

RODOLFO C. ONDEVILLA, SUBSTITUTED BY HIS SISTER, ROSA C. ONDEVILLA, PETITIONER, VS. COLEGIO DE SAN JUAN DE LETRAN (LAGUNA), AND REV. FR. ARTHUR DINGEL, RESPONDENTS.*G.R. No. 278615, June 29, 2026*

Ponente: HERNANDO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-278615/>**HERNANDO, J.:**

This petition under Rule 45[2] seeks to reverse and set aside the Decision[3] dated August 30, 2024 and the Resolution[4] dated January 23, 2025 of the Court of Appeals (CA) in CA-G.R. SP No. 176765. The CA annulled and set aside the Decision[5] dated March 14, 2022 and the Resolution[6] dated July 27, 2022 of the National Labor Relations Commission (NLRC) insofar as it ruled that Rodolfo C. Ondevilla (Ondevilla) was terminated from employment on July 1, 2018 and was considered retired on August 29, 2019. The appellate court found Colegio de San Juan de Letran in Calamba City, Laguna (CSJL) and Rev. Fr. Arthur Dingel (Dingel; collectively, respondents) guilty of illegal dismissal.

Factual Antecedents

CSJL hired Ondevilla on June 16, 2004 as Comptroller for a period of one year, and renewed for another year. Thereafter, Ondevilla was appointed as Assistant Vice President (AVP) for Finance and Controller effective May 1, 2006. He also concurrently held the position of Acting Internal Auditor effective May 1, 2006 until further revoked. Ondevilla's appointment as AVP for Finance and Controller was successively renewed every three years thereafter, until it expired on June 30, 2018.[7]

In June 2018, a new management took over CSJL and implemented a new organizational structure. On June 29, 2018, Ondevilla was appointed as Controller effective July 1, 2018 to August 29, 2019, but expressed his reservation on the said appointment claiming that it is a demotion in rank, which would result in a substantial reduction in his salaries and benefits.[8]

In a letter dated October 8, 2018, CSJL's Vice President for Administration, Johnny Boy S. Tizon, advised Ondevilla that there is no occasion for him to be demoted in rank since he is a consultant of CSJL and not an organic employee or personnel.[9]

On April 2, 2019, Ondevilla sought clarification regarding the non-application of the Tax Reform for Acceleration and Inclusion (TRAIN) Law to him. On June 21, 2019, Ondevilla also wrote a letter to CSJL's President, Dingel, seeking clarification on his supposed demotion in rank which was allegedly implemented without due process.[10]

In response, Dingel reminded Ondevilla that his appointment as Controller will end on August 29, 2019. Consequently, he requested Ondevilla to begin turning over his functions to the Vice President for Finance and to complete the same by August 29, 2019.[11]

On November 6, 2019, Ondevilla filed a Complaint[12] against CSJL and Dingel for illegal dismissal with prayer

for reinstatement, payment of backwages, holiday pay, service incentive leave pay, with claims for moral and exemplary damages, and attorney's fees. He claimed that he is a regular employee of CSJL as evidenced by his continued appointment to various positions therein as well as his Employee Status and Compensation Profiles,[13] including the HRD Form 37A indicating the regular status of his employment.[14] Ondevilla further averred that as AVP for Finance for more than 12 years, he performed functions which were necessary and desirable to the business of CSJL.[15]

CSJL and Dingel countered that Ondevilla was an independent contractor and not a regular employee for the following reasons: (a) Ondevilla periodically prepared for his own purpose, a document called "Employee Status and Compensation Profile" which contained information on his position, reporting relationships, responsibilities, as well as terms of engagement, compensation and other benefits; (b) Ondevilla worked without CSJL's supervision or control over the manner and means by which he discharged his functions; (c) Ondevilla was exempted from logging in and out, and reported for work only thrice a week or sometimes less; (d) Ondevilla's salary was not within the salary scale of CSJL's regular employees as he received more than twice the salary of their highest paid official and he was also granted other benefits which were not available to CSJL's regular employees; and (e) CSJL did not exercise power of dismissal over Ondevilla because his appointment papers clearly specified the commencement and end date of the contracts.[16] Thus, based on the four-fold test in determining the existence of an employer-employee relationship, Ondevilla was not an employee of CSJL.[17]

Ruling of the Labor Arbiter

After due proceedings, the LA rendered a Decision[18] on October 19, 2020, finding CSJL and Dingel guilty of illegal dismissal. Thus, the LA ordered Ondevilla's reinstatement to his former position, and the payment of backwages, 13[th] and 14[th] month pay, damages, and attorney's fees. Applying the four-fold test, the LA held that CSJL's repeated renewal of Ondevilla's contract for 14 years negated its assertion that Ondevilla was an independent contractor. Moreover, as AVP for Finance, Ondevilla's functions were directly related to the disbursement and use of CSJL's finances. Also telling are Ondevilla's 2005 and 2007 Employee Status and Compensation Profiles which indicated that he was CSJL's regular employee. These documents were recommended for approval by CSJL's vice president for finance and treasurer and duly approved and signed by its rector and president.[19]

Ondevilla's claims for holiday pay, service incentive leave pay, and benefits under the Collective Bargaining Agreement (CBA) were, however, denied by the LA. It also rejected Ondevilla's claim for illegal deductions and underpayment of salaries due to the alleged failure of CSJL to implement the provisions of the TRAIN Law, holding that the said law did not provide a fixed amount of increase in the take-home pay of any employee.[20]

The fallo of the LA Decision reads:

WHEREFORE, premises considered, the complainant Ondevilla is hereby declared as ILLEGALLY DISMISSED and, therefore, he is ordered reinstated to his former position without loss of seniority rights. Respondent Colegio San Juan de Letran-Laguna is also held liable to pay complainant's backwages from the time of his illegal dismissal until his reinstatement. The amount of backwages shall be reckoned from the date of dismissal up to the finality of this Decision, which as of this date is tentatively computed in the amount of Two Million Three Hundred Ninety Eight Thousand Four Hundred Sixty-One Pesos and 24/100 ([PHP] 2,398,461.24) as per attached computation.

Complainant is also awarded moral and exemplary damages and attorney's fees equivalent to 10% of the total monetary award for a total amount of Two Hundred Thirty Nine Thousand Eight Hundred Forty-Six Pesos and 12/100 ([PHP] 239,846.12) as per attached computation.

Other monetary claims are DISMISSED for lack of merit.

SO ORDERED.[21] (Emphasis in the original)

Not satisfied, both parties elevated the case to the NLRC.

Ruling of the National Labor Relations Commission

The NLRC denied both appeals, but modified the LA decision as follows:

WHEREFORE, foregoing premises considered, the appeal of both complainant and respondents are DENIED. However, We MODIFY the Decision of Labor Arbiter Elenita L. Esguerra-Yu dated 19 October 2020 as follows:

1. Computation of complainant's backwages should be reckoned from 1 July 2018, subject to deduction of salaries received from said date until 29 August 2019; and
2. Moral and exemplary damages awarded to complainant should be deleted.

The rest of the Decision STANDS.

SO ORDERED.[22] (Emphasis in the original)

The NLRC upheld the LA ruling that Ondevilla was CSJL's regular employee and that he was constructively dismissed from employment. Ondevilla's demotion to the position of Controller upon the purported expiration of his contract as AVP for Finance substantially reduced his salaries and benefits, resulting in constructive dismissal. However, the NLRC modified the reckoning period of the award for backwages from August 29, 2019 (the expiration date of Ondevilla's contract as Controller) to July 1, 2018 (the date of Ondevilla's demotion to the position of Controller).[23]

As to Ondevilla's insistence that CSJL misapplied the TRAIN Law in withholding his income taxes, the NLRC held that Ondevilla failed to point out the error on the part of CSJL in the computation of his taxes. Lastly, the NLRC found that as a managerial employee, Ondevilla was not entitled to the benefits under the CBA, as well as to his claims for holiday pay, service incentive leave pay, and damages.[24]

CSJL and Dingel moved for reconsideration, which the NLRC granted in part in its Resolution dated July 27, 2022. The NLRC found that Ondevilla was not entitled to salary differentials during the period of demotion as he continued to receive the same salary and benefits as AVP for Finance even after he was appointed as controller. The NLRC nonetheless sustained its finding that Ondevilla was constructively dismissed on July 1, 2018 as his rank, status, and responsibilities were altered and his appointment to the position of controller amounted to a demotion.[25]

In addition, the NLRC acknowledged that Ondevilla was already retired at the end of business hours of August 29, 2019, thus, it deleted the LA's order of reinstatement. In lieu thereof, the NLRC ordered CSJL to pay Ondevilla separation pay computed from June 16, 2004 until August 29, 2019. The NLRC likewise ordered CSJL to pay Ondevilla his retirement pay in accordance with the mandatory grant of retirement benefits under Article 302 of the Labor Code, in the absence of a company retirement plan.[26] The dispositive portion thereof reads:

WHEREFORE, foregoing premises considered, the motion of respondents is PARTIALLY GRANTED. Accordingly, the finding that complainant was illegally dismissed STANDS, but with modification in that the award of backwages is DELETED, and that respondent Colegio De San Juan De Letran (Laguna) is liable to him for separation pay from 16 June 2004 until 29 August 2019 in lieu of reinstatement.

Additionally, Colegio De San Juan De Letran (Laguna) is ordered to pay complainant his retirement pay for the same period of 16 June 2004 until 29 August 2019.

The award of attorney's fees equivalent to ten percent (10%) of the total monetary award STANDS.

SO ORDERED.[27] (Emphasis in the original)

Ondevilla's motion for reconsideration was denied by the NLRC in its Resolution dated October 28, 2022.[28]

Ruling of the Court of Appeals

Ondevilla filed a Petition for Certiorari[29] before the CA, challenging the Decision and the Resolution of the NLRC. The CA granted in part the petition in its assailed Decision, the dispositive portion of which reads:

ACCORDINGLY, the petition is GRANTED IN PART.

The NLRC Decision dated March 14, 2022 and Resolutions dated July 27, 2022 and October 28, 2022 are ANNULLED only insofar as the NLRC ruled that petitioner Rodolfo C. Ondevilla was terminated from employment on July 1, 2018 and was considered retired on August 29, 2019. Instead, petitioner Ondevilla is declared to have been illegally dismissed on August 29, 2019.

Consequently, private respondent Colegio de San Juan de Letran Calamba is ORDERED to pay Ondevilla: (1) full backwages for the period from August 29, 2019 until his optional retirement on July 31, 2020; (2) retirement pay equivalent to one-half month salary for every year of service, a fraction of at least six months being considered one whole year, covering the entire period of petitioner's employment from June 16, 2004 to July 31, 2020; and (3) attorney's fees equivalent to 10% of the total monetary award.

SO ORDERED.[30] (Emphasis in the original)

The appellate court upheld the NLRC's finding that CSJL did not circumvent the TRAIN Law. It rejected for lack of basis Ondevilla's assertion that his take-home pay should have increased. In any case, the issue of taxation of Ondevilla's income is outside the jurisdiction of the labor tribunals.[31]

Moreover, the CA held that the Decision and the Resolution of the NLRC which found Ondevilla as CSJL's regular employee has already attained finality, hence, may no longer be re-litigated in the petition before the appellate court.[32]

The CA ordained that as a managerial employee, Ondevilla was not entitled to the benefits under the CBA sans evidence that there is an established company practice within CSJL extending CBA benefits to managerial employees such as Ondevilla, who by law, are prohibited from joining any labor organization under Article 255 of the Labor Code.[33]

The CA found that Ondevilla was demoted to the position of controller on July 1, 2018. However, such demotion did not amount to a constructive dismissal since Ondevilla continued to work for CSJL and received the same salary and benefits he was receiving as an AVP, despite the fact that he was demoted to the position of controller.[34]

Nonetheless, the appellate court found Ondevilla to have been illegally dismissed from employment starting August 29, 2019, when CSJL deemed his contract as controller expired. It held that under the Labor Code, an employee may retire upon reaching the age of 60 years, but before the compulsory retirement age of 65 years. Thus, when Ondevilla turned 60 years old on August 29, 2019, he had the exclusive prerogative to retire at any time before he reaches the age of 65 years. In this light, the CA sustained Ondevilla's right under the law to optionally retire on July 31, 2020. Considering that CSJL denied Ondevilla's preference to retire on July 31, 2020,

he is deemed to have been illegally dismissed from employment beginning August 29, 2019 until July 31, 2020. Hence, the CA ordered CSJL to pay Ondevilla's full backwages from August 29, 2019 until the date of his optional retirement on July 31, 2020, but without separation pay in lieu of reinstatement, as this has become impossible because of Ondevilla's retirement.[35]

As such, the CA partially granted the petition. It awarded Ondevilla backwages from August 29, 2019 until the date of his optional retirement on July 31, 2020, retirement pay, and attorney's fees as he was forced to litigate to protect his rights. The appellate court did not award separation pay in lieu of reinstatement, and rejected Ondevilla's prayer for damages for his failure to show that his dismissal was attended by bad faith.[36]

Ondevilla moved for reconsideration which the CA denied in a Resolution dated January 23, 2025.

Hence, this Petition.[37]

Petitioner maintains that he is entitled to receive the benefits provided for under the CBA in accordance with the express provisions of his Employee Status and Compensation Profiles.[38] Moreover, contrary to the CA's ratiocination that the issue of taxation of petitioner's income is beyond the jurisdiction of the labor tribunals, petitioner contends that the same falls within the jurisdiction of the labor tribunals as it is a claim for unpaid wages due to the illegal deductions made by CSJL from his supposed compensation.[39] Finally, petitioner argues that the CA erred in concluding that he was optionally retired on July 31, 2020. He claims that the letter dated October 9, 2019, upon which the CA based its conclusion that petitioner opted to retire on July 31, 2020, was never intended to mean that he has elected an optional retirement. Instead, the said letter was a mere response to CSJL's demand for petitioner to pay the cash advance he obtained from CSJL. Petitioner avers that he did not waive his constitutional right to security of tenure. Not having explicitly agreed to an early retirement, he could not have been retired from service before he reached the age of 65 years.[40]

In their Comment/Opposition[41] dated October 8, 2025, respondents seek the outright dismissal of the petition due to several procedural infirmities.[42]

Moreover, respondents maintain that petitioner is not a regular employee of CSJL, hence, not entitled to the benefits under the CBA. Even assuming that he was CSJL's regular employee, he is still not entitled to the benefits granted by the CBA considering that he is a managerial employee.[43] Besides, the Employee Status and Compensation Profiles relied upon by petitioner in claiming the benefits under the CBA are self-serving because the same were prepared by petitioner himself and did not undergo verification by CSJL's Human Resources Department.[44]

Respondents further posit that there was no misapplication of the TRAIN Law in the case of petitioner as his monthly net pay remained at PHP 127,000.00 despite the passage of the said law. Moreover, it is not unlikely to receive the same or reduced take-home pay under the TRAIN law because of the adjusted brackets under the progressive taxation system.[45]

Regarding the retirement issue, respondents aver that it was petitioner who repeatedly insisted that he should be considered retired from service at the end of the school year or on July 31, 2020, following his 60th birthday on August 29, 2019, in accordance with CSJL's policy, and as a matter of practice.[46]

Lastly, respondents counter that petitioner has outstanding payables to CSJL from the loans he obtained during his tenure at CSJL. Such claim was raised by respondents before the labor tribunals but the same was not addressed. According to respondents, this amounts to grave abuse of discretion on the part of the LA and the NLRC. Thus, respondents pray that the Court declare the outstanding loans immediately due and demandable, and that petitioner be held liable for payment therefor.[47]

Our Ruling

The Petition is partly meritorious.

Prefatorily, while a petition for review on certiorari under Rule 45 of the Rules of Court generally precludes Us from resolving factual issues, the instant case falls among the exceptions as the NLRC and the CA were at odds as to their findings.[48]

Moreover, the Court deems it necessary to resolve the case on the merits despite petitioner's procedural lapses, considering the apparent merit of the Petition.

The Court must keep stock of the principle that in labor cases, rules of procedure should not be applied in a very rigid and technical sense; they are mere tools designed to facilitate the attainment of justice. Where their strict application would result in the frustration rather than promotion of substantial justice, technicalities must be avoided. In other words, where the ends of substantial justice shall be better served, the application of technical rules of procedure may be relaxed.[49]

Petitioner is not entitled to the benefits provided under the CBA

It is an indisputable fact that petitioner was a managerial employee of CSJL and, as such, he is not entitled to the benefits exclusively granted to the rank-and-file employees. It must be remembered that Article 255 (formerly, Article 245) of the Labor Code bars managerial employees from joining the collective bargaining unit of rank-and-file employees. Managerial employees cannot be allowed to share in the concessions obtained by the labor union through collective negotiation. Otherwise, they would be exposed to the temptation of colluding with the union during the negotiations to the detriment of the employer.[50] An exception to this prohibition is when the employer extends the CBA benefits to the managerial employee as a matter of policy or established practice.[51]

To be considered a company practice, the giving of the benefits should have been done over a long period of time, and must be shown to have been consistent and deliberate. The test or rationale of this rule on long practice requires an indubitable showing that the employer agreed to continue giving the benefits knowing fully well that said employees are not covered by the law requiring payment thereof.[52]

In this case, We agree with the CA that petitioner failed to present substantial evidence to prove that there is an established company practice in CSJL extending CBA benefits to managerial employees. He did not even adduce any documentary evidence to show that he indeed received the said benefits during his tenure with CSJL.

Petitioner heavily relies on the Employee Status and Compensation Profiles issued to him to prove his entitlement to the benefits under the CBA. The said employee profiles stated that he shall be entitled to "Other benefits – as prescribed (institutional and CBA)." However, there is simply no way of determining what these benefits are, and whether the same extend to non-union members like him because the records of the case do not bear any copy of the said CBA. In the absence of evidence to this effect, the general rule is that, managerial employees are not entitled to CBA benefits in accordance with Article 255 of the Labor Code. Thus, the NLRC correctly held:

While said employee profiles indeed state the same, it may not be allowed for the obvious reason that he may not be unjustly enriched of something he is not even entitled to. Petitioner is not only particularly excluded by the law in receiving holiday pay and service incentive leave pay; he, given his position, is likewise particularly prohibited from joining any labor organization.

It would, thus, be highly absurd if he is allowed to collect benefits negotiated by the recognized organization/s in CSJL, of which he is not even a member. Moreover, it would be the height of unethical disposition to benefit from the negotiations worked on by said organization/s, from which he oppositely sat at the table, so to speak, in his capacity as AVP for Finance.[53]

Besides, if petitioner truly believed that he was entitled to receive the CBA benefits, he should have invoked the same at the earliest opportunity. Being the AVP for Finance, he was in a position to make demands upon CSJL. This he failed to do. It was only when his employment was on the brink of termination that he raised this. It only goes to show that he was aware from the beginning that he was not entitled to the benefits under the CBA.

Jurisdiction of labor tribunals is limited to labor disputes

Petitioner insists that the issue of taxation of his income is within the jurisdiction of the labor tribunals as it is a claim for unpaid wages due to the illegal deductions made by CSJL from his supposed compensation. In fact, petitioner emphasized in the present petition he is seeking a refund of the taxes that should have been his salary.

The petitioner is mistaken.

In *Victoria Manufacturing Corporation Employees Union v. Victoria Manufacturing Corporation*,[54] the Court echoed its pronouncement in *Honda Cars Philippines, Inc. v. Honda Cars Technical Specialist and Supervisors Union*[55] that the withholding of tax from employees' salaries is governed by the Tax Code. Accordingly, disputes involving the propriety or legality of withholding should be submitted to the Commissioner of Internal Revenue, the administrative body vested with the power to interpret tax laws, and not the Voluntary Arbitrators, or in this case, the LA and the NLRC, whose jurisdiction is limited to labor disputes. After all, quasi-judicial bodies only possess jurisdiction over matters that are conferred upon them by their enabling statutes.[56]

Petitioner himself admitted and even emphasized in the present petition that he is seeking a refund of the taxes that should have been his salary.[57] In this regard, the Court has this to say:

On the other hand, if the union disputes the withholding of tax and desires a refund of the withheld tax, it should have filed an administrative claim for refund with the CIR. Paragraph 2, Section 4 of the [Tax Code] expressly vests the CIR original jurisdiction over refunds of internal revenue taxes, fees or other charges, penalties imposed in relation thereto, or other tax matters.[58]

Petitioner's reliance in the 2008 case of *Santos v. Servier Philippines, Inc.*,[59] is misplaced. In *Santos*, the main issue is whether the retirement benefits of Santos are taxable. The Court ruled in the affirmative. In so ruling, the Court referred to the elements laid down in *Intercontinental Broadcasting Corporation (IBC) v. Amarilla*,[60] that should be present in order for retirement benefits to be exempt from withholding tax. Applying *Intercontinental* in *Santos*, the Court found that one of the elements was missing. Hence, the deduction made by Santos's employer from her retirement benefits for taxation purposes was not illegal. Given that the question could be easily resolved by applying the existing jurisprudence on the matter, the Court held in *Santos* that the issue of deduction for tax purposes is intertwined with the main issue of whether Santos's benefits have been fully given her.

Distinguished from *Santos*, herein petitioner argues that with the effectivity of the TRAIN Law, his withholding tax should have been decreased, and consequently, his net take-home pay increased. Evidently, the issue involves a question on the accuracy of the withholding tax deducted by CSJL from petitioner's salary pursuant to the TRAIN Law. It pertains to a question of law on the application of the TRAIN Law. This issue is clearly a tax matter which is beyond the competence of the labor tribunals.

Petitioner did not expressly agree to an early retirement, hence, cannot be considered retired from the service before he reached the age of 65 years

Anent the issue of optional retirement, petitioner argues that he did not retire on July 31, 2020, and that the CA misinterpreted his October 9, 2019 letter. Petitioner now emphasizes that he did not expressly agree to an early retirement at CSJL.

On this score, We find for petitioner.

In the absence of a retirement plan, Article 302 (formerly, Article 287) of the Labor Code, as amended by Republic Act No. 7641 or the New Retirement Pay Law, governs his retirement as an employee in the private sector.[61] The applicable provision of law states:

ARTICLE 302. [287] Retirement. — Any employee may be retired upon reaching the retirement age established in the collective bargaining agreement or other applicable employment contract.

In case of retirement, the employee shall be entitled to receive such retirement benefits as he may have earned under existing laws and any collective bargaining agreement and other agreements: provided, however, that an employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided herein.

In the absence of a retirement plan or agreement plan providing for retirement benefits of employees in the establishment, an employee upon reaching the age of sixty (60) years or more, but not beyond sixty five (65) years which is hereby declared as the compulsory retirement age, who has served at least five (5) years in the said establishment, may retire and shall be entitled to retirement pay equivalent to at least one-half (1/2) month salary for every year of service, a fraction of at least six (6) months being considered as one whole year.

Unless the parties provide for broader inclusions, the term one-half (1/2) month salary shall mean fifteen (15) days plus one-twelfth (1/12) of the 13th month pay and the cash equivalent of not more than five (5) days of service incentive leaves. (Emphasis supplied)

Undoubtedly, under this provision, the retirement age is primarily determined by the existing agreement or employment contract. By its express language, the Labor Code permits employers and employees to fix the applicable retirement age at below 60 years. Absent such an agreement, the retirement age shall be that fixed by law, and the above-cited law mandates that the compulsory retirement age is 65 years, while the minimum age for optional retirement is set at 60 years.[62]

In this case, the CA ruled that petitioner has optionally retired on July 31, 2020 as per his letter dated October 29, 2019, wherein he allegedly opted to retire at the end of the school year of 2020. The said letter, albeit not attached to the petition, was repeatedly quoted by petitioner in his appeal before the NLRC[63] and the petition before this Court,[64] and even confirmed by respondents in their Comment/Opposition.[65] The pertinent portion of which reads:

2. The cash advance amounting to [PHP] 2,387,000.00 is a cash advance amount [sic] which was approved by the previous management and approved because they know that as a regular employee[,] the undersigned is entitled to retirement pay. After effecting demotion [sic] without due process, your management suddenly declares the undersigned a consultant. Illegally dismissed via your letter dated August 13, 2019, and on August 15, 2019, through your law office, communicated that the undersigned is not entitled to retirement pay. And now a letter coming from you again [sic] asking to settle the account? Thank you very much, but I demand immediate reinstatement and have this amount settled where it was advanced [sic] and at its proper effective date which falls on July 31, 2020, the end of the school year.[66]

Based on the foregoing letter, the CA concluded that petitioner elected to retire on July 31, 2020. Thus, it considered him optionally retired as of July 31, 2020.

We do not agree.

Settled is the rule that an employee in the private sector who did not expressly agree to an early retirement cannot be retired from the service before he reaches the age of 65 years. "Acceptance by the employee of an early retirement age option must be explicit, voluntary, free and uncompelled." [67]

A cursory reading of petitioner's October 29, 2019 letter will readily reveal that it is not an express notice to CSJL of petitioner's option to retire on July 31, 2020. Rather, it was a response to CSJL's demand for payment of the cash advance obtained by petitioner from CSJL. Notably, there was no offer or proposal at all coming from CSJL for petitioner's retirement plan upon which petitioner was free to accept or decline. Neither was there any indication that the management was willing to discuss his retirement. On the contrary, the tenor of petitioner's October 29, 2019 letter shows that CSJL reiterated that petitioner was not entitled to retirement benefits because he was a consultant and not a regular employee.

Thus, contrary to the CA's finding that petitioner elected to retire on July 31, 2020, a plain reading of the CA Decision shows that their ruling on petitioner's optional retirement was only by implication. At the risk of sounding repetitive, jurisprudence ordains that a retirement plan involving optional retirement requires the explicit, voluntary, free, and uncompelled consent of the employee.

To the Court's mind, petitioner, faced with the ordeal of losing his employment, had no choice but to invoke the company's practice to retire its employees by the end of the school year, if only to prolong his tenure. However, this cannot be interpreted to mean that he has explicitly expressed his conformity to his optional retirement. Furthermore, petitioner's objections to being retired early, as well as the filing of the complaint for illegal dismissal, negate his alleged intention to optionally retire before reaching the age of 65 years. [68]

Given that petitioner's early retirement age option involved conceding the constitutional right to security of tenure, the law demands more than a passive acquiescence on his part. Retirement is the result of a bilateral act of the parties, a voluntary agreement between the employer and the employee whereby the latter, after reaching a certain age, agrees to sever his or her employment with the former. [69]

In the instant case, petitioner's early retirement arose not from a bilateral act between him and CSJL. In fact, there was no proposal for a retirement plan, but an illegal dismissal in the guise of expiration of employment contract.

As this Court held in *Laya, Jr. v. Philippine Veterans Bank*, [70] "[a]lthough the employer could be free to impose a retirement age lower than 65 years for as long as its employees consented, the retirement of the employee whose intent to retire was not clearly established, or whose retirement was involuntary is to be treated as a discharge." [71]

Considering the foregoing, there can be no other conclusion than that petitioner was illegally dismissed. Jurisprudence teaches that an unjustly dismissed employee is entitled to the following: (a) reinstatement without loss of seniority rights and other privileges, or in lieu thereof, separation pay equivalent to one month pay for every year of service, with a fraction of at least six months considered as one whole year, from the time of the employee's illegal dismissal up to the finality of the judgment; and (b) full backwages inclusive of allowances and other benefits or their monetary equivalent computed from the time compensation was not paid to the time of his or her actual reinstatement. [72]

Thus, petitioner is entitled to full backwages computed from August 29, 2019—the date when he was illegally

dismissed—until his compulsory retirement age of 65 years on August 29, 2024.

As for reinstatement, while it is a normal consequence of illegal dismissal, where reinstatement, however, is no longer viable as an option, separation pay equivalent to one month pay for every year of service should be awarded as an alternative. The payment of separation pay is in addition to the payment of backwages.[73]

In its assailed Decision and Resolution, the CA did not award separation pay in lieu of reinstatement, citing the 2024 case of *Sampana v. The Maritime Training Center of the Philippines*[74] where the Court's Second Division held that Sampana's reinstatement had become impossible due to his having reached the compulsory age of retirement. In view thereof, the Court did not award separation pay in favor of Sampana.

However, in the 2018 case of *Laya, Jr.*, the Court En Banc granted Laya, Jr. separation pay in lieu of reinstatement considering that his reinstatement was no longer feasible because of his having reached the compulsory retirement age of 65 years during the pendency of the case.

Concededly, between the two cases, Sampana is the later ruling. Nonetheless, it bears stressing that Laya, Jr. is an en banc case while Sampana was rendered by the Court's second division. Hence, Laya, Jr. prevails over Sampana pursuant to Article VIII of the 1987 Constitution which explicitly provides that "no doctrine or principle of law laid down by the court in a decision rendered en banc or in division may be modified or reversed except by the court sitting en banc." As such, petitioner should be granted separation pay given that his reinstatement is no longer feasible because of his having meanwhile reached the compulsory retirement age of 65 years by August 29, 2024. This ruling is also more in keeping with the long-standing doctrine that in illegal dismissal cases, separation pay in lieu of actual reinstatement should be awarded if reinstatement is no longer viable.

In addition, petitioner is entitled to attorney's fees equivalent to 10% of the total monetary award. The facts clearly show that the dismissal was constructive and illegal. Because of the illegal acts committed by the employer, the employee was forced to litigate and, thus, incurred expenses to protect his rights and interest; the award of attorney's fees is legally and morally justifiable.[75]

The total monetary award shall earn legal interest of 6% per annum from August 29, 2019 until full satisfaction.[76]

Petitioner is entitled to retirement benefits under the Labor Code

As it is already settled that petitioner was a regular employee of CSJL since June 16, 2004 until his termination on August 29, 2019, the Court ordains that petitioner is entitled to retirement benefits under Article 302 [287] of the Labor Code.

Retirement benefits are a form of reward for an employee's loyalty and service to an employer and are earned under existing laws, collective bargaining agreements, employment contracts, and company policies.[77]

Article 302 [287] of the Labor Code, as amended by Republic Act No. 7641 provides for two types of retirements, namely: (1) optional retirement at age 60; and (2) compulsory retirement at age 65. The law does not make any distinction as for the grant of retirement benefits in either case. In both cases, the retirement benefit is equivalent to ½ month salary for every year of service, the ½ month being computed at 22.5 days provided the employee has worked with his or her employer for at least five years prior to retirement.[78]

Here, petitioner, during the pendency of the case, turned 65 years old on August 29, 2024 and reached the compulsory age of retirement. At the time he was illegally dismissed on August 29, 2019, he had been employed

with CSJL for 15 years already. Evidently, he complied with the requirements of age and tenure for retirement under Article 302 [287] of the Labor Code, as amended.

In fine, there is a need to remand the case to the labor arbiter for the computation of the total monetary award and retirement benefits due petitioner.

Respondents are not entitled to their claim for payment of petitioner's alleged outstanding loans as the same was not raised as an issue before the labor tribunals

Meanwhile, We reject respondents' prayer for this Court to declare the alleged outstanding loans of petitioner immediately due and demandable, and to order the petitioner, through his substitute, for the payment therefor, for being belatedly raised on appeal. Respondents claim that this issue was invoked and proved before the NLRC, but the labor tribunal failed to address the same. A perusal of the records, however, reveals that the issue of petitioner's personal loans were invoked by respondents only to support its claim that petitioner was not a regular employee of CSJL as he enjoyed other benefits that were never granted to CSJL's regular employees such as the grant of huge amounts of loans.[79] In fact, it was not even included in the prayer in respondent's Memorandum of Appeal before the NLRC.[80]

In *Regala v. Manila Hotel Corporation*,[81] the Court reiterated the well-settled rule that "[p]oints of law, theories, issues and arguments not brought to the attention of the lower court [...] need not be considered by a reviewing court, as they cannot be raised for the first time at that late stage. Basic considerations of fairness and due process impel this rule." [82]

Moreover, jurisprudence teaches that:

Matters, theories or arguments not submitted before the trial court cannot be considered for the first time on appeal or certiorari. When a party adopts a certain theory in the court below, he will not be permitted to change his theory on appeal for to permit him to do so would not only be unfair to the other party but it would also be offensive to the basic rules of fair play, justice and due process. Hence, a party is bound by the theory he adopts and by the cause of action he stands on and cannot be permitted after having lost thereon to repudiate his theory and cause of action and adopt another and seek to re-litigate the matter anew either in the same forum or on appeal.[83] (Citations omitted)

We have also previously ruled that "courts of justice have no jurisdiction or power to decide a question not in issue. Thus, a judgment that goes beyond the issues and purports to adjudicate something on which the court did not hear the parties, is not only irregular but also extrajudicial and invalid. The rule rests on the fundamental tenets of fair play." [84]

Thus, this Court cannot simply permit respondents to raise a new issue or change their theory on appeal as these would offend the basic rules of fair play, justice and due process.[85] Verily, if the relief sought is the payment of a certain sum of money, the complaint must be filed before the court on which the law bestows the power to grant money judgments of that amount.

The Court has been informed of petitioner's untimely demise on May 24, 2025 through a Manifestation with Motion for Substitution dated September 23, 2025. In keeping with the peculiar nature of a complaint for illegal dismissal, the rule is that in case any of the parties to a complaint for illegal dismissal dies during the pendency of such proceedings, he or she may be substituted by his or her heirs.[86] This perspective is embodied in the present NLRC Rules of Procedure, thus:

RULE V
PROCEEDINGS BEFORE LABOR ARBITERS

....

SECTION 20. DEATH OF PARTIES. – In case any of the parties dies during the pendency of the proceedings, such party may be substituted by the heirs. Enforcement of a final and executory judgment obtained by any of the parties shall be in accordance with Section 12, Rule XI of these Rules. (As amended by En Banc Resolution No. 09-25, Series of 2025)

Considering that petitioner died during the pendency of the present petition, the monetary award shall accrue to his estate.

FOR THESE REASONS, the Petition is PARTLY GRANTED.

The Decision dated August 30, 2024 and the Resolution dated January 23, 2025 of the Court of Appeals in CA-G.R. SP No. 176765 are ANNULLED only insofar as the Court of Appeals ruled that petitioner has optionally retired on July 31, 2020. Instead, petitioner Rodolfo C. Ondevilla is DECLARED to have mandatorily retired on August 29, 2024 when he turned 65 years old.

Consequently, Colegio De San Juan De Letran (Laguna) is ORDERED to PAY to the estate of the late petitioner Rodolfo C. Ondevilla the following:

(1)

Full backwages computed from August 29, 2019 up to August 29, 2024;

(2)

Separation pay, in lieu of reinstatement, from June 16, 2004 up to August 29, 2024, equivalent to one month pay for every year of service;

(3)

Retirement benefits under Article 302 [287] of the Labor Code reckoned from June 16, 2004 up to August 29, 2024; and

(4)

Attorney's fees equivalent to 10% of the total monetary award;

The total monetary award shall earn legal interest at the rate of 6% per annum from August 29, 2019 until fully paid.

The case is REMANDED to the arbitration branch a quo for the computation of the total monetary award.

SO ORDERED.

Gesmundo, C.J. (Chairperson), Zalameda, Rosario, and Marquez, JJ., concur.

[1] The National Labor Relations Commission is dropped as a party-respondent pursuant to Rule 45 of the Rules of Court.

[2] Rollo, pp. 10-21.

[3] Id. at 22-44. The August 30, 2024 Decision in CA-G.R. SP No. 176765 was penned by Associate Justice

Pablito A. Perez and concurred in by Associate Justices Lorenza R. Bordios, and Maximo M. De Leon of the Special Fifteenth Division, Court of Appeals, Manila.

[4] Id. at 45-47. The January 23, 2025 Resolution in CA-G.R. SP No. 176765 was penned by Associate Justice Pablito A. Perez and concurred in by Associate Justices Lorenza R. Bordios, and Maximo M. De Leon of the Former Special Fifteenth Division, Court of Appeals, Manila.

[5] Id. at 48-80. The March 14, 2022 Decision in NLRC LAC No. 01-000204-21 was penned by Presiding Commissioner Grace E. Maniquiz-Tan and concurred in by Commissioners Gina F. Cenit-Escoto and Agnes Alexis L. de Grano of the Special Fifth Division, National Labor Relations Commission, Quezon City.

[6] Id. at 82-95. The July 27, 2022 Resolution in NLRC LAC No. 01-000204-21 was penned by Presiding Commissioner Grace E. Maniquiz-Tan and concurred in by Commissioners Gina F. Cenit-Escoto and Agnes Alexis L. de Grano of the Special Fifth Division, National Labor Relations Commission, Quezon City.

[7] Id. at 23.

[8] Id. at 24.

[9] Id.

[10] Id.

[11] Id.

[12] Id. at 22.

[13] Id. at 142-156.

[14] Id. at 24-25.

[15] Id. at 25.

[16] Id. at 25-26.

[17] Id. at 27.

[18] Id. at 210-226. The October 19, 2020 Decision in NLRC Case No. RAB-IV-11-01987-19-L was penned by Labor Arbiter Elenita L. Esguerra-Yu of the Regional Arbitration Branch No. IV, National Labor Relations Commission, Calamba, Laguna.

[19] Id. at 27-28.

[20] Id. at 28.

[21] Id. at 225-226.

[22] Id. at 79-80.

[23] Id. at 29.

[24] Id. at 30.

[25] Id. at 84-93.

[26] Id.

[27] Id. a 94.

[28] Id. at 31.

[29] Id. at 187-197.

[30] Id. at 43.

[31] Id. at 33-34.

[32] Id. at 34.

[33] Id.

[34] Id. at 36-38.

[35] Id. at 38-42.

[36] Id. at 43.

[37] Id. at 10-21.

[38] Id. at 14- 15.

[39] Id. at 16-17.

[40] Id. at 17-19.

[41] Id. at 583-609.

[42] Id. at 592-595.

[43] Id. at 596-598.

[44] Id. at 598-599.

[45] Id. at 600-602.

[46] Id. at 602-604.

[47] Id. at 604-605.

[48] *Manalo v. TNS Philippines Inc.*, 748 Phil. 838, 844-845 (2014) [Per J. Mendoza, Second Division].

[49] *Reliable Industrial and Commercial Security Agency, Inc. v. Court of Appeals*, 910 Phil. 65, 72-73 (2021) [Per J. Lazaro-Javier, First Division].

[50] *Limcoma Labor Organization (LLO)-PLAC v. Limcoma Multi-Purpose Coop.*, 916 Phil. 725, 734 (2021) [Per J. Gaerlan, Second Division].

[51] See *Societe Internationale De Telecommunications Aeronautiques (SITA) v. Huliganga*, 839 Phil. 62, 70-71 (2018) [Per J. Peralta, First Division].

[52] Id. at 71-72. (Citation omitted)

[53] Rollo, p. 78. (Citation omitted)

[54] 857 Phil. 673, 682 (2019) [Per J. Reyes, A., Jr., Third Division].

[55] 747 Phil. 542, 549 (2014) [Per J. Brion, Second Division].

[56] *Victoria Manufacturing Corporation Employees Union v. Victoria Manufacturing Corporation*, 857 Phil. 673,

683 (2019) [Per J. Reyes, A., Jr., Third Division].

[57] Rollo, p. 16.

[58] Honda Cars Philippines, Inc. v. Honda Cars Technical Specialist and Supervisors Union, 747 Phil. 542, 550 (2014) [Per J. Brion, Second Division].

[59] 593 Phil. 133, 144 (2008) [Per J. Nachura, Third Division].

[60] 536 Phil. 548, 561 (2006) [Per J. Callejo, Sr., First Division].

[61] Pulong v. Super Manufacturing, Inc., 865 Phil. 95 (2019) [Per J. Lazaro-Javier, Second Division].

[62] Manila Hotel Corporation v. De Leon, 836 Phil. 595, 609-610 (2018) [Per J. Tijam, First Division].

[63] Rollo, p. 492.

[64] Id. at 17.

[65] Id. at 602.

[66] Id. at 17.

[67] Manila Hotel Corporation v. De Leon, 836 Phil. 595, 614-615 (2018) [Per J. Tijam, First Division]. (Citations omitted)

[68] Id. at 613.

[69] Id. at 615. (Citations omitted)

[70] 823 Phil. 302 (2018) [Per J. Bersamin, En Banc].

[71] Id. at 341. (Citations omitted)

[72] Agapito v. Aeroplus Multi-Services, Inc., 922 Phil. 619, 631 (2022) [Per J. Lazaro-Javier, Third Division].

[73] Id. at 632.

[74] 951 Phil. 583, 601 (2024) [Per J. Lazaro-Javier, Second Division].

[75] Id. at 601-602.

[76] Laya, Jr. v. Philippine Veterans Bank, 823 Phil. 302, 342 (2018) [Per J. Bersamin, En Banc]; Nacar v. Gallery Frames, 716 Phil. 267, 283 (2013) [Per J. Peralta, En Banc].

[77] Sampana v. The Maritime Center of the Philippines, 951 Phil. 583, 602-603 (2024) (Per J. Lazaro-Javier, Second Division).

[78] Id. at 603.

[79] Rollo, p. 476.

[80] Id. at 509-510.

[81] 887 Phil. 1 (2020) [Per J. Hernando, Second Division].

[82] Id. at 1-2.

[83] Dr. Huang v. Philippine Hoteliers, Inc., 700 Phil. 327, 357 (2012) [Per J. Perez, Second Division].

[84] Catungal v. Rodriguez, 661 Phil. 484, 504 (2011) [Per J. Leonardo-De Castro, First Division]. (Citation omitted)

[85] Regala v. Manila Hotel Corporation, 887 Phil. 1, 24 (2020) [Per J. Hernando, Second Division].

[86] Nedira v. NJ World Corporation, 932 Phil. 196, 216 (2022) [Per C.J. Gesmundo, En Banc].

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