LEGASPI ST. JUDE DRUGSTORE AND ALFREDO ARNULFO RAMOS, PETITIONERS, VS. SARAH A. GUBOT, LALAINE GUBOT AND NATIONAL LABOR RELATIONS COMMISSION, THIRD DIVISION, RESPONDENTS.

Ponente: LOPEZ, J.

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LOPEZ, J.:

Alfredo Arnulfo L. Ramos, proprietor and manager of Legaspi St. Jude Drugstore (Legaspi), hired Sarah Gubot and Lalaine Gubot in May 2003 and April 2007, respectively. In May 2008, Legaspi deducted Php250.00 per month from their salary to serve as cash bond.[1] The amount was increased to Php500.00 in 2009.[2]

On November 8, 2011, Sarah and Lalaine resigned.[3] They asked for the return of their accrued cash bond and payment of 13[th] month pay from Legaspi, but the latter refused to pay despite repeated demands. This prompted Sarah and Lalaine to file separate complaints to recover their money claims.[4] They maintained that the salary deduction was without their consent and that they were not given their 13[th] month pay.[5]

In their Position Paper, Legaspi and Ramos (Petitioners) alleged that the deduction was done with the consent of Sarah and Lalaine. They signed the “Mga Katungkulan at Responsibilidad” providing that the cash bond shall be refunded only after the inventory of their accountabilities and issuance of clearance. Sarah and Lalaine failed to comply with the requisites for reimbursement of their cash bond.[6]

On September 14, 2012, the Labor Arbiter rendered a decision ordering the payment of Sarah and Lalaine's cash bond (withheld wages), 13[th] month pay, moral and exemplary damages and attorney's fees.[7] On appeal,[8] the NLRC affirmed the Labor Arbiter’s findings.[9] Petitioners moved for reconsideration,[10] but to no avail.[11]

In this petition for certiorari, petitioners assail the rulings of the NLRC.[12] They contend that the rulings are not supported by facts and law, and that the deduction for the cash bond is valid since Sarah and Lalaine gave their consent.

This Court resolves to partially grant the petition.

It is not disputed that, from May 2008, petitioners deducted amounts from the salaries of Sarah and Lalaine. The petitioners admitted that the “cash bond is the amount deducted from the employees' salary every month to answer for any loss of cash or products in the store.”[13] They justified that the deduction was with the consent of Sarah and Lalaine.[14] We do not agree.

The consent given by Sarah and Lalaine was subsequent to the deduction. Petitioners already withheld certain amounts from the salaries of Sarah and Lalaine when their consent was acquired. As mentioned, the cash bond was imposed in May 2008, but the alleged consent was given on July 29, 2011.[15] Besides, deductions from wages of employees are prohibited.[16] Under Article 113 of the Labor Code, there are only three exceptions to the general rule that no deductions from the employees' salaries can be made, one of which is when the employer is authorized by law or regulations issued by the Secretary of Labor.[17] Also, Article 114 states that:

> Deposits for loss or damage. No employer shall require his worker to make deposits from which deductions shall be made for the reimbursement of loss of or damage to tools, materials, or equipment supplied by the employer, except when the employer is engaged in such trades, occupations or business where the practice of making deposits is a recognized one, or is necessary or desirable as determined by the Secretary of Labor in appropriate rules or regulations.

In this case, petitioners failed to prove that the imposition of a cash bond falls under the exceptions specified in Articles 113 and 114 of the Labor Code. The posting of cash bonds and its deduction from the wages is undoubtedly an additional burden upon the employees, which must be guarded against.[18] While employers are not absolutely precluded from imposing deductions for cash bonds, they can only do so upon compliance with the requirements of the law.[19] The employer must establish that the deduction is authorized by law, or regulations issued by the Secretary of Labor. The posting of the cash bond must be proven as a recognized practice in the trade or business or, in the alternative, the employer must seek approval from the Secretary of Labor that the management policy sought to be enforced is necessary or desirable in the conduct of the business.[20] Apropos is the observation of the NLRC, to wit:

> Four (4) factors favor recovery of complainant's [Sarah and Lalaine] cash bond: First, complainant's alleged money obligation has not been proven. Second, even if proven, it has not been shown that the same is due and demandable; hence, offsetting cannot be effected. Third, the fund against which offsetting was made was illegally amassed. Fourth, complainants' resignations were accepted by respondents unconditionally.
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> The alleged [quitclaim] agreement cannot have the effect of validating what, at its inception, was an illegal practice, i.e., deductions sans the employee's prior consent and written authorization. xxx
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> xxx
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> xxx [R]espondents [Legaspi and Ramos] knew, or ought to have known, that complainants' consent to the deductions made for the purpose of securing the faithful performance of their obligations was questionable. Deductions were made starting 2008 without their express consent and written authorization. It was only on 29 September 2011 that they were made to sign the “Mga Katungkulang at Responsibilidad” in which they were trapped into giving consent. Respondents' excuse for such belated consent is it was just a formalization of an unwritten company practice. The document was prompted by the irregularities of some employees, or so respondents explain on appeal. Of course, We cannot give acquiescence to this reasoning. Consent, as required by law, is definitely “prior consent”.[21]

All told, Sarah and Lalaine are entitled to the return of their accrued cash bond.

Anent the award for 13[th] month pay, damages and attorney's fees, We maintain the grant of 13[th] month pay but delete the award of moral and exemplary damages, and attorney's fees. It is settled that one who pleads payment has the burden of proving it.[22] The employer must show that the employee has been paid the correct salaries and wages since it has in its possession proof of payment.[23] Petitioners failed to discharge this burden. On the other hand, Sarah and Lalaine did not claim moral and exemplary damages, and attorney's fees in their complaints or position paper, neither did they prove that they are entitled to such damages. Accordingly, no relief may be granted.

In closing, We stress that petitioners failed to establish their allegation of grave abuse of discretion. Where a petition for certiorari under Rules 65 of the Rules of Court alleges grave abuse of discretion, the petitioner should establish that the respondent court or tribunal acted in a capricious, whimsical, arbitrary or despotic manner in the exercise of its jurisdiction as to be equivalent to lack of jurisdiction.[24] Not every error in a proceeding, or every erroneous conclusion of law or of fact, is an act in excess of jurisdiction or an abuse of discretion.[25] This Court may grant a petition when the factual findings complained of are not supported by the evidence on record; when it

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is necessary to prevent a substantial wrong or to do substantial justice; when the findings of the NLRC contradict those of the labor arbiter; and when necessary to arrive at a just decision of the case;[26] these circumstances are not present in this case.

FOR THESE REASONS, the petition is PARTLY GRANTED. The assailed NLRC Decision dated January 31, 2013 is MODIFIED to DELETE the award for moral and exemplary damages, and attorney's fees.

SO ORDERED.

Tijam, N.G., Chairperson and Garcia-Fernandez, JJ., concur.

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[1] Rollo, pp. 6-7 and 169. As per the Position Paper of Legaspi, this cash bond is to answer to any loss of cash or products in the store; id., p. 43.

[2] Ibid.

[3] Id., pp. 32 and 33.

[4] Id., pp. 34 and 35.

[5] Id., pp. 36-38.

[6] Id., pp. 42-48.

[7] Id., pp. 63-66. The Labor Arbiter disposed of the case as follows:

> WHEREFORE, by the foregoing premises, judgment is hereby rendered finding respondent LEGAZPI ST. JUDE DRUGSTORE/ALFREDO ARNULFO L. RAMOS liable, in solidum, for [(]a) withholding of wages of complainant SARAH A. GUBOT for Php19,000.00 and LALAINE A. GUBOT for Php19,250.00; (b) non-payment of 13th month pay for Php18,174.00 (Sarah A. Gubot[)], and Php18,174.00 (Lalaine A. Gubot); (c) moral and exemplary damages for Php50,000.00 each, and attorney's fees of 10% of the total monetary award for Php7,459.80. xxx
>
> SO ORDERED.

[8] Id., pp. 68-91.

[9] Id., pp. 93-101. The dispositive portion of the Decision states:

> WHEREFORE, upon all the foregoing premises, judgment is rendered DISMISSING the instant appeal for lack of merit. The appealed decision is AFFIRMED with the modification that the award of moral and exemplary damages in the amount of Php50,000.00 each is hereby reduced to Php20,000.00 each.
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> SO ORDERED.

[10] Id., pp. 102-107

[11] Id., pp. 109-110. The March 27, 2013 Resolution of the NLRC disposed of as follows:

ACCORDINGLY, respondents' Motion for Reconsideration is hereby DISMISSED for lack of merit.

No further Motion of similar nature shall be entertained.

SO ORDERED.

[12] Id., pp. 3-23. The petition raised the following issues:

> - Whether or not the assailed decision of public respondent is not supported by factual evidence and is void for not complying with requirements of Section 14, Art. VIII of the 1987 Constitution, and whether or not such decision is void and reviewable under Rule 65;
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> - Whether or not the Katungkulan at Responsibilidad is valid and enforceable contract;
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> - Whether or not an employment contract, not impugned by an employee, be rendered invalid by public respondent based on serious doubts and revelation of scheming mind;
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> - Whether or not public respondent can order the release of cash bonds despite the agreement of parties to have a prior clearance procedure;
>
> - Whether or not the award of 13th month pay for 2009 & 2010 has legal and factual basis or adjudicated in grave abuse of discretion amounting to lack or excess of jurisdiction;
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> - Whether or not the award of attorney's fees is justified in this case of adjudicated in grave abuse of discretion amounting to lack or excess of jurisdiction;
>
> - Whether or not the award of moral and exemplary damages is justified in this case or adjudicated in grave abuse of discretion amounting to lack or excess of jurisdiction.

[13] Id., p. 43.

[14] Id., p. 45.

[15] Id., pp. 26-27, 28, 29, 30-31. Four "Mga Katungkulang (sic) at Responsibilidad" were signed by Sarah and Lalaine on the mentioned date, all of which contained the following provision:

> Pinapayagan ko [ang] management na bawasan ang sweldo ko ng cash bond. Anumang nawawala na pera or produkto at dito ibabawas xxx. Sa akin[g] pag-alis sa serbisyo, pagkatapos ng "clearance" at mabawas ang mga ["]accountabilities" ibabalik ng may-ari ang cash bond sa loob ng 90 araw.

[16] Article 1706 of the Civil Code states that "[w]ithholding of the wages, except for debt due, shall not be made by the employer." See also Sections 113 and 116, Labor Code of the Philippines.

[17] Article 113, Labor Code provides:

> Wage deduction. No employer, in his own behalf or in behalf of any person, shall make any deduction from the wages of his employees, except:
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> In cases where the worker is insured with his consent by the employer, and the deduction is to recompense the employer for the amount paid by him as premium on the insurance;
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> For union dues, in cases where the right of the worker or his union to check-off has been recognized by the employer or authorized in writing by the individual worker concerned; and
>
> In cases where the employer is authorized by law or regulations issued by the Secretary of Labor and Employment.

[18] Niña Jewelry Manufacturing of Metal Arts, Inc. (otherwise known as Niña Manufacturing and Metal Arts, Inc.) v. Montecillo, G.R. No. 188169, November 28, 2011.

[19] Id. citing Dentech Manufacturing Corporation, et al. v. NLRC, et al., G.R. No. 81477, April 19, 1989.

[20] Bluer than Blue Joint Ventures Company/Mary Ann Dela Vega v. Esteban, G.R. No. 192582, April 7, 2014 citing Niña Jewelry Manufacturing of Metal Arts, Inc. (otherwise known as Niña Manufacturing and Metal Arts, Inc.) v. Montecillo, supra.

[21] Rollo, p.99.

[22] Basay, et al. v. Hacienda Consolacion, et al., G.R. No. 175532, April 19, 2010 citing Agabon v. NLRC, 2004.

[23] G&M (Phil.), Inc. v. Batomalaque, G.R. No. 151849, June 23, 2005 citing Villar v. NLRC, G.R. No. 130935, May 11, 2000.

[24] Willi Hahn Enterprises and/or Willi Hahn v. Maghuyop, G.R. No. 160348, December 17, 2004.

[25] Malayang Manggagawa ng Stayfast Philippines, Inc. v. NLRC, G.R. No. 155306, August 28, 2013.

[26] Univac Development Inc. v. Soriano, G.R. No. 182072, June 19, 2013.

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