

FIRST DIVISION

[G.R. No. 213488, November 07, 2016]

**TOYOTA PASIG, INC., PETITIONER, VS. VILMA S. DE PERALTA,
RESPONDENT.**

DECISION

PERLAS-BERNABE, J.:

Assailed in this petition for review on *certiorari*^[1] are the Resolutions dated April 14, 2014^[2] and July 24, 2014^[3] of the Court of Appeals (CA) in CA-G.R. SP Nos. 131495 and 131558, upholding the Decision^[4] dated May 15, 2013 of the National Labor Relations Commission (NLRC) in LAC No. 03-000954-13 NCR-03-03689-12 which, *inter alia*, found petitioner Toyota Pasig, Inc. (petitioner) liable to respondent Vilma S. De Peralta (respondent) in the amount of P617,248.08 representing the latter's unpaid commissions, tax rebate for achieved monthly targets, salary deductions, unpaid salary for the month of January 2012, and success share/profit sharing for the year 2011.

The Facts

The instant case stemmed from a complaint^[5] for illegal dismissal, illegal deduction, unpaid commission, annual profit sharing, damages, and attorney's fees filed by respondent against petitioner and/or Severino C. Lim, Jnalyn P. Lim, Jason Ian Yap, Jorge Tuason, Marissa Operaña, and Arturo P. Lopez (Lim, *et al.*) before the NLRC, docketed as NLRC-NCR CASE No. 03-03689-12.^[6] Essentially, respondent alleged that petitioner - a corporation engaged in the business of car dealership, including service and sales of parts and accessories of Toyota motor vehicles^[7] initially hired her as a cashier in March 1997.^[8] Eventually in 2004, she worked her way up to the position of Insurance Sales Executive (ISE) which she held from 2007 to 2012 and where she received various distinctions from petitioner, including "Best Insurance Sales Executive" for the years 2007 and 2011.^[9] However, things turned sour when her husband, Romulo "Romper" De Peralta, also petitioner's employee and the President of the Toyota Shaw-Pasig Workers Union - Automotive Industry Workers Alliance (TSPWU-AIWA), organized a collective bargaining unit through a certification election.^[10] According to respondent, petitioner suddenly dismissed from service the officials/directors of TSPWU-AIWA, including her husband.^[11] Thereafter, petitioner allegedly started harassing respondent for her husband's active involvement in TSPWU-AIWA, which resulted to the issuance of a Notice to Explain dated January 3, 2012 accusing her of "having committed various acts" relative to the processing of insurance of three (3) units as "outside transactions" and claiming commissions therefor, instead of considering the said transactions as "new business accounts" under the dealership's marketing department.^[12] Accordingly, she was preventively suspended because of such charge. On February

3, 2012, respondent received a Notice of Termination,^[13] which prompted her to file the instant complaint, where she also prayed for the payment of her earned substantial commissions, tax rebates, and other benefits dating back from July 2011 to January 2012, amounting to P617,248.08.^[14]

In their defense, petitioner and Lim, *et al.* maintained that respondent was dismissed from service for just cause and with due process. They explained that respondent was charged and proven to have committed acts of dishonesty and falsification by claiming commissions for new business accounts which should have been duly credited to the dealership's marketing department.^[15] They further averred that respondent's claims for commissions, tax rebates, and other benefits were unfounded and without documentation and validation.^[16]

The LA Ruling

In a Decision^[17] dated January 25, 2013, the Labor Arbiter (LA) dismissed the complaint for lack of merit, but ordered petitioner to pay respondent the amount of P11,111.50 representing the latter's salary for January 2012.^[18]

It found that respondent herself admitted through her letter explanation to the Notice to Explain that she indeed processed the insurance of units from petitioner's own dealership, and as a result, received commissions which were rightly attributable to the dealership's marketing department not being "outside transactions."^[19] According to the LA, respondent's acts constituted dishonesty which is tantamount to serious misconduct, a just cause for dismissal.^[20] Anent respondent's claims for unpaid commissions, the LA found no basis to grant the same, considering that the documents submitted in support thereof were mere computations which are insufficient proof of her entitlement thereto.^[21]

Aggrieved, respondent appealed^[22] to the NLRC.

The NLRC Ruling

In a Decision^[23] dated May 15, 2013, the NLRC affirmed the LA ruling with modification finding petitioner liable to respondent in the amount of P617,248.08 representing the latter's unpaid commissions, tax rebate for achieved monthly targets, salary deductions, salary for the month of January 2012, and success share/profit sharing.^[24]

The NLRC agreed with the LA's finding that respondent's act of taking credit in the form of commissions on accounts rightly attributable to the dealership's marketing department constituted serious misconduct, which justified her termination from employment.^[25] As such, respondent is not entitled to backwages, separation pay, damages, and attorney's fees.^[26]

However, with regard to respondent's other monetary claims, the NLRC held petitioner liable for the same as it failed to present documents showing that respondent is not entitled to said claims, as per her computation. The NLRC, however, exculpated Lim, *et al.* from such liability as it was not shown that they

acted with gross negligence or bad faith in directing petitioner's affairs.^[27]

Dissatisfied, the parties separately elevated the case to the CA via petitions for *certiorari*.^[28] In their respective petitions before the CA, respondent assailed the legality of her dismissal, while petitioner questioned NLRC's award of the amount of P617,248.08 in respondent's favor. Eventually, their separate petitions were consolidated and docketed as CA G.R. SP Nos. 131495 and 131558.^[29]

The CA Ruling

In a Resolution dated April 14, 2014,^[30] the CA dismissed the consolidated petitions and, accordingly, affirmed the NLRC ruling *in toto*. It held that the NLRC did not gravely abuse its discretion in declaring respondent to have been dismissed for just cause as such finding conform with the facts and the law on the matter. Similarly, it held that no grave abuse of discretion may be ascribed to the NLRC in awarding respondent her other monetary claims, considering that petitioner failed to discharge its burden of proving that respondent was not entitled to the same.^[31]

Both parties moved for reconsideration,^[32] which were however, denied in a Resolution^[33] dated July 24, 2014; hence, this petition filed by petitioner.

It also appears that respondent filed a separate petition before the Court, docketed as G.R. No. 213691.^[34] In a Resolution dated November 24, 2014,^[35] the Court denied respondent's separate petition for her failure to show that the CA committed reversible error in upholding the legality of her dismissal. Said ruling had then lapsed into finality.^[36]

The Issue Before the Court

The essential issue for the Court's resolution is whether or not the CA correctly upheld petitioner's liability to respondent in the amount of P617,248.08 representing the latter's unpaid commissions, tax rebate for achieved monthly targets, salary deductions, salary for the month of January 2012, and success share/profit sharing.

The Court's Ruling

The petition primarily argues that the CA erred in awarding respondent her monetary claims despite failing to prove her entitlement thereto. Corollary, it likewise contends that such monetary claims do not partake of unpaid wages/salaries, as well as the labor standard benefits of employees as provided by law - *e.g.*, 13th month pay, overtime pay, service incentive leave pay, night differential pay, holiday pay - and as such, petitioner, as employer, did not bear the burden of proving the payment of such monetary claims or that respondent was not entitled thereto.^[37]

The petition is without merit.

Section 97 (f) of the Labor Code reads:

x x x x

(f) **"Wage" paid to any employee shall mean the remuneration of 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. "Fair and reasonable value" shall not include any profit to the employer, or to any person affiliated with the employer. (Emphasis and underscoring supplied)

The aforesaid provision explicitly includes commissions as part of wages. In *Iran v. NLRC*,^[38] the Court thoroughly explained the wisdom behind such inclusion as follows:

This definition explicitly includes commissions as part of wages. **While commissions are, indeed, incentives or forms of encouragement to inspire employees to put a little more industry on the jobs particularly assigned to them, still these commissions are direct remunerations for services rendered.** In fact, commissions have been defined as the recompense, compensation or reward of an agent, salesman, executor, trustee, receiver, factor, broker or bailee, when the same is calculated as a percentage on the amount of his transactions or on the profit to the principal. **The nature of the work of a salesman and the reason for such type of remuneration for services rendered demonstrate clearly that commissions are part of a salesman's wage or salary.**

x x x x

The NLRC asserts that the inclusion of commissions in the computation of wages would negate the practice of granting commissions only after an employee has earned the minimum wage or over. While such a practice does exist, the universality and prevalence of such a practice is questionable at best. In truth, this Court has taken judicial notice of the fact that some salesmen do not receive any basic salary but depend entirely on commissions and allowances or commissions alone, although an employer-employee relationship exists. Undoubtedly, this salary structure is intended for the benefit of the corporation establishing such, on the apparent assumption that thereby its salesmen would be moved to greater enterprise and diligence and close more sales in the expectation of increasing their sales commissions. **This, however, does not detract from the character of such commissions as part of the salary or wage paid to each of its salesmen for rendering services to the corporation.**^[39] (Emphases and underscoring supplied)