

****Title:** Rogelio Reyes v. National Labor Relations Commission, Fifth Division, and Universal Robina Corporation Grocery Division******

****Facts:****

- Rogelio Reyes was employed as a salesman with Universal Robina Corporation (URC), Grocery Division in Davao City beginning on August 12, 1977.
- He was promoted to Unit Manager of the Sales Department-South Mindanao District, where he served until his retirement on November 30, 1997.
- On September 10, 1998, Reyes received a letter from URC detailing his separation pay, accounting for various components including his basic salary, sick leave, vacation leave, financial assistance, and withheld commissions.
- Dissatisfied with the computation, which did not include his sales commissions in the calculation of retirement and 13th-month pay, Reyes refused the amount offered by URC.
- Reyes contended that his total monthly earnings, inclusive of average monthly commissions of PHP 31,846.97, should form the basis for calculating his retirement benefits and 13th-month pay.
- Reyes filed a complaint with the NLRC, seeking proper retirement benefits, 13th-month pay, tax refund, leave conversions, financial assistance, service incentive leave pay, damages, and attorney's fees.

****Procedural Posture:****

1. ****Before the NLRC**:**

- Labor Arbiter Miriam A. Libron-Barroso ruled in favor of Reyes, including the sales commissions in his basic salary, awarding him retirement benefits and other dues amounting to PHP 911,699.92, plus attorney's fees.
- On appeal, the NLRC modified the Labor Arbiter's decision, excluding the sales commissions from the computation of retirement and 13th-month pay and eliminating attorney's fees.

2. ****Before the Court of Appeals (CA-G.R. SP No. 64799)**:**

- Reyes filed for a reconsideration of the NLRC's decision, which the Court of Appeals dismissed for lack of merit. The motion for reconsideration was also denied.

3. ****Before the Supreme Court**:**

- Reyes filed a petition for review on certiorari under Rule 45 of the Rules of Court, questioning whether his average monthly sales commission should be included in computing his retirement benefits and 13th-month pay.

****Issues:****

- Whether the average monthly sales commission should be included in the computation of the retirement benefits and 13th-month pay.

Court's Decision:

- **Nature of Commissions:**

- The Supreme Court examined the nature of the commissions, determining whether they should be deemed part of the basic salary or as separate profit-sharing payments.

- Referencing the **Philippine Duplicators Inc. v. National Labor Relations Commission**, which determines that commissions forming part of the salary structure are included in the basic salary.

- Conversely, in **Boie-Takeda Chemicals Inc. v. De la Serna**, commissions considered productivity bonuses were excluded from the basic salary.

- **Analysis:**

- The Court identified that Reyes's role as a Unit Manager did not involve direct sales transactions but supervision of salesmen.

- The commissions Reyes received depended on the actual sales and collections made by salesmen, aligning them more with profit-sharing payments rather than regular basic salary.

- **Application to the Retirement Benefits:**

- Under **Article 287 of the Labor Code** and **Section 5 of Rule II of the Rules Implementing the New Retirement Law**, elements included in the retirement pay do not cover profit-sharing payments.

- Since Reyes's commissions were akin to profit-sharing relative to company profits, they were legally excluded from the computation of his retirement benefits.

- **Application to the 13th Month Pay:**

- Following the **San Miguel Corporation v. Inciong** decision, the Court affirmed that compensations not integrated into the regular basic salary, like Reyes's commissions, should also not be included in the 13th-month pay.

Doctrine:

- **Inclusion and Exclusion of Commissions in Basic Salary:**

- The case reiterates that the determination of whether commissions form part of the basic salary or not depends on whether they are inherent to the wage structure (consistent and integral) or are tied to sales/utilized as productivity bonuses.

- **Factual Dependency:**

- This case enforces the principle that findings of fact by administrative bodies like NLRC, especially if affirmed by courts, are final and binding, with the Supreme Court resolving only legal issues.

****Class Notes:****

1. ****Key Concept: Commission as Basic Salary**:**

- Commissions may be included in basic salary if they are regular and inherent to the salary structure (Philippine Duplicators Inc. case).
- Commissions equivalent to productivity bonuses or profit-sharing payments are excluded (Boie-Takeda Chemicals Inc. case).

2. ****Relevant Statutes**:**

- ****Article 287, Labor Code**:** Defines retirement benefits.
- ****Section 5, Rule II, Implementing Rules**:** Details the components included in calculating retirement pay.

****Historical Background:****

- The case contextualizes the intricate delineation between types of compensations and their implications under the Philippine Labor Code and related decisions.
- It reflects the evolving jurisprudence distinguishing integral salary components from variable bonus structures, shaping labor dispute resolutions and clarifying statutory applications for retirement entitlements.