

Republic of the Philippines
Supreme Court
Manila

EN BANC

RE: EXPENSES OF
RETIREMENT OF COURT
OF APPEALS JUSTICES.

A.M. No. 19-02-03-CA

Present:

PERALTA, *C.J.*,
PERLAS-BERNABE,
LEONEN,
CAGUIOA,
REYES, A. JR.,
GESMUNDO,
REYES, J. JR.,*
HERNANDO,
CARANDANG,**
LAZARO-JAVIER,
INTING,
ZALAMEDA,
LOPEZ,
DELOS SANTOS, and
GAERLAN, *JJ.*

Promulgated:
February 11, 2020

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RESOLUTION

HERNANDO, J.:

In its June 25, 2019 Resolution in the present Administrative Matter, the Court approved the increase in the allocated retirement program budget of the Court of Appeals, thus:

WHEREFORE, the Court resolves to **GRANT**,
effective on July 1, 2019, the request of the Court of Appeals,

* On leave.

** On special leave.

- a) For a retiring Presiding Justice – not to exceed **ONE MILLION FIVE HUNDRED THOUSAND PESOS (₱1,500,000.00)**; and
- b) For a retiring Associate Justice – not to exceed **ONE MILLION TWO HUNDRED THOUSAND PESOS (₱1,200,000.00)**.

Thereafter, during a meeting held on September 3, 2019, the Court of Tax Appeals (CTA) *En Banc* approved *En Banc* Resolution No. 4-2019, pertinent parts of which read:

WHEREAS, Section 1 of Republic Act No. 1125, as amended, provides that the Court of Tax Appeals shall be of the same level as the Court of Appeals and its Presiding Justice and Associate Justices shall have the same salary, emoluments and other privileges, and enjoy the same retirement and other benefits as those provided for under existing laws for the Presiding Justice and Associate Justices of the Court of Appeals;

WHEREAS, after considering the Court's retirement program budget vis-à-vis the Resolution promulgated on June 25, 2019 in A.M. No. 19-02-03-CA, (Re: Expenses of Retirement of Court of Appeals Justices), the Court *En Banc* found it reasonable to seek the application of the aforequoted policy on retirement program budget to the Court of Tax Appeals, being of the same level as the Court of Appeals;

NOW, THEREFORE, the Court *En Banc* **RESOLVES**, as it is hereby **RESOLVED**, to **REQUEST** the Honorable Supreme Court to apply the policy on retirement program budget laid down in the Resolution promulgated on June 25, 2019 in A.M. No. 19-02-03-CA (Re: Expenses of Retirement of Court of Appeals Justices) to the Court of Tax Appeals consistent with the aforementioned Section 1 of Republic Act No. 1125, as amended.¹

Through a letter dated September 4, 2019, CTA Presiding Justice Roman G. Del Rosario (Del Rosario) transmitted a copy of CTA *En Banc* Resolution No. 4-2019, to this Court and expressed his and the CTA Associate Justices' hope that their request will merit the kind consideration and approval of this Court *En Banc*.

The Court, in its September 24, 2019 Resolution, referred CTA Presiding Justice Del Rosario's aforementioned letter, together with CTA *En Banc* Resolution No. 4-2019, to the Fiscal Management and Budget Office (FMBO) for comment.

In another letter dated January 8, 2020 to this Court, thru Chief Justice Diosdado M. Peralta, CTA Presiding Justice Del Rosario reiterated the CTA's request for the application to the tax court of the policy on retirement

¹ Temporary *rollo*.

program budget laid down in this Court's June 25, 2019 Resolution. He also stressed in the same letter that CTA Associate Justices Cielito N. Mindaro-Grulla and Esperanza R. Fabon-Victorino will be retiring in June and August of this year, respectively; and to ensure timely procurement, the CTA needs to finalize their retirement programs based on the corresponding budgets therefor.

In the meantime, Atty. Corazon G. Ferrer-Flores (Ferrer-Flores), Deputy Clerk of Court and Chief, FMBO, submitted to the Court her Comment dated December 16, 2019 on CTA Presiding Justice Del Rosario's letter dated September 4, 2019 and CTA *En Banc* Resolution No. 4-2019. Essentially, she reasoned that the CTA and the Sandiganbayan are now of the same level as the Court of Appeals, and for consistency and uniformity, it would be appropriate to apply the approved retirement program budget of the Court of Appeals to the CTA and the Sandiganbayan. Consequently, she made the following recommendations:

IN VIEW OF THE FOREGOING, we respectfully recommend that the budget allocated for the retirement program of the Presiding Justice and Associate Justice of the Court of Appeals be applied to the *Sandiganbayan* and the Court of Tax Appeals, chargeable against their respective savings from their regular appropriations and subject further to availability of funds, as follows:

- 1) For a retiring Presiding Justice, or in case of vacancy, a retiring Acting Presiding Justice – not to exceed **ONE MILLION FIVE HUNDRED THOUSAND PESOS (₱1,500,000.00)**; and
- 2) For a retiring Associate Justice – not to exceed **ONE MILLION TWO HUNDRED THOUSAND PESOS (₱1,200,000.00)**.²

After a judicious review of CTA *En Banc* Resolution No. 4-2019, together with Atty. Ferrer-Flores' Comment, the Court finds no sufficient basis and merit to grant the increase in the retirement program budget of the CTA as well as of the Sandiganbayan.

It is conceded that the CTA and the Sandiganbayan are of the same rank and level as the Court of Appeals.

Initially, upon the creation of the CTA on June 16, 1954 by virtue of Republic Act (R.A.) No. 1125,³ it was a specialized court of limited jurisdiction with the same rank as the Court of Industrial Relations (CIR), which, in turn, was of equal rank as the then Courts of First Instance⁴ (CFIs). As this Court had previously recounted:

² Temporary *rollo*, Atty. Ferrer-Flores' Comment dated December 16, 2019.

³ An Act Creating the Court of Tax Appeals.

⁴ Now the Regional Trial Courts.

The CTA was created by R.A. No. 1125 in 1954. The CTA's standing in the hierarchy of courts in our jurisdiction, before its elevation to a collegiate tribunal by virtue of R.A. No. 9282, was that of a specialized court of limited jurisdiction. It was not at the same level as the [Court of Appeals], since its decisions may be appealed thereto, and it was not also a trial court. Under Section 1 of R.A. No. 1125, the Presiding Judge of the CTA had the same qualifications, rank, category and privileges as the Presiding Judge of the Court of Industrial Relations (CIR) while the Associate Judge of the CTA had the same qualifications, rank, category and privileges of a member of the CIR. In *Kaisahan ng mga Manggagawa sa La Campana v. Hon. Caluag*, the CIR was equal in rank with the Courts of First Instance. x x x⁵

With the enactment of R.A. No. 9282⁶ on March 30, 2004, the CTA was elevated to a collegiate court with special jurisdiction and of the same level as the Court of Appeals. Section 1 of R.A. No. 1125, as amended by R.A. No. 9282, now provides:

SECTION 1. *Court; Justices; Qualifications; Salary; Tenure.* — There is hereby created a Court of Tax Appeals (CTA) which shall be of the **same level as the Court of Appeals**, possessing all the inherent powers of a Court of Justice, and shall consist of a Presiding Justice and five (5) Associate Justices. The incumbent Presiding Judge and Associate Judges shall continue in office and bear the new titles of Presiding Justice and Associate Justices. The Presiding Justice and the most Senior Associate Justice shall serve as chairmen of the two (2) Divisions. The additional three (3) Justices and succeeding members of the Court shall be appointed by the President upon nomination by the Judicial and Bar Council. The Presiding Justice shall be so designated in his appointment, and the Associate Justices shall have precedence according to the date of their respective appointments, or when the appointments of two (2) or more of them shall bear the same date, according to the order in which their appointments were issued by the President. **They shall have the same qualifications, rank, category, salary, emoluments and other privileges, be subject to the same inhibitions and disqualifications, and enjoy the same retirement and other benefits as those provided for under existing laws for the Presiding Justice and Associate Justices of the Court of Appeals.**

Whenever the salaries of the Presiding Justice and the Associate Justices of the Court of Appeals are increased, such increases in salaries shall be deemed correspondingly extended to and enjoyed by the Presiding Justice and Associate Justices of the CTA.

⁵ Re: (a) Request of Assistant Court Administrators for Upgrading of Their Rank, Salary and Privileges Upon Effectivity of Republic Act No. 9282 Elevating the Court of Tax Appeals and (b) Grant of Special Distortion Allowance to Positions in the Judiciary with Rank of Judges of Metropolitan Trial Courts, Assistant Clerk of Court of the Court of Appeals and Division Clerks of Court of the Court of Appeals, 528 Phil. 13, 25 (2006).

⁶ An Act Expanding the Jurisdiction of the Court of Tax Appeals (CTA), Elevating Its Rank to the Level of a Collegiate Court with Special Jurisdiction and Enlarging Its Membership, Amending for the Purpose Certain Sections of Republic Act No. 1125, as Amended, Otherwise Known as the Law Creating the Court of Tax Appeals, and for Other Purposes.

The Presiding Justice and Associate Justices shall hold office during good behavior, until they reach the age of seventy (70), or become incapacitated to discharge the duties of their office, unless sooner removed for the same causes and in the same manner provided by law for members of the judiciary of equivalent rank.⁷ (Emphases supplied.)

In the same way, when it was first created by virtue of Presidential Decree (P.D.) No. 1486⁸ on June 11, 1978, the Sandiganbayan was a special court of equal rank as the CFIs. P.D. No. 1606⁹ was issued shortly thereafter on December 10, 1978 which declared the Sandiganbayan as a special court of the same level as the Court of Appeals. For reference, Section 1 of said presidential issuance is reproduced in full hereunder:

SECTION 1. *Sandiganbayan, Composition; Qualifications; Tenure; Removal and Composition.* — **A special court, of the same level as the Court of Appeals** and possessing all the inherent powers of a court of justice, to be known as the Sandiganbayan is hereby created composed of a Presiding Justice and eight Associate Justices who shall be appointed by the President.

The Presiding Justice and the Associate Justices shall not be removed from office except on impeachment upon the grounds and in the manner provided for in Sections 2, 3 and 4 of Article XIII of the 1973 Constitution.

The Presiding Justice shall receive an annual compensation of P60,000.00 and each Associate Justice P55,000.00 which shall not be diminished during their continuance in office. **They shall have the same rank, privileges and other emoluments, be subject to the same inhibitions and disqualifications, and enjoy the same retirement and other benefits as those provided for under existing laws of the Presiding Justice and Associate Justices of the Court of Appeals.**

Whenever the salaries of the Presiding Justice and the Associate Justices of the Court of Appeals are increased, such increases in salaries shall be correspondingly extended to and enjoyed by the Presiding Justice and the Associate Justices of the Sandiganbayan.

They shall hold office until they reach the age of 65 years or become incapacitated to discharge the duties of their office. (Emphases supplied.)

⁷ R.A. No. 9503 (An Act Enlarging the Organizational Structure of the Court of Tax Appeals, Amending for the Purpose Certain Sections of the Law Creating the Court of Tax Appeals, and for Other Purposes), subsequently enacted on June 12, 2008, increased the composition of the CTA to one Presiding Justice and eight Associate Justices to sit *En Banc* or in three Divisions with three Justices each.

⁸ Creating a Special Court to Be Known as "Sandiganbayan" and for Other Purposes.

⁹ Revising Presidential Decree No. 1486 Creating a Special Court to Be Known as "Sandiganbayan" and for Other Purposes.

While the composition and organization of the Sandiganbayan had been amended by legislation through the years,¹⁰ it remains to be of the same level as the Court of Appeals.

Notably, the aforequoted statutory provisions expressly state that the Presiding Justices and Associate Justices of the CTA and the Sandiganbayan shall have the same rank, salary, privileges, and emoluments; be subject to the same inhibitions and disqualifications; and enjoy the same retirement and other benefits provided under existing laws as the Presiding Justice and Associate Justices of the Court of Appeals. They additionally prescribe that any increase in the salaries of the Presiding Justice and Associate Justices of the Court of Appeals shall be extended to and enjoyed by the Presiding Justices and Associate Justices of the CTA and the Sandiganbayan.

Nevertheless, it bears to point out that the retirement program budgets of retiring Justices of collegiate courts are not expressly provided under any law. They are not part of the “retirement and other benefits” to which the statutes pertain, *viz.*, pensions, lump sums, and survivorship.¹¹ Such retirement program budgets are more in the nature of administrative expenses which are allotted by the collegiate courts, with the approval of this Court *En Banc*, to their respective retiring members in order to recognize and celebrate the latter’s service and contribution to the Judiciary, in particular, and the public, in general. There being no explicit statutory mandate that the Justices of the collegiate courts are entitled to retirement program budgets, then, there is also no basis for them to legally demand that such budgets be equal across collegiate courts of the same rank or level.

¹⁰ By virtue of R.A. No. 7975 (An Act to Strengthen the Functional and Structural Organization of the Sandiganbayan, Amending for that Purpose Presidential Decree No. 1606, as Amended) dated March 30, 1995 and R.A. No. 8249 (An Act Further Defining the Jurisdiction of the Sandiganbayan, Amending for the Purpose Presidential Decree No. 1606 as Amended, Providing Funds Therefor, and for Other Purposes) dated February 5, 1997, the composition of the anti-graft court was increased to one Presiding Justice and 14 Associate Justices who would sit in five Divisions of three Justices each. R.A. No. 7975 though provided that the first three Divisions would be stationed in Manila, the fourth Division would be in Cebu City for cases coming from Visayas, and the fifth Division would be in Cagayan De Oro City for cases coming from Mindanao. Eventually, R.A. No. 10660 (An Act Strengthening Further the Functional and Structural Organization of the Sandiganbayan, Further Amending Presidential Decree No. 1606, as Amended, and Appropriating Funds Therefor), enacted on April 16, 2015, indirectly increased the composition of the Sandiganbayan to one Presiding Justice and 20 Associate Justices by providing that it shall sit in seven Divisions of three Members each.

¹¹ See R.A. No. 910 (An Act to Provide for the Retirement of Justices of the Supreme Court and the Court of Appeals, for the Enforcement of the Provisions Hereof by the Government Service Insurance System, and to Repeal Commonwealth Act Numbered Five Hundred and Thirty-Six); R.A. No. 2614 (An Act to Amend Sections One, Two, Three, Four, Five and Six of Republic Act Numbered Nine Hundred and Ten as Amended by Republic Act Numbered One Thousand Fifty Seven, Entitled “An Act to Provide for the Retirement of Justices of the Supreme Court and of the Court of Appeals, for Enforcement of the Provisions Hereof by the Government Service Insurance System, and to Repeal Commonwealth Act Numbered Five Hundred and Thirty-Six,” to Make Its Provisions Applicable to Judges of the Courts of Agrarian Relations, Industrial Relations, Tax Appeals, First Instance, and Juvenile and Domestic Relations Courts, and for Other Purposes); R.A. No. 9227 (An Act Granting Additional Compensation in the Form of Special Allowances for Justices, Judges and All Other Positions in the Judiciary with the Equivalent Rank of Justices of the Court of Appeals and Judges of the Regional Trial Court, and for Other Purposes); and R.A. No. 9946 (An Act Granting Additional Retirement, Survivorship, and other Benefits to Members of the Judiciary, Amending for the Purpose Republic Act No. 910, as Amended, Providing Funds Therefor and for Other Purposes).

The retirement program budgets of Justices of collegiate courts are subject to the discretion and approval of this Court, as part of its constitutional power of administrative supervision over all courts and personnel thereof.¹² In the exercise of such discretion, the Court takes into consideration several factors, such as, but not limited to, the established or actual costs of the items and activities which are part of the retirement program, the number of employees of the collegiate court, the period of time since the last increase in the retirement program budget, and the availability of funds.

Based on Atty. Ferrer-Flores' Comment, the current retirement program budgets of the various collegiate courts are as follows:

SUPREME COURT (Increased per September 25, 2019 Resolution in A.M. No. 18-09-13-SC)	COURT OF APPEALS (Increased per June 25, 2019 Resolution in A.M. No. 19-02-03-CA)	CTA	SANDIGANBAYAN
Chief Justice ₱2,200,000.00 (+ 10% yearly increase)	Presiding Justice ₱1,500,000.00	Presiding Justice ₱650,000.00	Presiding Justice ₱450,000.00
Associate Justices ₱2,000,000.00 (+ 10% yearly increase)	Associate Justices ₱1,200,000.00	Associate Justices ₱650,000.00	Associate Justices ₱450,000.00

Atty. Ferrer-Flores further observed in her Comment that the retirement program budgets of the CTA and the Sandiganbayan are presently much lower than that of the Court of Appeals, following the significant increase in the latter granted by this Court in the June 25, 2019 Resolution.

Relevant herein is the following rationalization of the Court in the said June 25, 2019 Resolution granting the increase in the retirement program budgets of the retiring Presiding Justice and Associate Justices of the Court of Appeals:

Per the Chief of the Fiscal Management and Budget Division of the Court of Appeals, the increased retirement program budget for the retiring Presiding or Associate Justice will cover his/her (a) luncheon/dinner reception; (b) judicial tokens; (c) miscellaneous expenses of the *En Banc* Special Session; (d) souvenir for guests; and (e) food stubs for employees. Given that the Sandiganbayan, with 421 employees, has a retirement program budget of Four Hundred Fifty Thousand Pesos (PhP450,000.00) for each of its retiring Presiding or Associate Justice; and the CTA, with 271 employees, has a retirement program budget of Six Hundred Fifty Thousand Pesos (PhP650,000.00) for each of its retiring

¹² Article VIII, Section 6 of the 1987 Constitution.

Presiding or Associate Justice, it is justifiable that the Court of Appeals, with 1,660 employees (four and six times more than those in the Sandiganbayan and the CTA, respectively) will need a higher retirement program budget for its retiring Presiding or Associate Justice compared to the two other courts.

It is apparent from the foregoing that the major reason as to why the Court granted the increase in the retirement program budgets of the retiring Presiding Justice and Associate Justices of the Court of Appeals is the number of employees of the said appellate court, which necessarily affects the total cost of the retirement program that includes "food stubs for employees." Previous to the Court's June 25, 2019 Resolution, the Justices of the CTA and the Sandiganbayan had significantly higher retirement program budgets than those of the Court of Appeals even though they had less number of employees than the latter. In fact, even with the increase in the retirement program budgets of the retiring Presiding Justice and Associate Justices of the Court of Appeals, these are still lower when computed on a per-employee basis when compared to those of the retiring Justices of the CTA and the Sandiganbayan, as the table below demonstrates:

COLLEGIATE COURT	RETIREMENT PROGRAM BUDGET	NO. OF EMPLOYEES	BUDGET PER EMPLOYEE
Court of Appeals (Presiding Justice)	₱1,500,000.00	1,660	₱903.61
Court of Appeals (Associate Justices)	₱1,200,000.00	1,660	₱722.89
CTA (Presiding and Associate Justices)	₱650,000.00	271	₱2,398.52
Sandiganbayan (Presiding and Associate Justices)	₱450,000.00	421	₱1,068.88

It is also worthy to stress that the Sandiganbayan, which has a lower retirement program budget for its retiring Justices than the CTA despite having more employees than the tax court, has not actually requested for an increase of its said budget.

Moreover, other than invoking in its *En Banc* Resolution No. 4-2019 its equal level with the Court of Appeals, the CTA failed to present proof of any need for the increase in the retirement program budgets of its retiring Justices, as well as a certification from its appropriate fiscal officers on the availability of funds to cover the requested increase.

According to Atty. Ferrer-Flores, the retirement program budget of the CTA covers the retirement activities and expenses of its retiring Justices, which may include, but are not necessarily limited to the following:

- 1) Tokens like the Philippine flag, CTA flag, CTA ring, judicial robe, brass shingle, Book of Decisions, photobook, and portrait;
- 2) Catering services at the retirement ceremony;
- 3) Photo/video documentation for the retirement ceremony;
- 4) Light and sound system rental for the retirement ceremony;
- 5) Entertainers for the retirement ceremony;
- 6) Souvenirs; and
- 7) Testimonial breakfast/recognition.¹³

Granted that the costs for the aforementioned retirement items and activities had risen through the years due to inflation, there is no showing that these are substantial enough to warrant a corresponding 54% and 43% increases in the retirement program budgets of the CTA Presiding Justice and Associate Justices, respectively.

WHEREFORE, the Court resolves as follows:

(a) To **NOTE** Atty. Ferrer-Flores' Comment dated December 16, 2019 on CTA Presiding Justice Del Rosario's letter dated September 4, 2019 and CTA *En Banc* Resolution No. 4-2019;

(b) To **NOTE** CTA Presiding Justice Del Rosario's letter dated January 8, 2020 reiterating the request of the CTA in its *En Banc* Resolution No. 4-2019; and

(c) To **DENY** for lack of merit the request of the CTA in its *En Banc* Resolution No. 4-2019 to extend and apply to the tax court the increased allocated retirement budget of the Court of Appeals in this Court's June 25, 2019 Resolution.

¹³ *Supra* note 2.

SO ORDERED.




RAMON PAUL L. HERNANDO
Associate Justice

WE CONCUR:



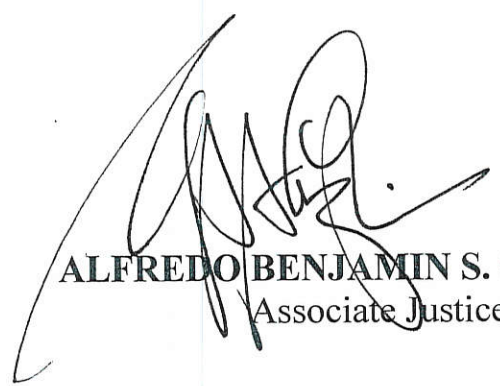
DIOSDADO M. PERALTA
Chief Justice



ESTELA M. PERLAS-BERNABE
Associate Justice




MARVIC M.V.F. LEONEN
Associate Justice



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice



ANDRES B. REYES, JR.
Associate Justice




ALEXANDER G. GESMUNDO
Associate Justice

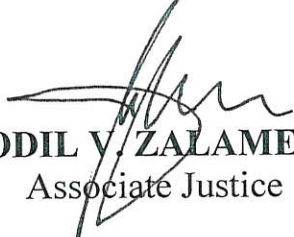
On leave
JOSE C. REYES, JR.
Associate Justice

On special leave


ROSMARI D. CARANDANG
Associate Justice


AMY C. LAZARO-JAVIER
Associate Justice


HENRI JEAN PAUL B. INTING
Associate Justice


RODIL V. ZALAMEDA
Associate Justice


MARIO V. LOPEZ
Associate Justice


EDGARDO L. DELOS SANTOS
Associate Justice


SAMUEL H. GAERLAN
Associate Justice