REPUBLIC OF THE PHILIPPINES
SUPREME COURT
Manila

SECOND DIVISION

NOTICE

Sirs/Mesdames:

Please take notice that the Court, Second Division, issued a Resolution dated **16 June 2021** *which reads as follows*:

"G.R. No. 246256 ***(Hyatt Taxi Services, Inc., Tai Taxi Services, Inc., Prime Taxi Services, Inc., WMJJ Taxi Services, Inc., Cesar Lee, Lydia Mercader, Viola Jhessa Virata,*** *and* ***Michael Lee*** *v.* ***Salvador F. Rull, Jr., Esmeraldo A. Mahilum, Jr., Teoddy O. Sumido,*** *and* ***Leo C. Mundala).*** — This resolves the Petition for Review on *Certiorari*[1] under Rule 45 of the Revised Rules of Court, questioning the Decision[2] dated September 28, 2018 and Resolution[3] dated March 26, 2019 of the Court of Appeals (CA) in CA-G.R. SP No. 153226.

The present petition spawned from the complaint for constructive dismissal with money claims filed by respondents Salvador F. Rull, Jr. (Rull), Esmeraldo A. Mahilum, Jr. (Mahilum), Teoddy O. Sumido (Sumido), and Leo C. Mundala (Mundala) against petitioners Hyatt Taxi Services, Inc. (Hyatt), Tai Taxi Services, Inc. (Tai), Prime Taxi Services, Inc. (Prime), WMJJ Taxi Services, Inc. (WMJJ), and their corporate officers.[4]

Respondents were all petitioners' taxi drivers, who alleged that they had separate altercations[5] with petitioner-corporations' executive assistant, Lydia

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1 *Rollo*, pp. 36-58.

2 Id. at 9-26. Penned by Justice Priscilla J. Baltazar-Padilla (now a retired Associate Justice of this Court), with the concurrence of Associate Justices Victoria Isabel A. Paredes and Marie Christine Azcarraga-Jacob.

3 Id. at 28-34.

4 Id. at 10-13.

5 Id. Rull alleged that when he figured into an accident, he was made to pay the labor costs of the repair of his taxi unit on top of the cost of repairs that he had already paid because his taxi unit was not insured. Because of his failure to heed, he was denied access to his taxi unit and was demoted to being a waitlisted driver. As for Mahilum, he made an unsolicited remark about the company's two-way radio, which earned the ire of Mercader, who threw curses at him and even threw his boundary money at his

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Mercader (Mercader). They all alleged that such conflict resulted in a hostile environment at work to the point that they were constrained to look for another employment. Respondents also asserted that petitioners let them shoulder the following deductions without their written authorization: (a) ₱70.00 per driver for every tour of duty to defray the cost of the purchase and installation of the two-way radio system beginning January 2000; (b) ₱50.00 per driver per shift day to defray the cost of the Denzo air conditioner installed in the old taxi units beginning the year 2004; (c) ₱150.00 per driver per shift day to cover the LPG calibration beginning the year 2006; (d) ₱100.00 per driver per shift day to cover the cost of recalibrating their meters beginning the year 2009; (e) ₱50.00 per shift day for those who were driving new taxi units for installation of antennae repeaters in the year 2014; and (f) ₱30.00 representing daily cash bonds to cover deficiencies in boundary and cost of necessary repairs of their taxi units.[6] Hence, they claim for the reimbursement of the illegal deductions.

For their part, petitioners averred that on different dates, respondents voluntarily abandoned their work. Notices and letters were allegedly sent to them to explain their absences, but were ignored. Hence, in 2016, respondents were served with termination letters on the ground of abandonment of work. Petitioners also claimed that respondents agreed on the deductions as part of the boundary system.[7]

In a Decision[8] dated February 13, 2017, the labor arbiter found no evidence to support respondents' claim of constructive dismissal, and that there was nothing illegal with regard to the deductions as these were beneficial to both the drivers and the management, and as agreed upon by the parties, thus:

> WHEREFORE, premises considered, the instant case is hereby ordered DISMISSED.
>
> All other claims of [respondents] are hereby denied for lack of merit.
>
> SO ORDERED.[9]

Respondents appealed to the National Labor Relations Commission (NLRC). In a Decision[10] dated June 14, 2017, the NLRC found that neither claim for abandonment of work nor constructive dismissal was substantiated. Rather, as evidenced by the termination letters, respondents were dismissed without just cause. As to the deductions, the NLRC ruled that all of them,

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face. Mahilum alleged that Mercader made sure that he felt unwelcome at work thereafter. For his part, Mundala alleged that when he questioned Mercader about her use of his taxi unit, Mercader stripped him of his two-way radio and denied access to their terminal. Lastly, Sumido alleged that when he refused to sign a document that he did not understand, Mercader took his taxi unit's key and ordered him to never come back to the garage.

6 Id. at 13-14.

7 Id. at 14-15.

8 Id. at 217-231. Penned by Labor Arbiter Patricio P. Libo-on.

9 Id. at 231.

10 Id. at 232-255. Penned by Commissioner Dolores M. Peralta-Beley, with the concurrence of Presiding Commissioner Grace E. Maniquiz-Tan; Commissioner Mercedes R. Posada-Lacap, took no part.

whether beneficial to respondents or not, were made in violation of the guidelines for legally acceptable deductions laid down in the Labor Code. Thus, the NLRC issued a new ruling as follows:

> **WHEREFORE**, premises considered, [respondents'] Appeal is hereby **GRANTED**. The Decision of Labor Arbiter Patricio P. Libo-on dated February 13, 2017 is hereby **REVERSED** and **SET ASIDE**. A new one is rendered finding [respondents Rull, Mahilum, Sumido, and Mundala] to have been actually and illegally dismissed, and declaring [petitioners] liable to pay [respondents] backwages and separation pay, in lieu of reinstatement. [Petitioners] are likewise ordered to reimburse [respondents] of the illegal deductions made against them, and to pay them attorney's fees equivalent to ten percent (10%) of the total monetary awards. All other claims are **DENIED** for lack of merit.
>
> The computation of [respondents'] monetary awards is attached as Annex "A," forming an integral part of this Decision.
>
> **SO ORDERED**.[11] (Emphases in the original.)

Petitioners then, filed a motion for reconsideration (MR), insisting on the validity of respondents' dismissal on the ground of abandonment of work.[12] They also reiterated their averment that the deductions were either in the nature of adjustments or separate fees, which were all proposed by respondents themselves.[13] In addition, petitioners questioned their adjudged solidary liability, specifically with regard to the liability of Hyatt's subsidiaries (Tai, Prime, and WMJJ), and their corporate officers.[14] Lastly, petitioners contended that even if the claims on the deductions were valid, they should be limited to three (3) years before the filing of the complaint since those corresponding to previous years were already deemed waived pursuant to the prescriptive period under Article 291, now Article 306,[15] of the Labor Code.[16]

In a Resolution[17] dated August 14, 2017, the NLRC affirmed its ruling on the illegality of respondents' dismissal, but modified the computation of the monetary awards to be limited to three (3) years in accordance with Article 291, now Article 306,[18] of the Labor Code. Also, for failure of the respondents to prove employer-employee relationship with Tai, Prime, and WMJJ, the

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11 Id. at 251-252.
12 Id. at 258.
13 Id. at 259.
14 Id. at 260.
15 ART. 306 [291]. **Money Claims**. – All money claims arising from employer-employee relations accruing during the effectivity of this Code shall be filed within three (3) years from the time the cause of action accrued; otherwise, they shall be forever barred. Presidential Decree (PD) No. 442, Amended and Renumbered, Department Advisory No. 01 dated July 21, 2015.

x x x x

16 *Rollo*, p. 259.
17 Id. at 257-265. Penned by Commissioner Dolores M. Peralta-Beley, with the concurrence of Presiding Commissioner Grace E. Maniquiz-Tan; Commissioner Mercedes R. Posada-Lacap, took no part.
18 *Supra* note 15.

NLRC limited the liability to Hyatt alone. The corporate officers were likewise absolved from liability for lack of bad faith. The NLRC disposed as follows:

> **WHEREFORE**, premises considered, the Motion for Reconsideration of [petitioners] is hereby **PARTIALLY GRANTED**.
>
> Our Decision dated June 14, 2017 is **MODIFIED** in that: (a) the computation of [respondents'] monetary awards is limited to three (3) years prior to the filing of the complaint, and (b) [petitioners Tai, Prime, and WMJJ], Cezar Lee, [Mercader], Viola Jhessa Virata[,] and Michael Lee are declared not solidarily liable with [petitioner] company Hyatt Taxi Services, Inc. for [respondents'] monetary awards.
>
> All other dispositions **STAY**.
>
> The recomputation of [respondents'] monetary awards is attached as Annex "A."
>
> **SO ORDERED**.[19]

Notably, only the respondents came before the CA, through a petition for *certiorari* under Rule 65, to partially challenge the NLRC's Resolution dated August 14, 2017. Respondents imputed grave abuse of discretion on the part of the NLRC in taking cognizance of petitioners' argument, which was raised for the first time on MR, that there was no employer-employee relationship between respondents and petitioners Tai, Prime, and WMJJ. Respondents also questioned the prescription of their money claims which were beyond three years.[20] In their Comment, petitioners argued for the outright dismissal of the petition for respondents' failure to file an MR.[21]

In its assailed Decision[22] dated September 28, 2018, the CA took cognizance of the petition, finding futility on requiring respondents to file an MR. Further, on the grounds of fair play, justice, and due process, the CA found that the NLRC committed grave abuse of discretion when it took cognizance of petitioners' argument as to the non-existence of employer-employee relationship between respondents' and the subsidiary corporations, which was raised for the first time on their MR. Besides, the CA observed that petitioners have admitted the existence of employer-employee relationship between respondents and Tai, Prime, and WMJJ. As to the illegal deductions, the CA held that the NLRC correctly applied the three-year prescriptive period to the claims for the two-way radio system, Denzo air-conditioning system, LPG calibration, meter calibration, and installation of antennae repeaters. The cash bonds, on the other hand, cannot be subjected to the prescriptive period. The CA explained that unlike the fees deducted from respondents' wages to pay for the two-way radio system, Denzo air-conditioning system, LPG

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19 *Rollo*, pp. 260-261.
20 Id. at 17.
21 Id.
22 Id. at 9-26.

calibration, meter calibration, and installation of antennae repeaters, the cash bonds were merely security deposits retained by petitioners to cover future boundary deficiencies. In other words, these deposited amounts remained to be respondents' own money and part of their daily wages. They cannot be considered as illegal deductions, which are covered by the three-year prescriptive period. Lastly, the CA imposed the legal interest of 6% *per annum* upon the monetary awards, thus:

> **WHEREFORE**, the instant petition is hereby **PARTIALLY GRANTED**.
>
> The Decision of the National Labor Relations Commission dated June 14, 2017 is **REINSTATED** with modification in that [petitioner] corporations shall fully reimburse [respondents] their respective cash bond.
>
> The rest of the June 14, 2017 Decision **STANDS** except that portion making the [petitioner] officers solidarily liable with [petitioner] corporations for [respondents'] monetary awards. Only [petitioner] corporations shall be held answerable therefor.
>
> Further, interest at the rate of six percent (6%) per annum shall be imposed on the monetary awards from [the] date of finality of this Decision until full payment.
>
> The present case is hereby **REMANDED** to the concerned Labor Arbiter for proper computation.
>
> **SO ORDERED**.[23] (Emphases in the original.)

This time, both parties filed their respective MRs. Respondents' partial MR questioned again the application of the prescriptive period on their monetary claims.[24] On the other hand, petitioners' MR raised the following issues:

> I. The [CA] erred when it did not dismiss the petition for failure of [respondents] to file [an MR] of the August 14, 2017 Resolution of the NLRC.
>
> II. The [CA] erred in ruling that [respondents] did not voluntarily abandon their work.
>
> III. The [CA] erred in ruling that the deductions imposed on top of the agreed boundaries are illegal and barred by prescription.
>
> IV. The [CA] erred in sustaining the decision of the [NLRC] awarding the amount of [₱]1,000.00 as daily earnings of the [respondents].
>
> V. The [CA] erred when it held that the [petitioners] TAI, WMJJ, and [Prime] were solidarily liable for its judgment awards in favor of the [respondents].[25]

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23 Id. at 25-26.
24 Id. at 29.
25 Id. at 29-30.

The CA denied both MRs, affirming its ruling on the futility of requiring the filing of an MR, on the deductions, and on the solidary liability of petitioner-corporations. The CA, however, ruled that the other issues raised by petitioners cannot be passed upon for the first time on MR. We quote the pertinent portions of the CA Resolution dated March 26, 2019:

> **In the extant case, it was only the [respondents] who questioned the NLRC ruling via the extant petition for [*certiorari*]. [Petitioners] did not. As such, only those issues which were raised in the present petition can be passed upon by this Court. All other matters passed upon by the NLRC which were not included in this petition already attained finality and are conclusively binding on the parties.**
>
> **Consequently, issues that were not the subject of the petition for [*certiorari*] cannot be raised in [an MR]. It is well-settled that the purpose of [an MR] is to point out the findings and conclusions of the decision which in the movant's view, are not supported by law or the evidence. The movant is, therefore, very often confined to the amplification or further discussion of the same issues already passed upon by the court. Otherwise, his remedy would not be a reconsideration of the decision by a new trial or some other remedy.**
>
> There were only two issues raised by [respondents] in their petition for [*certiorari*], to wit: 1) the NLRC gravely abused its discretion when it took cognizance of the argument of [petitioners], raised for the first time in their [MR], that there was no employer-employee relationship between [respondents] and Tai, Prime[,] and WMJJ; and 2) the NLRC gravely abused [its] discretion when it limited their monetary claims, specifically, reimbursement of cash bond and other deductions x x x, to three years prior to the filing of the complaint. Thus, the present [MRs] should only deal with these two issues.
>
> A reading of [petitioners' MR] will show that they are in effect, challenging through their [MR] the rulings of the NLRC which they were not able to question for their failure to file a petition for [*certiorari*]. This cannot be countenanced. The issues raised by [petitioners] are as follows: 1) [respondents] were not illegally dismissed and are not entitled to backwages or separation pay as they have voluntarily abandoned their work; and 2) [respondents] are not entitled to reimbursement of their monetary claims as the same were deducted with their consent. **These were already put to rest when the NLRC's rulings regarding these issues were not controverted by [petitioners]. Hence, the same can no longer be raised in [an MR].**
>
> x x x x
>
> **WHEREFORE**, the subject Motions for Reconsideration are hereby **DENIED**.
>
> **SO ORDERED.**[26] (Citation omitted and emphases supplied.)

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[26] Id. at 33-34.

Hence, this petition, wherein petitioners, again, raised the substantive issues on: (1) the illegality of respondents' dismissal; (2) the non-existence of employer-employee relationship between respondents and Tai, Prime, and WMJJ; and (3) the illegality of the deductions.[27]

RULING

The petition is devoid of merit.

It is important, at the outset, to be reminded of this Court's limited scope of inquiry in reviewing the CA's Decision and Resolution in labor cases. We have consistently ruled that in a Rule 45 review of labor cases from the CA, we are constricted with deciding whether the CA correctly determined the presence or absence of grave abuse of discretion in the NLRC decision or resolution before it, and not whether the NLRC disposition on the merits of the case was correct.[28] In *Montoya v. Transmed Manila Corp./Mr. Ellena*,[29] we have drawn fine our limited scope of judicial review in this wise:

> x x x. In a Rule 45 review, we consider the correctness of the assailed CA decision, in contrast with the review for jurisdictional error that we undertake under Rule 65. Furthermore, Rule 45 limits us to the review of questions of law raised against the assailed CA decision. **In ruling for legal correctness, we have to view the CA decision in the same context that the petition for *certiorari* it ruled upon was presented to it; we have to examine the CA decision from the prism of whether it correctly determined the presence or absence of grave abuse of discretion in the NLRC decision before it, not on the basis of whether the NLRC decision on the merits of the case was correct. In other words, we have to be keenly aware that the CA undertook a Rule 65 review, not a review on appeal, of the NLRC decision challenged before it.** This is the approach that should be basic in a Rule 45 review of a CA ruling in a labor case. x x x.[30] (Emphasis supplied and citations omitted.)

Guided by this basic precept, we shall now resolve whether the CA erred in its determination of grave abuse of discretion on the part of the NLRC.

Illegal Dismissal.

To recall, it was only respondents who filed a petition for *certiorari* before the CA to question the NLRC's Resolution dated June 14, 2017. For obvious reasons, the NLRC's ruling on the illegality of respondents' dismissal was not raised in the petition. Neither did petitioners raise this issue in their Comment to the petition. It was only on MR of the CA Decision when petitioners brought this issue up. Rule 65[31] of the Revised Rules of Court and our

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27 Id. at 42.

28 *Gabriel v. Petron Corporation*, 829 Phil. 454, 461 (2018).

29 613 Phil. 696 (2009); See also *Bugtoisan v. OWI Group Manila*, 825 Phil. 764, 774-775 (2018); and *Gabriel v. Petron Corporation*, *supra* note 28.

30 *Montoya v. Transmed Manila Corp./Mr. Ellena*, *supra* note 29, at 706-707.

31 SEC. 1. *Petition for certiorari.* - When any tribunal, board or officer exercising judicial or quasi-judicial functions has acted without or in excess of its or his jurisdiction, or with grave abuse of discretion

jurisprudence are clear in this regard. *Certiorari* proceedings are limited in scope and narrow in character because they only correct acts rendered without, or in excess of jurisdiction, or with grave abuse of discretion.[32] The supervisory jurisdiction of a court over the issuance of a writ of *certiorari* cannot be exercised for the purpose of reviewing the intrinsic correctness of a judgment of the lower court – on the basis either of the law or the facts of the case, or of the wisdom or legal soundness of the decision.[33] Thus, any matter of concern before the CA should be raised as an error on the part of the NLRC to strengthen the claim of abuse of discretion. That is to say, any unraised matter is outside the CA's scope of review on *certiorari*. The CA is not given unbridled discretion to modify factual findings of the labor tribunal, especially when such matters have not been assigned as errors nor raised in the pleadings.[34] This is in line with the rule under our present labor laws that NLRC decisions are actually unappealable,[35] and may be questioned only through the special civil action of *certiorari* on grounds of jurisdictional error and grave abuse of discretion.[36] We hold, therefore, that the CA unerringly refrained from resolving issues which were not raised by the parties in the petition for *certiorari*.[37]

Corollary, absent the CA's determination that the NLRC acted with grave abuse of discretion as regards the illegal dismissal issue, the Court is likewise precluded from doing an independent review of such factual matter. At this point, the factual findings of the NLRC on that particular issue are deemed conclusive and binding even on this Court.[38]

Employer-Employee Relationship.

In the same vein, we find no reason to depart from the CA's conclusion with regard to Tai, Prime, and WMJJ's solidary liability with Hyatt.

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amounting to lack or excess of jurisdiction, and there is no appeal, or any plain, speedy, and adequate remedy in the ordinary course of law, a person aggrieved thereby may file a verified petition in the proper court, alleging the facts with certainty and praying that judgment be rendered annulling or modifying the proceedings of such tribunal, board or officer, and granting such incidental reliefs as law and justice may require.

x x x x

32 *Gabriel v. Petron Corporation*, *supra* at 460.

33 *Bugaoisan v. OWI Group Manila*, *supra* note 29, at 775.

34 Id. at 776-777.

35 ART. 229 [223]. **Appeal.** – x x x

x x x x

The decision of the Commission shall be final and executory after ten (10) calendar days from receipt thereof by the parties. PD NO. 442, Amended and Renumbered, Department Advisory No. 01 dated July 21, 2015, PD No. 442. Amended and Renumbered Advisory No. 1 dated July 21, 2015.

x x x x

36 See *Gabriel v. Petron Corporation*, *supra* note 28, at 460-461; and *St. Martin Funeral Home v. NLRC*, 356 Phil. 811, 818-819 (1998).

37 See *Bugaoisan v. OWI Group Manila*, *supra*.

38 See id. at 777.

Petitioners argue that no employer-employee relationship existed between respondents and the corporations. Hence, they claim that these corporations cannot be held solidarily liable for the judgment award. The CA, however, aptly observed that this argument was never raised before the labor arbiter or the NLRC at the earliest opportune time except on MR. Basic principles of fair play and justice dictate that those issues not raised below cannot be raised for the first time on appeal, or on MR. Parties cannot be allowed to raise such substantive matters at the late stage of the proceedings because of the necessity to admit and calibrate evidence for its resolution.[39] Thus, the CA did not err in ruling that the NLRC committed grave abuse of discretion in passing upon the employer-employee relationship issue. For the same reason, neither will it be proper for the CA and this Court to address it.

In any case, the CA correctly found that petitioners had already admitted the existence of employer-employee relationship between respondents and Tai, Prime, and WMJJ when they failed to controvert respondents' unwavering allegation since the beginning of the proceedings that they were hired as taxi drivers by Hyatt, Tai, Prime, and WMJJ. It was further consistently alleged that these four companies "share one seamless taxi service operation with a common garage, a common pool of taxi drivers, and a common administrative staff."[40] We stress that petitioners never disputed these allegations except on MR before the NLRC. To countenance such belated opposition would be to allow petitioners to change their theory and argument at that late stage of the proceedings, which would amount to trampling on the basic principles of fair play, justice, and due process.[41]

Illegal Deductions.

Anent the deductions, the following prohibitions regarding wages are clearly set forth under the Labor Code:[42]

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39 *Wallem Philippines Services, Inc. v. Heirs of the late Peter Padrones*, 756 Phil. 14, 24-26 (2015).

40 *Rollo*, p. 21.

41 See *Robina Farms Cebu /Universal Robina Corp. v. Villa*, 784 Phil. 636, 649 (2016).

42 See also Omnibus Rules to Implement the Labor Code (1989), Book III, Rule VIII, Section 13.

> **SEC. 13. Wages deduction.** – Deductions from the wages of the employees may be made by the employer in any of the following cases:
>
> (a) When the deductions are authorized by law, including deductions for the insurance premiums advanced by the employer in behalf of the employee as well as union dues where the right to check-off has been recognized by the employer or authorized in writing by the individual employee himself.
>
> (b) When the deductions are with the written authorization of the employees for payment to the third person and the employer agrees to do so; Provided, That the latter does not receive any pecuniary benefit, directly or indirectly, from the transaction.
>
> SEC. 14. **Deduction for loss or damage.** – Where the employer is engaged in a trade, occupation or business where the practice of making deductions or requiring deposits is recognized to answer for the reimbursement of loss or damage to tools, materials, or equipment supplied by the employer to the employee, the employer may make wage deductions or require the employees to make deposits from which deductions shall be made, subject to the following conditions:
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> (a) That the employee concerned is clearly shown to be responsible for the loss or damage;

ART. 113. **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:

(a) 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;

(b) 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

(c) In cases where the employer is authorized by law or regulations issued by the Secretary of Labor and Employment.

ART. 114. **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 deductions or requiring deposits is a recognized one, or is necessary or desirable as determined by the Secretary of Labor and Employment in appropriate rules and regulations.

ART. 115. **Limitations**. – No deduction from the deposits of an employee for the actual amount of the loss or damage shall be made unless the employee has been heard thereon, and his responsibility has been clearly shown.

ART. 116. **Withholding of Wages and Kickbacks Prohibited**. – It shall be unlawful for any person, directly or indirectly, to withhold any amount from the wages of a worker or induce him to give up any part of his wages by force, stealth, intimidation, threat or by any other means whatsoever without the worker's consent.

The questioned deductions were neither for insurance premiums advanced by petitioners nor for union dues. There was likewise no proof that the deductions were authorized by law or any regulations, or that they complied with established guidelines for the deductions to be legally acceptable. Apart from the cash bonds which appear in the Contract to Drive, there was no evidence of consent from respondents, much less, written

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(b) That the employee is given reasonable opportunity to show cause why deduction should not be made;

(c) That the amount of such deduction is fair and reasonable and shall not exceed the actual loss or damage; and

(d) That the deduction from the wages of the employee does not exceed 20 percent of the employee's wage in a week.

authorization to make the deductions for the two-way radio system, Denzo air-conditioning system, LPG calibration, meter calibration, and installation of antennae repeaters.[43] Return of these deducted amounts to the drivers, is thus, warranted subject to the limitations set under the law.[44]

On this score, the CA correctly sustained the NLRC's application of the three-year prescriptive period on the claim for illegal deductions, except for the cash bonds. Article 306 of the Labor Code clearly provides:

> **ART. 306.** *Money claims.* — All money claims arising from employer-employee relations accruing during the effectivity of this Code shall be filed within three (3) years from the time the cause of action accrued; otherwise, they shall be forever barred.

As for the cash bonds, in *Arriola v. Pilipino Star Ngayon, Inc.*,[45] we declared that Article 291, now Article 306, of the Labor Code covers claims for overtime pay, holiday pay, service incentive leave pay, bonuses, salary differentials, and illegal deductions by an employer.[46] Verily, it does not cover amounts which were merely retained by the employer from the employees' wages as security deposits to answer for future obligations such as deficiencies in boundary payments, because these amounts remained to be the employees' money, unless utilized for its purpose in accordance with the law. In *Urbanes, Jr. v. Court of Appeals*,[47] we upheld the labor officials' ruling that the claim for refund of the cash bond deducted from the employee's salary is not subject to the three-year prescriptive period since it is the employee's own money, which was merely deposited with the employer for the duration of the employment.[48]

In other words, respondents are entitled to the return of: (1) those amounts which were illegally deducted from their wages for the payment of the two-way radio system, Denzo air-conditioning system, LPG calibration, meter calibration, and installation of antennae repeaters, within three years before the filing of the complaint; and (2) the full reimbursement of their cash bonds.

Finally, the imposition of legal interest *per annum* upon the monetary awards from the finality of the judgment until full satisfaction, is warranted in accordance with prevailing jurisprudence.[49]

FOR THESE REASONS, the Petition for Review on *Certiorari* is **DENIED**. The Decision dated September 28, 2018 and Resolution dated March 26, 2019 of the Court of Appeals in CA-G.R. SP No. 153226 are **AFFIRMED**.

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43 *Rollo*, p. 251.
44 See *Mejares v. Hyatt Taxi Services, Inc.*, (Notice) G.R. Nos. 242364 and 242459, June 17, 2020.
45 741 Phil. 171 (2014).
46 Id. at 180.
47 486 Phil. 276 (2004).
48 Id. at 281.
49 *Nacar v. Gallery Frames*, 716 Phil. 267, 282-283 (2013).

SO ORDERED. (Lopez, J. Y., *J.*, designated additional member *per* Special Order No. 2822 dated April 7, 2021.)"

By authority of the Court:

TERESITA AQUINO TUAZON
Division Clerk of Court
12 AUG 2021

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(NLRC LAC No. 04-001367-17)

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