDITA DACUMOS,
MIGUELA DACUMOS, and
NINFA CARAMBIAS,
Respondents.

Promulgated:
06 FEB 2019

x- x

DECISION

CARPIO, *J.*:

The Case

This is a petition for review on *certiorari* under Rule 45 of the Rules of Court. Petitioners Ramiro Lim & Sons Agricultural Co., Inc., Sima Real Estate Development, Inc., and Ramiro Lim challenge the 16 April 2015 Decision[1] and 9 November 2015 Resolution[2] of the Court of Appeals (CA) in CA-G.R. CEB-SP No. 06044 which set aside the 10 January 2011 Decision[3] and 21 March 2011 Resolution[4] of the National Labor Relations Commission (NLRC) and reinstated the 29 March 2010 Order[5] of the Labor Arbiter.

The Facts

Respondents filed complaints for illegal dismissal, underpayment of wages and non-payment of allowance, separation pay, service incentive leave pay and 13th month pay, and for moral and exemplary damages against petitioners. They alleged that they were agricultural workers of the petitioners, employed to work in all the agricultural stages of work on the 84-hectare hacienda owned by petitioners. Respondents also alleged that they were paid on a mixed *pakyaw* and daily basis. Respondents further alleged that they were illegally dismissed on 22 July 2000, when they asked to be paid based on the rates prescribed by the prevailing Wage Order.

Petitioners, on the other hand, argued that respondents – except Romeo Frias who was paid purely on a daily basis – were employed as laborers on a *pakyaw* basis. When their attention was called to the plan to conduct stricter measures to prevent wastage and production losses due to their half-hearted performance, respondents refused to return to work, paralyzing operations for about three weeks. Because of their unjustified

---

1 *Rollo,* pp. 48-60. Penned by Associate Justice Renato C. Francisco, with Associate Justices Marilyn B. Lagura-Yap and Germano Francisco D. Legaspi concurring.
2 Id. at 87-89.
3 Id. at 226-234.
4 Id. at 239-244.
5 Id. at 169-172.

absence even after show-cause notices, petitioners considered them to have abandoned their respective jobs.

The Labor Arbiter and the NLRC dismissed the complaints, ruling that respondents were considered to have abandoned their work in the hacienda. In the petition for *certiorari* filed before the CA, the CA granted in part the petition of respondents, finding that petitioners failed to prove the existence of abandonment. Since the respondents have been performing services necessary and desirable to the business which are badges of regular employment, even though they did not work throughout the year and the employment depended on a specific season, the CA granted the reinstatement and payment of full backwages based on the latest Wage Order in the region, and the payment of attorney's fees. The case was remanded to the Labor Arbiter for the computation of back wages from 19 July 2000 up to the date of reinstatement.

Meanwhile, petitioners filed a petition for review on *certiorari* to this Court, but was denied on 22 June 2009 for failure to sufficiently show any reversible error to warrant the exercise of its discretionary appellate jurisdiction.[6] The Resolution of this Court denying the petition attained finality on 17 November 2009.[7]

The Ruling of the Labor Arbiter

In an Order dated 29 March 2010,[8] the Labor Arbiter adopted the computation of the Fiscal Examiner who awarded to respondents their backwages in the amount of Five Million Fifty Eight Thousand Two Hundred Sixty Four Pesos and 64/100 (₱5,058,264.64). The award for each of the respondents was uniform in character in the amount of ₱143,700.70, which was based on the mandated rates provided by law for the period from 2000 until December 2009, and was limited to six months of work per year, considering that sugarcane farming is not continuous the whole year round. The dispositive portion of the Order states:

> WHEREFORE, in view of the foregoing, the computation of the Fiscal Examiner dated December 8, 2006, is hereby APPROVED.
>
> Accordingly, let a Writ of Execution be immediately issued to effect the reinstatement of the complainants and for the payment of their respective backwages in the amount of FIVE MILLION FIFTY EIGHT THOUSAND TWO HUNDRED SIXTY FOUR PESOS AND 64/100 centavos (Php5,058,264.64) immediately upon receipt of this Order.
>
> SO ORDERED.[9]

---

6 Id. at 158-159.
7 Id. at 164.
8 Id. at 169-172.
9 Id. at 172.

On 3 June 2010, petitioners filed a Memorandum of Appeal to the NLRC.[10] They argued that the computation used by the Fiscal Examiner and approved by the Labor Arbiter was without basis in fact and in law as respondents barely and sparingly worked, and thus, are not entitled to the computation of six months pay per year.

The Ruling of the NLRC

In a Decision dated 10 January 2011, the NLRC annulled and set aside the Order of the Labor Arbiter finding that the computation used was erroneous. The NLRC upheld the validity of the Work Summary of Workers and the payrolls submitted by petitioners, which showed that as *pakyaw* workers, respondents, except Romeo Frias, did not observe the regular eight hour work daily for the tasks given to them. Thus, the NLRC ruled that the straight computation based on six months per year or 13 days per month could not be applied because this formula, as adopted by this Court in *Philippine Tobacco Flue-Curing & Redrying Corporation v. NLRC*,[11] requires that the service was rendered for at least six months in a given year. Based on the voluminous records submitted by the petitioners, the NLRC found that not all of the respondents worked for at least six months in the last six years prior to their dismissal.

As to the argument of respondents questioning the authenticity and completeness of the payrolls submitted, the NLRC held that the payrolls, being entries in the course of business, enjoy the presumption of regularity under the Rules of Court.

Moreover, the NLRC adopted the method used by petitioners to compute the amount of backwages due to the respondents, which is to get the average monthly income of respondents based on the payrolls for the twelve-month period immediately preceding their dismissal, taking into consideration the Wage Orders prevailing during the period. The NLRC further ruled that the computation should be made from July 2000 until the actual reinstatement of the respondents. The dispositive portion of the NLRC Decision reads:

> WHEREFORE, foregoing premises considered, the Order of the Labor Arbiter, dated 29 March 2010 is, hereby ANNULLED and SET ASIDE. The Labor Arbiter below is, hereby, ordered to cause the computation of the backwages of the complainants from July 19, 2000 up to the date of their reinstatement, the amount of which shall be determined, in conformity with the method of computation used by the respondents, by getting the average monthly income of the complainants based on the payrolls for the twelve month period immediately preceding their dismissal, taking into consideration the Wage Orders prevailing during the period covered.

---

10 Id. at 173-183.

11 360 Phil. 218 (1998).

> The proposed computation by the respondents shall be adjusted to include the period, which was not covered by the said computation, up to complainants' actual reinstatement. The workers who refused to be reinstated despite due notice shall be deemed to have waived their reinstatement, otherwise, it shall be construed as defiance to the order of the Court of Appeals directing their reinstatement, in which case the computation of backwages shall be limited up to the date immediately preceding the date when complainants refused reinstatement.
>
> SO ORDERED.[12]

The Motion for Reconsideration[13] filed by respondents was denied by the NLRC in a Resolution dated 21 March 2011. Thereafter, respondents filed a petition for *certiorari* under Rule 65 before the CA.[14]

The Ruling of the CA

In a Decision dated 16 April 2015, the CA reversed and set aside the Decision of the NLRC and reinstated the 29 March 2010 Order of the Labor Arbiter. The CA found that the NLRC erred in relying on the payrolls presented by petitioners as these payrolls were self-serving, unreliable, and unsubstantial evidence. The inconsistencies in the signatures of respondents were so questionable to the naked eye that the CA found that its genuineness is doubtful. Moreover, the signatures on the payrolls pertained to different or unknown persons who were not shown to be authorized. The CA also found the argument that respondents worked for only one hour a day was hardly believable and contrary to human experience. The CA sustained the factual findings of the Labor Arbiter and held:

> WHEREFORE, the Petition is GRANTED. The *Decision* of the NLRC dated 10 January 2011 in NLRC-V-000390-2004 (AE-06-10) is REVERSED and SET ASIDE. The Order of the Labor Arbiter dated 29 March 2010 is hereby REINSTATED.[15]

In a Resolution dated 9 November 2015, the CA denied the Motion for Partial Reconsideration[16] filed by petitioners.

Hence, this petition.

---

12 *Rollo*, pp. 233-234.
13 Id. at 235-238.
14 Id. at 103-135.
15 Id. at 60.
16 Id. at 61-69.

The Issues

In this petition, petitioners seek a reversal of the decision of the CA, and raises the following arguments:

> I. THE COURT OF APPEALS COMMITTED GRAVE ERROR IN DISREGARDING THE PAYROLLS SUBMITTED BY THE PETITIONERS AS BASIS FOR THE COMPU[T]ATION OF RESPONDENTS' BACKWAGES;
>
> II. THE COURT OF APPEALS COMMITTED GRAVE ERROR IN APPLYING THE SOCIAL POLICY JUSTICE OF LABOR LAWS IN FAVOR OF THE RESPONDENTS; and
>
> III. THE COURT OF APPEALS COMMITTED GRAVE ERROR IN REVERSING AND SETTING ASIDE THE DECISION OF THE NLRC WITHOUT ANY FINDING AND DISCUSSION THAT THE NLRC COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OF JURISDICTION IN ISSUING THE DECISION.[17]

The Ruling of the Court

The petition is without merit.

Appreciation of Payrolls

Petitioners allege that the CA gravely erred in disregarding the payrolls submitted by them. However, a careful reading of the CA Decision shows that contrary to the allegation that there was a disregard of the payrolls, it was actually the careful scrutiny of such payrolls which led the CA to conclude that the inconsistencies in the signatures of respondents were so questionable to the naked eye that there exists doubt on the genuineness of these payrolls.

While it is true that entries in the payrolls enjoy the presumption of regularity,[18] it is merely a *disputable* presumption that may be overthrown by clear and convincing evidence to the contrary.

Section 43 of Rule 143 of the Rules of Court provides:

> Section 43. *Entries in the course of business.* — Entries made at, or near the time of transactions to which they refer, by a person deceased, or unable to testify, who was in a position to know the facts therein stated, **may be received as *prima facie* evidence,** if such person made the entries

---

17 Id. at 28-29.

18 Section 43, Rule 130, Rules of Court.

> in his professional capacity or in the performance of duty and in the ordinary or regular course of business or duty. (Emphasis supplied)

A presumption is merely an assumption of fact that the law requires to be made based on another fact or group of facts. It is an inference as to the existence of a fact that is not actually known, but arises from its usual connection with another fact, or a conjecture based on past experience as to what the ordinary human affairs take.[19] A presumption has the effect of shifting the burden of proof to the party who would be disadvantaged by a finding of the presumed fact.[20] Moreover, *prima facie* evidence is defined as evidence which, if unexplained or uncontradicted, is sufficient to sustain a judgment in favor of the issue it supports, but which may be contradicted by other evidence.[21] Thus, *prima facie* evidence is not conclusive or absolute – evidence to the contrary may be presented by the party disputing the assumption of fact made by inference of law and the court may validly consider such.

In this case, we find that the CA did not err when it found that the inconsistencies in the signatures of respondents are so questionable to the naked eye that there exists doubt on their genuineness. Respondents vehemently deny and refute the payrolls submitted as being incomplete, irregular, and forged. They allege that they were never given copies of these payrolls. The allegation that their signatures were forged or signed by unauthorized persons can hardly be overlooked. The CA, after a painstaking scrutiny of the voluminous records, found inconsistencies in the signatures and even signatures of unknown or unauthorized persons. Indeed, the CA, after a careful review, found the payrolls submitted as self-serving, unreliable, and unsubstantial.

Thus, while the payrolls in question enjoyed the presumption of regularity as entries made in the course of business, this presumption of regularity was effectively overthrown by evidence to the contrary.

Application of Policy of Social Justice in Labor Laws

Another argument that petitioners present is that the CA gravely erred in applying the policy of social justice in labor laws in favor of respondents. Petitioners argue that not one of the respondents rendered service for more than six months a year, and that 21 out of the 30 respondents did not even render service for one month in a year. We find these allegations baseless and unconvincing.

---

19 *Mabunga v. People*, 473 Phil. 555 (2004).

20 Id.

21 *Wa-acon v. People*, 539 Phil. 485 (2006).

It has already been settled by this Court that respondents herein were regular seasonal workers. The CA Decision which was affirmed with finality by this Court held:

> Third. Anent their complaint for illegal dismissal. Although petitioners do not work throughout the year and their employment depends upon a specific season, like for instance, milling seasons; and for only a specific task like, weeding, plowing, fertilizing, to name a few, inasmuch as they have been performing services necessary and desirable to private respondents' business, **serve as badges of regular employment.**
>
> The fact that petitioners "do not work continuously for one whole year but **only for the duration a season does not detract from considering them regular employees**. It is well-entrenched in our jurisprudence that seasonal workers who are called from time to time and are temporarily laid off during off-season are not separated from service in said period, but are merely considered on leave until re-employed.[22] (Emphasis supplied)

The CA Decision considered all respondents regular seasonal workers, paid on a *pakyaw* basis, who were entitled to their backwages and reinstatement. Thus, the status of all the respondents has been settled with finality and this Court will no longer review the character of their employment. The only issue to be determined, therefore, was the amount of backwages to be paid to respondents.

A distinguishing characteristic of a task basis engagement or *pakyaw*, as opposed to straight-hour wage payment, is the non-consideration of the time spent in working.[23] In a payment by *pakyaw* basis, the emphasis is on the task itself, in the sense that payment is reckoned in terms of completion of the work, not in terms of the number of hours spent in the completion of the work.[24]

To determine the amount of backwages for piece-rate or *pakyaw* workers, there is a need to determine the varying degrees of production and days worked by each worker.[25] In *Velasco v. NLRC*,[26] the Court held that since the workers were paid on a piece-rate basis, there was a need for the NLRC to determine the varying degrees of production and the number of days worked by each worker:

> However, the Court recognizes that there may be some difficulty in ascertaining the proper amount of backwages, considering that the Tayags were apparently paid on a piece-rate basis. In *Labor Congress of the Philippines v. NLRC*, the Court was confronted with a situation wherein several workers paid on a piece-rate basis were entitled to back wages by reason of illegal dismissal. However, the Court noted that as the piece-rate

22 *Rollo*, p. 147.
23 *David v. Macasio*, 738 Phil. 293 (2014).
24 Id.
25 *Labor Congress of the Philippines v. NLRC*, 352 Phil. 1118 (1998).
26 525 Phil. 749 (2006).

> workers had been paid by the piece, "there [was] a need to determine the varying degrees of production and days worked by each worker," and that "this issue is best left to the [NLRC]." We believe the same result should obtain in this case, and the NLRC be tasked to conduct the proper determination of the appropriate amount of backwages due to each of the Tayags.[27]

In the present case, the NLRC relied on the payrolls submitted by petitioners to determine the amount of backwages. This was, however, reversed by the CA, which agreed with the Labor Arbiter who determined that respondents have been working for at least six months. We agree with the CA and the Labor Arbiter. It has been recognized by jurisprudence that the season of sugar cane industries lasts for periods of six to eight months.[28] The payrolls submitted by the petitioners show that most of the respondents rendered service for less than one month per year. As earlier discussed, the submitted payrolls lacked credibility and their genuineness was doubtful. Moreover, as the presumption is that the season of sugar cane industries lasts for six to eight months, the burden was on the petitioners to prove otherwise. The evidence submitted by the petitioners failed to discharge this presumption.

Thus, when the CA adopted the method used by the Labor Arbiter which granted respondents' backwages based on the mandated rates provided by law for the period from 2000 to December 2009, and limited the computation of the amount to a period of six months of work per year, it was not baseless and arbitrary. This was based on applicable law and jurisprudence. Article 124 of the Labor Code of the Philippines provides, in part:

> Art. 124. *Standards/Criteria for minimum wage fixing.*
>
> x x x x
>
> All workers paid by result, including those who are paid on piecework, takay, *pakyaw* or task basis, **shall receive not less than the prescribed wage rates per eight (8) hours of work a day, or a proportion thereof for working less than eight (8) hours.**
>
> x x x x (Boldfacing and underscoring supplied)

Moreover, in *Pulp and Paper, Inc. v. NLRC*,[29] the Court held that in the absence of wage rates approved by the Secretary of Labor in accordance with the appropriate time and motion studies, the ordinary minimum wage rates are applicable to piece-rate workers. The Court held:

---

27 Id. at 763.

28 *Custodio v. The Workmen's Compensation Commission*, 176 Phil. 450 (1978).

29 344 Phil. 821 (1997).

> In the absence of wage rates based on time and motion studies determined by the labor secretary or submitted by the employer to the labor secretary for his approval, wage rates of piece-rate workers must be based on the applicable daily minimum wage determined by the Regional Tripartite Wages and Productivity Commission. To ensure the payment of fair and reasonable wage rates, **Article 101 of the Labor Code provides that "the Secretary of Labor shall regulate the payment of wages by results, including *pakya[w]*, piecework and other non-time work**." The same statutory provision also states that the wage rates should be based, preferably, on time and motion studies, or those arrived at in consultation with representatives of workers' and employers' organizations. **In the absence of such prescribed wage rates for piece-rate workers, the ordinary minimum wage rates prescribed by the Regional Tripartite Wages and Productivity Boards should apply.**[30] (Boldfacing and underscoring supplied)

Similarly, petitioners herein failed to adduce any evidence on the agreed amount of payment for work based on *pakyaw* basis, and whether such amount was determined and approved by the Secretary of Labor. Thus, the Labor Arbiter was correct in applying the minimum wage rates based on the applicable Wage Orders to determine the amount of backwages due to respondents. Consequently, we find that the amount awarded to respondents was not based on social justice but rather was in accordance with law.

CA's Finding of Grave Abuse of Discretion

Finally, petitioners argue that the CA did not make a finding and discussion that the NLRC committed grave abuse of discretion amounting to lack of jurisdiction and therefore gravely erred in reversing and setting aside the NLRC Decision.

We disagree.

By finding merit in the petition filed by respondents, the CA obviously found that there was indeed grave abuse of discretion amounting to lack of jurisdiction committed by the NLRC. Grave abuse of discretion has been described as such capricious and whimsical exercise of judgment as is equivalent to lack of jurisdiction.[31] The abuse of discretion must be patent and gross as to amount to an evasion of a positive duty or a virtual refusal to perform a duty enjoined by law, or to act at all in contemplation of law, as where the power is exercised in an arbitrary and despotic manner by reason of passion and hostility.[32]

---

30 Id. at 830-831.

31 *United Coconut Planters Bank v. Looyuko*, 560 Phil. 581, 591-592 (2007).

32 Id.

Under such definition, it must be proven that the CA found that the NLRC gravely abused its discretion in the appreciation of the evidence. We find that the CA precisely did so, when it found that the NLRC based its computation on the payrolls submitted by petitioners, which were self-serving, unreliable, and unsubstantial evidence. Through a painstaking scrutiny of the payrolls, the CA found that the inconsistent signatures of respondents were so questionable that their genuineness is doubtful. Thus, the CA found that the NLRC based its computation of backwages on pieces of evidence which were extremely doubtful; and thus, the NLRC gravely abused its discretion. While the decision of the CA did not explicitly state such words or use such phrase, a reading of the *ratio* and the discussion in the body of the decision would show that the CA found that the NLRC committed grave abuse of discretion.

Based on the foregoing, we find no reversible error on the part of the CA. Finally, we note that the Resolution of this Court affirming the finding of illegal dismissal of the respondents attained finality on 17 November 2009.[33] Thus, in accordance with *Nacar v. Gallery Frames*,[34] the monetary awards shall earn legal interest of twelve percent (12%) *per annum* computed from 17 November 2009 until 30 June 2013, and legal interest of six percent (6%) *per annum* from 1 July 2013 until full satisfaction thereof.

WHEREFORE, the petition is **DENIED**. The assailed Decision dated 16 April 2015 and the Resolution dated 9 November 2015 of the Court of Appeals in CA-G.R. CEB-SP No. 06044, which reinstated the Order of the Labor Arbiter dated 29 March 2010, are **AFFIRMED WITH MODIFICATION** to include legal interest of twelve percent (12%) *per annum* on the total sum of the monetary awards computed from 17 November 2009 to 30 June 2013 and legal interest of six percent (6%) *per annum* from 1 July 2013 until full satisfaction thereof.

SO ORDERED.

ANTONIO T. CARPIO
Associate Justice

---

33 *Rollo*, p. 164.

34 716 Phil. 267 (2013).

WE CONCUR:

ESTELA M. PERLAS-BERNABE
Associate Justice

ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

(on official leave)
JOSE C. REYES, JR.
Associate Justice

RAMON PAUL L. HERNANDO
Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

ANTONIO T. CARPIO
Associate Justice
Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

LUCAS P. BERSAMIN
Chief Justice