

**\*\*Title:\*\*** David v. Macasio: A Reevaluation of “Pakyaw” Workers’ Rights to Labor Standards Benefits

**\*\*Facts:\*\***

The factual antecedents of this case began when John G. Macasio filed a complaint in January 2009 before the Labor Arbiter (LA) against Ariel L. David, doing business under the name “Yiels Hog Dealer.” Macasio sought compensation for unpaid overtime, holiday pay, and 13th month pay, including claims for moral and exemplary damages and attorney’s fees. He also demanded payment for service incentive leave (SIL). Macasio had worked as a butcher for David since January 6, 1995, alleging that David exercised control over his work by setting work schedules, paying daily wages, and having authority over work leaves.

David, in defense, claimed that Macasio was hired on a “pakyaw” (task basis) and was not entitled to the claimed benefits, highlighting the non-traditional work hours and fixed payment per task. The Labor Arbiter dismissed Macasio’s claims, a decision which the National Labor Relations Commission (NLRC) upheld. Aggrieved, Macasio appealed to the Court of Appeals (CA), asserting that, despite being paid on a “pakyaw” basis, his working conditions did not fit the definition of a field personnel as described under labor laws and thus, should not be excluded from receiving the claimed benefits.

**\*\*Issues:\*\***

1. Whether an employee engaged on a “pakyaw” or task basis is entitled to overtime, holiday, SIL, and 13th month pay.
2. Whether the CA committed an error in finding that Macasio, despite being a “pakyaw” employee, was entitled to the subject monetary claims.

**\*\*Court’s Decision:\*\***

The Supreme Court partially granted David’s petition. The Court held that engagement on a “pakyaw” or task basis does not preclude the existence of an employer-employee relationship. It elaborated that the “four-fold” test, especially the control test, determines an employment relationship, not the method of wage payment. The Court concluded that Macasio was indeed an employee of David, albeit paid on a “pakyaw” basis.

Regarding entitlement to labor standards benefits, the Court differentiated between different kinds of benefits. It ruled that Macasio, being an employee on “pakyaw” basis and not a field personnel, is entitled to holiday and SIL pay as per existing labor laws and jurisprudence. However, as for the 13th month pay, Macasio is not entitled because

employees paid on a task basis are specifically exempted from this benefit under the governing law of PD No. 851 and its implementing rules.

**\*\*Doctrine:\*\***

The Supreme Court reiterated that engagement on a “pakyaw” or task basis does not automatically negate the existence of an employer-employee relationship, and such workers are entitled to labor standards benefits unless expressly excluded by law or jurisprudence. Specifically, it clarified that “pakyaw” workers who are not field personnel are entitled to holiday and SIL pay but are excluded from 13th month pay benefits as per PD No. 851.

**\*\*Class Notes:\*\***

1. Employer-Employee Relationship: Identified through the “four-fold” test, focusing primarily on the employer’s control over the employee’s performance.
2. “Pakyaw” Workers: Workers paid per task completed; their method of compensation does not determine the existence of an employer-employee relationship.
3. Labor Standards Benefits: Workers on a “pakyaw” basis are generally entitled to benefits like holiday and SIL pay unless they qualify as field personnel, who are expressly exempted. However, they are excluded from the 13th month pay as per PD No. 851.

**\*\*Historical Background:\*\***

This case contributes to the evolving jurisprudence on the entitlement of “pakyaw” or task-basis workers to statutory labor benefits. It underscores the Supreme Court’s commitment to protect all forms of labor, affirming the principle that the method of compensation, by itself, does not extinguish the rights to labor standards protections, thereby reinforcing the protective mantle of labor laws towards a more inclusive understanding of employment relationships.