

ESPIRITU SANTO PARISH (ESPIRITU SANTO PAROCHIAL SCHOOL), PETITIONER, VS. JOSE HABITAN AND WORKMEN'S COMPENSATION, RESPONDENTS.

G.R. No. L-12753. November 28, 1959

Ponente: GUTIERREZ DAVID, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/1f67203368f6/>

GUTIERREZ DAVID, J.:

This is a petition to review on certiorari a decision of the Workmen's Compensation Commission awarding compensation to respondent Jose Habitan for disability alleged to have resulted from an accident arising out of and in the course of employment.

Respondent Jose Habitan was from February to April 27, 1955 employed as carpenter in the construction of the Espiritu Santo Parochial School building located at the corner of Rizal Avenue and Tayuman streets, Manila. On March 9, 1955, while he was working in said construction, the scaffold on which he and another worker were standing suddenly broke. Fortunately, Habitan got hold of a lower scaffolding, and his co-worker was able to grab and cling to his right thigh thereby preventing their fall to the ground below. They remained in that precarious position until one of their co-workers went to their aid.

Thereafter, respondent Habitan, apparently none the worse for the experience, proceeded with his work. He continued working in the construction of the school building until April 27, 1955 when he was laid off and paid all his wages.

On November 7, 1955, respondent Habitan, alleging that during the construction of the school building, or on March 9, 1955, he suffered an "accident injury"—referring to the incident above narrated when the scaffolding on which he was standing broke—which resulted in his disability to work, filed a claim for compensation with, the Workmen's Compensation Commission against the Espiritu Santo Parochial School.

On April 27, 1956, herein petitioner Espiritu Santo Parish (Espiritu Santo Parochial School) filed a motion to dismiss the claim on the grounds that it is not subject to the jurisdiction of the Workmen's Compensation Commission because it is not engaged in a trade or occupation for the purpose of gain but is a charitable institution, and that the claim was barred under Sec. 24 of the Workmen's Compensation Act, the notice of injury and claim for compensation having been filed only on November 4, 1955, or eight months after the accident. The referee assigned to hear the case, however, denied the motion, and, after conducting several hearings, rendered a decision awarding to the claimant the total sum of P1,060.08 as compensation for temporary total and permanent partial disability. That decision, on appeal, was affirmed by Associate Commissioner Jose Sanchez in his decision dated April 26, 1957. And reconsideration of that latter decision having been denied by the Commission in banc, with the Chairman abstaining, petitioner filed the present petition for review on certiorari, alleging—as it did in its motion to dismiss—that the Commission lacked jurisdiction to hear and determine the case as the Espiritu Santo Parochial School is a church property organized for religious, educational and charitable purposes, and that the claim is already barred under section 24 of the Workmen's Compensation Act, the notice of injury and claim for

compensation not having been given within the prescribed statutory period of two months.

The Workmen's Compensation Act provides for compensation or indemnity for certain accidents or illness suffered by workers or employees engaged in "industrial employment" which, as defined in section 39 (d) of the Act, "includes all employment or work at a trade, occupation or profession exercised by an employer for the purpose of gain, except domestic service." Charitable institutions or organizations not organized for gain not coming under the general definition are, of course, excepted from the operation of the Act. (See *Quezon Institute, et al. vs. Velasco*, 51 Off. Gaz., 6175.)

In the present case, the record shows—and it is not disputed—that the Espiritu Santo Parochial School is an educational institution which belongs to and is administered by the Archdiocese of the Archbishop of Manila through the parish priest of the Espiritu Santo Church. The maintenance of the school is dependent more on religious and charitable sources than on school fees. As a matter of fact, of the 2,000 students registered in said school, about 40 to 50 per cent are not paying their fees because they come from poor families and cannot afford to pay. The respondent Commission, however, in addition to the above undisputed facts, found that the construction of the parochial school building was financed by loans from banking institutions in the amount of P200,000.00, of which the sum of P130,000.00 was to bear interest; that the loan is to be paid with a monthly amortization of P1,066.00; that the school operates just like other private schools, charging tuition fees, library fees, athletic fees, medical fees, etc., and that it paid an income tax of P400.00 for the previous year (1956) to the Government. The Commission also found that as admitted by herein petitioner there were eighty workers, including the claimant, employed in the construction of the parochial school building and that the petitioner's liability as employer was insured with the Philippine Guaranty Company; From its findings as above set forth, the Commission concluded that the Espiritu Santo Parochial School is "an educational project operating for gain" and therefore an employer within the purview of the Workmen's Compensation Act.

Considering the facts on record, we do not think that the findings of the Commission are sufficient to support its conclusion that the Espiritu Santo Parochial School—, admittedly an educational institution—is a "project operating for gain." There is evidence that the loan of P200,000.00 is being paid more from the church funds of the Espiritu Santo Parish and donations from the parishioners than from any other source. The tax of 1% is a requirement upon all private schools, and petitioner, in paying such tax, is just performing its legal duty. As to the fact that its liability as an employer was insured, we fail to see how this could make petitioner an institution organized for profit subject to the jurisdiction of the Workmen's Compensation Commission. If at all, the insurance policy may be considered as a protection against its possible liability as an employer during the construction of the school building under the new Civil Code or other laws, but not under the Workmen's Compensation Act.

We believe that as an educational institution, the operation and maintenance of which is largely dependent upon charity, the Espiritu Santo Parochial School could not have been created for profit and is therefore not an industrial or business organization. Its situation is, similar to that of San Beda College, University of San Agustin, Cebu Chinese High School and University of Santo Tomas. These institutions of learning have already been held by this Court to be not industrial or business organizations established for gain.[1] It has also been held that the Santo Tomas University Hospital, the Quezon Institute, the Philippine National Red Cross and the Boy Scouts of the Philippines are not industries organized for profit.[2] With greater reason, the Espiritu Santo Parochial School, which appears to be a church property, should be declared as an institution not established for gain within the meaning of the Workmen's Compensation Act and consequently not covered by that Act.

In view of the foregoing, the decision of the Workmen's Compensation Commission complained of is revoked and respondent Jose Habitan's claim for compensation dismissed. Without costs.

Bengzon, Padilla, Montemayor, Bautista Angelo, Labrador, and Endencia, JJ., concur,

[1] See *University of Sari Agustin vs. CIR*, 103 Phil, 926; *San Beda College vs. CIR et al.*, 97 Phil, 787, 51, Off. Gaz., 5636; *Cebu Chinese High School et al. vs. Philippine Land-Air-Sea Labor Union (PLASLU) et al.*, G. R. No. L-12015, April -22, 1959; *University of Santo Tomas vs. Villanueva, etc., et al.*, Supra, p. 439.

[2] See *UST Hospital Association. Sto. Tomas University Hospital*, 95 Phil., 40; *Quezon, Institute, et.al. vs. Velasco*, 97 Phil., 905, 51. Off. Gaz., 6175 *Marcelo vs. Philippine National Red Cross*, 101 Phil., 544; *Boy Scouts of the Philippines vs. Araos*, 102 Phil., 1080.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.