THIRD DIVISION

[G.R. No. 260447. February 05, 2026]

LOPEZ SUGAR CORPORATION, PETITIONER, VS. ROMEO PERRIN, JR., EDUARDO CANDELARIO, LEONITO FRANCO, ROGELIO PABALAN, AND SOCIAL SECURITY SYSTEM, RESPONDENTS.

D E C I S I O N

SINGH, J.:

This is a Petition for Review on *Certiorari*[1] under Rule 45 of the Rules of Court assailing the Decision,[2] dated October 14, 2020, and the Resolution,[3] dated April 26, 2022, of the Court of Appeals (**CA**) in CA-G.R. SP No. 158759. The CA affirmed the Resolution,[4] dated October 5, 2016, and the Order,[5] dated July 4, 2018, of the Social Security Commission (**SSC**) in SSC Case No. 4-19391-11, directing Lopez Sugar Corporation (**LSC**) to pay the Social Security System (**SSS**) the social security contributions of Romeo Perrin, Jr. (**Perrin**), Eduardo Candelario (**Candelario**), Leonito Franco (**Franco**), and Rogelio Pabalan (**Pabalan**) (collectively, **Perrin et al.**) for the period October 1995 to November 2005.[6]

The Facts

Perrin et al. were employees of LSC who were dismissed on September 25, 1995.[7] When they filed a Complaint for Illegal Dismissal, the Labor Arbiter dismissed the same. However, the National Labor Relations Commission (**NLRC**) reversed the Labor Arbiter's Decision,[8] and ruled that Perrin et al. were illegally dismissed.[9] The NLRC directed LSC to reinstate Perrin et al. to their former positions with backwages. The NLRC Decision was affirmed by the CA and eventually, by the Court.[10]

The Labor Arbiter implemented the NLRC Decision and ordered LSC to pay Perrin et al. backwages and separation pay in lieu of reinstatement, among others. After the Labor Arbiter's order was implemented, Perrin et al. demanded from LSC the payment of their social security contributions during the period covered by the award of backwages, but LSC refused.[11]

Perrin et al. referred their claims to the Member's Assistance Center of SSS Sagay City, Negros Occidental Branch.[12] In a Letter,[13] dated April 1, 2011, the Branch Head of

SSS Sagay City, Negros Occidental Branch informed Perrin et al.'s counsel that their office sent a billing letter to LSC for the unpaid social contributions. However, LSC questioned the propriety of requiring it to pay the said social security contributions. Thus, the Cluster Legal Unit of SSS Sagay City, Negros Occidental Branch recommended that in order to settle the issues raised by Perrin et al. and LSC, they should be raised before and decided by the SSC.[14]

Perrin et al. filed a Petition[15] before the SSC to compel LSC to remit to SSS their social security contributions for the period for which they were awarded backwages, so that they may also avail of their retirement benefits based on social security contributions paid for the said period.[16]

LSC filed a Motion to Dismiss[17] Perrin et al.'s Petition based on the following grounds: (1) the SSC has no jurisdiction over the case; (2) the Petition is barred by *res judicata*; and (3) the Petition failed to state a cause of action and, in fact, lacks a cause of action.[18]

SSS filed a Petition in Intervention,[19] praying that LSC be ordered to pay SSS all the premium contributions due on behalf of Perrin et al., plus 3% penalty imposed thereon for late payment of such contributions.[20]

In an Order, dated April 1, 2013,[21] the SSC denied LSC's Motion to Dismiss for lack of merit, and required LSC to file its Answer.[22]

LSC filed an Omnibus Motion for Reconsideration and Suspension of Period to File Answer,[23] seeking the reversal of the SSC's April 1, 2013 Order and the dismissal of Perrin et al.'s Petition and SSS' Petition in Intervention.[24]

LSC insisted that it had no obligation to contribute SSS premiums during the period when Perrin et al.'s illegal dismissal case was pending, citing Section 11 of, Republic Act No. 8282, or the Social Security Act of 1997, which provides that "when an employee under compulsory coverage is separated from employment, his employer's contribution on his account and his obligation to pay contributions arising from that employment shall cease at the end of the month of separation..."[25] According to LSC, Section 11 of the Social Security Act of 1997 does not qualify that the separation must be legal in order for the employer's obligation to likewise cease.[26] LSC also argued that premium contributions for purposes of the Social Security Act of 1997 are based on "compensation" and not on "backwages."[27]

Furthermore, LSC claimed that the SSC had no jurisdiction over Perrin et al. since the case involved the determination of the amount of full backwages, which falls under the exclusive jurisdiction of the Labor Arbiter, pursuant to Article 217 of the Labor Code.[28]

Lastly, LSC argued that Perrin et al.'s failure to raise before the Labor Arbiter the claim that their backwages should include the social security contributions for the period that they were dismissed, barred them from raising the same issue by filing another case. Moreover, according to LSC, since Perrin et al. knowingly and voluntarily executed a Satisfaction of Judgment, wherein they released LSC from all claims arising from their employment, they are already barred from asking for any relief in connection with their employment with LSC.[29]

The Ruling of the SSC

In its Resolution, dated October 5, 2016, the SSC ruled in favor of Perrin et al. and ordered LSC to pay SSS the social security contributions of Perrin et al., thus:

> **WHEREFORE, PREMISES CONSIDERED**, respondent Lopez Sugar Corporation is directed to pay intervenor [Social Security System], within [30] days from receipt hereof, the [social security] contributions of petitioners Romeo Perrin, Jr., Eduardo Candelario, Leonito Franco[,] and Rogelio Pabalan for the period October 1995 to November 2005 amounting to [PHP] 248,174.00 and the 3% per month penalty imposed thereon amounting to [PHP] 1,302,702.75, computed as of July 31, 2015, without prejudice to the right of [Social Security System] to collect additional penalties that accrued thereafter.
>
> Meanwhile, intervenor [Social Security System] is directed to adjust the retirement benefits of the petitioners, if warranted, subject to its existing rules and regulations, and inform the [Social Security Commission] of its compliance herewith.
>
> **SO ORDERED.**[30] (Emphasis in the original)

The SSC held that LSC had the obligation to remit Perrin et al.'s social security contributions to SSS, considering the continued existence of the employer-employee relationship during the period that Perrin et al. were prevented from working on account of their illegal dismissal.[31]

LSC filed a Motion for Reconsideration, seeking the reversal of the SSC Resolution, but it was denied by the SSC in an Order, dated July 4, 2018.[32]

Dissatisfied with the SSC's ruling, LSC filed a Petition for Review before the CA.

The Ruling of the CA

In the assailed Decision, dated October 14, 2020, the CA denied LSC's Petition for Review and affirmed the SSC Resolution and Order, thus:

> The *Petition for Review*[,] dated [December 7, 2018,] is DENIED. The assailed *Resolution*[,] dated [October 5, 2016,] and *Order*[,] dated [July 4, 2018,] rendered in SSC Case No. 4-19391-11 are AFFIRMED.
>
> IT IS SO ORDERED.[33] (Emphasis in the original)

The CA held that in contemplation of the law, an illegally dismissed employee is deemed to have never left his office. Thus, LSC was still obligated to remit Perrin et al.'s social security contributions corresponding to the period during which they were illegally dismissed.[34]

LSC filed a Motion for Reconsideration, which was denied by the CA in a Resolution, dated April 26, 2022.[35]

Hence, the present Petition.

The Issue

Did the CA err in upholding LSC's liability to remit Perrin et al.'s social security contributions to the SSS corresponding to the period during which they were illegally dismissed?

The Ruling of the Court

The Petition has no merit.

The SSC has jurisdiction over claims for social security contributions

In the present Petition, LSC argues that since the computation of social security contributions in this case are based on the backwages awarded to Perrin et al., the issue of whether LSC had the obligation to remit Perrin et al.'s social security contributions should have been resolved by the Labor Arbiter, and not by the SSC, since the SSC does not have the jurisdiction to rule on the issue of what constitutes backwages.[36]

The Court does not agree.

Section 5(a) of Republic Act No. 1161, as amended by Republic Act No. 8282, or the Social Security Act of 1997, provides that the SSC has jurisdiction over disputes involving benefits and contributions under the Social Security Act of 1997, thus:

> SECTION 5. *Settlement of Disputes*. — (a) *Any dispute arising under this Act with respect to* ***coverage, benefits, contributions[,] and penalties*** *thereon or any other matter related thereto, shall be cognizable by the [Social Security] Commission*, and any case filed with respect thereto shall be heard by the [Social Security] Commission, or any of its members, or by

> hearing officers duly authorized by the [Social Security] Commission and decided within the mandatory period of [20] days after the submission of the evidence. The filing, determination and settlement of disputes shall be governed by the rules and regulations promulgated by the [Social Security] Commission. (Emphasis supplied)

Similarly, Rule III, Section 1 of the 1997 SSS Revised Rules of Procedure provides:

> Section 1. *Jurisdiction*. — *Any dispute arising under the Social Security Act with respect to* ***coverage, entitlement of benefits, collection and settlement of contributions and penalties thereon****, or any other matter related thereto, shall be cognizable by the [Social Security] Commission* after the SSS through its President, Manager[,] or Officer-in-charge of the Department/Branch/Representative Office concerned had first taken action thereon in writing.[37] (Emphasis supplied)

In *Social Security Commission v. Alba*,[38] the Court recognized the jurisdiction of the SSC in cases involving unremitted social security contributions, thus:

> Having established Far Alba's accountability to the SSS for Lamboso's unremitted contributions from 1960 to 1970, a discussion on the propriety of filing a claim of such nature against the estate proceedings of Arturo Alba, Sr. becomes unnecessary. In any event, the Court sustains the jurisdiction of the Commission over disputes under the Social Security Act "with respect to coverage, benefits, contributions and penalties thereon or any other matter related thereto."[39] (Citations omitted)

In the present case, the Petition filed by Perrin et al. before the SSC involve their claims for their social security contributions to be remitted to SSS. Contrary to LSC's argument, Perrin et al.'s Petition did not raise the issue on what should be included in their backwages. Rather, the Petition simply alleged that LSC is legally bound to pay Perrin et al.'s social security contributions for the period during which they were illegally dismissed.[40]

SSS, through the Branch Head of its Sagay City, Negros Occidental Branch, acted on Perrin et al.'s claim for social security contributions by sending a billing letter to LSC for the unpaid social contributions. However, LSC refused to pay. Thus, the Cluster Legal Unit of SSS Sagay City, Negros Occidental Branch recommended that the matter be raised before the SSC.[41]

Considering the foregoing, the SSC had jurisdiction over the case arising from the Petition filed before it by Perrin et al.

Perrin et al.'s claim for social security contributions is not barred by res judicata or

by the Satisfaction of Judgment

LSC argues that Perrin et al.'s claim for social security contributions is already barred by NLRC's prior judgment declaring them as illegally dismissed and awarding backwages in their favor. According to LSC, the illegal dismissal case before the NLRC and Perrin et al.'s Petition before the SSC both involve the amount of backwages awarded.[42]

LSC is mistaken.

In order for *res judicata* in the concept of bar by prior judgment to apply, the following elements must be present: (1) finality of the former judgment; (2) the court which rendered it had jurisdiction over the subject matter and the parties; (3) it must be a judgment on the merits; and (4) there must be, between the first and second actions, identity of parties, subject matter, and causes of action.[43]

Particularly in issue in the present case is the presence of the fourth element. While the illegal dismissal case before the NLRC and claim for social security contributions before the SSC involve the same parties, they do not involve the same subject matter and causes of action.

The subject matter of the case before the NLRC was Perrin et al.'s illegal dismissal, while the subject matter of the case before the SSC was LSC's obligation to remit Perrin et al.'s social security contributions to SSS. The cause of action in the case before the NLRC was Perrin et al.'s dismissal from employment, while the cause of action in the case before the SSC was LSC's refusal to remit Perin et al.'s social security contributions to SSS.

Thus, Perrin et al.'s claim for social security contributions is not barred by NLRC's prior judgment on the illegal dismissal case.

Furthermore, LSC argues that Perrin et al. are already barred from claiming social security contributions since they executed a Satisfaction of Judgment[44] before the Labor Arbiter, which, according to LSC, constitutes a waiver of future actions arising from Perrin et al.'s employment with LSC.[45]

The Satisfaction of Judgment states:

> We, [Perrin et al.], hereby declare that we received from [LSC] the amount of [PHP 2,507,798.60] in full and complete satisfaction of the award pursuant to the *Order* of [the Labor Arbiter,] dated [June 7, 2006,] exclusive of the applicable withholding taxes thereon in the total amount of [PHP 126,574.70].
>
> Thus, we hereby freely and voluntarily release and forever discharge [LSC],

> its stockholders, officers, directors[,] and agents, and their respective heirs, successors[,] or assigns from any and all manner of action in law or in equity which we or our heirs, successors[,] and assigns had, now have, or shall have against [LSC], its stockholders, officers, directors[,] and agents and their respective heirs, successors[,] and/or assigns, arising wholly or partially from our employment with [LSC].[46]

It is a settled rule that for a waiver to be valid, the waiver must be clear and unequivocal.[47] For the waiver to be clear and unequivocal, the person waiving the right should understand what she is waiving and the effect of such waiver.[48]

Waivers or quitclaims should be carefully examined and strictly scrutinized with regard not only to the words and terms used, but also to the factual circumstances under which they have been executed.[49] The phrase "any and all manner of action in law or in equity" is a general and standard clause in most employee quitclaims that cannot be construed in its strict literal sense.[50]

Here, the circumstances under which the Satisfaction of Judgment was executed show that Perrin et al. did not intend to waive their right to have their social security contributions remitted to the SSS. Perrin et al. executed the Satisfaction of Judgment after receiving from LSC their backwages awarded by the NLRC. Notably, it is the employer's duty to remit both the employees' and the employer's contributions to SSS. [51]

From the foregoing, it can be reasonably concluded that upon receipt of their backwages, Perrin et al. expected that LSC would comply with its mandate to remit their social security contributions to the SSS. Thus, Perrin et al. could not have intended to waive their right to have their social security contributions remitted to SSS. The Satisfaction of Judgment pertained only to the receipt of backwages.

LSC has the duty to remit Perrin et al.'s social security contributions for the period covered by the award of backwages

Under Sections 18, 19, and 22 of the Social Security Act of 1997, an employer has an obligation to deduct and withhold from its employees' wages and salaries the employees' share of the social security contributions and remit them, together with the employer's share, to the SSS, thus:

> SECTION 18. *Employee's Contribution*. — (a) Beginning as of the last day of the calendar month when an employee's compulsory coverage takes effect and every month thereafter during his [or her] employment, the employer shall deduct and withhold from such employee's monthly salary, wage, compensation or earnings, the employee's contribution in an amount

> corresponding to his [or her] salary, wage, compensation or earnings during the month in accordance with the following schedule:
>
> [....]
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> SECTION 19. *Employer's Contributions*. — (a) Beginning as of the last day of the month when an employee's compulsory coverage takes effect and every month thereafter during his [or her] employment, his [or her] employer shall pay, with respect to such covered employee, the employer's contribution in accordance with the schedule indicated in Section [18] of this Act. Notwithstanding any contract to the contrary, an employer shall not deduct, directly or indirectly, from the compensation of his [or her] employees covered by the SSS or otherwise recover from them the employer's contributions with respect to such employees.
>
> [....]
>
> SECTION 22. *Remittance of Contributions*. — (a) The contribution imposed in the preceding section shall be remitted to the SSS within the first [10] days of each calendar month following the month for which they are applicable or within such time as the Commission may prescribe. *Every employer required to deduct and to remit such contributions shall be liable for their payment* and if any contribution is not paid to the SSS as herein prescribed, he [or she] shall pay besides the contribution a penalty thereon of [3%] per month from the date the contribution falls due until paid. If deemed expedient and advisable by the Commission, the collection and remittance of contributions shall be made quarterly or semi-annually in advance, the contributions payable by the employees to be advanced by their respective employers: *Provided*, That upon separation of an employee, any contribution so paid in advance but not due shall be credited or refunded to his [or her] employer. (Emphasis supplied)

In the present Petition, LSC argues that the employer's obligation to remit social security contributions ceases when the employee is separated from service.[52] LSC cites Section 11 of the Social Security Act of 1997, which provides:

> SECTION 11. *Effect of Separation from Employment*. — When an employee under compulsory coverage is separated from employment, his [or her] employer's contribution on his [or her] account and his [or her] obligation to pay contributions arising from that employment shall cease at the end of the month of separation, but said employee shall be credited with all contributions paid on his [or her] behalf and entitled to benefits according to the provisions of this Act. He [or She] may, however, continue to pay the total contributions to maintain his right to full benefit.

According to LSC, there is no qualification that the separation from employment must be legal in order before the obligation to remit social security contributions should

cease.[53]

The Court does not agree.

Under Article 294 of the Labor Code, an employee who is illegally dismissed from employment is entitled to full backwages and other benefits, thus:

> ARTICLE 294. [279] *Security of Tenure*. — In cases of regular employment, the employer shall not terminate the services of an employee except for a just cause or when authorized by this Title. *An employee who is unjustly dismissed from work shall be entitled to reinstatement without loss of seniority rights and other privileges and to his full backwages, inclusive of allowances, and to his [or her] other benefits* or their monetary equivalent computed from the time his [or her] compensation was withheld from him up to the time of his actual reinstatement. (Emphasis supplied)

In *Escario v. NLRC*,[54] the Court held that illegally dismissed employees are deemed to have not left their employment. Thus, they are entitled to all rights and privileges that accrue to them from the said employment.[55]

In *Dumapis v. Lepanto Consolidated Mining Co.*,[56] the Court emphasized that illegally dismissed employees are entitled to their salaries and benefits that they would have received had they not been illegally dismissed.[57]

Here, there is no dispute that Perrin et al. were illegally dismissed, as ruled by the NLRC and affirmed by the CA and the Court.[58] Thus, they are deemed to have never left their employment. Consequently, LSC's obligation to remit Perrin et al.'s social security contributions did not cease with respect to the period during which Perrin et al. were illegally dismissed.

Since LSC failed to remit Perin et al.'s social security contributions, LSC is liable to pay a penalty thereon of three percent (3%) per month from the date the contribution falls due until paid, pursuant to Section 22 of the Social Security Act of 1997.

ACCORDINGLY, the Petition for Review on *Certiorari* is **DENIED**. The Decision, dated October 14, 2020, and the Resolution, dated April 26, 2022, of the Court of Appeals in CA-G.R. SP No. 158759 are **AFFIRMED**.

SO ORDERED.

Caguioa (Chairperson), Lazaro-Javier,[*] *Inting*, and *Gaerlan, JJ.*, concur.

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[*] Designated additional Member, per Raffle dated September 6, 2022.

[1] *Rollo*, pp. 10-54.

[2] *Id.* at 56-79. Penned by Associate Justice Walter S. Ong and concurred in by Associate Justices Japar B. Dimaampao (now a Member of this Court) and Tita Marilyn Payoyo-Villordon of the Special Third Division, Court of Appeals, Manila.

[3] *Id.* at 81-86. Penned by Associate Justice Walter S. Ong and concurred in by Associate Justices Tita Marilyn Payoyo-Villordon and Jennifer Joy C. Ong of the Special Former Special Third Division, Court of Appeals, Manila.

[4] *Id.* at 125-136. Penned by Commissioner Diana Pardo Aguilar.

[5] *Id.* at 148-157. Penned by Commissioner Diana Pardo Aguilar.

[6] *Id.* at 135. SSC Resolution.

[7] *Id.* at 125. SSC Resolution.

[8] *Id.* at 58. CA Decision.

[9] *Id.* at 182-184. NLRC Decision.

[10] *Id.* at 58. CA Decision.

[11] *Id.*

[12] *Id.* at 194-197.

[13] *Id.* at 198.

[14] *Id.*

[15] *Id.* at 170-173.

[16] *Id.* at 57. CA Decision.

[17] *Id.* at 199-213.

[18] *Id.* at 199. LSC's Motion to Dismiss.

[19] *Id.* at 226-229.

[20] *Id.* at 229. SSS' Petition in Intervention.

[21] *Id.* at 268-271.

[22] *Id.* at 271. SSC Order, dated April 1, 2013.

[23] *Id.* at 272-288.

[24] *Id.* at 287. LSC's Omnibus Motion for Reconsideration and Suspension of Period to File Answer.

[25] *Id.* at 278. LSC's Omnibus Motion for Reconsideration and Suspension of Period to File Answer.

[26] *Id.*

[27] *Id.* at 280. LSC's Omnibus Motion for Reconsideration and Suspension of Period to File Answer.

[28] *Id.* at 283. LSC's Omnibus Motion for Reconsideration and Suspension of Period to File Answer.

[29] *Id.* at 129-130. SSC Resolution.

[30] *Id.* at 135-136. SSC Resolution.

[31] *Id.* at 134. SSC Resolution.

[32] *Id.* at 156. SSC Order.

[33] *Id.* at 76. CA Decision.

[34] *Id.* at 74. CA Decision.

[35] *Id.* at 86. CA Resolution.

[36] *Id.* at 28. LSC's Petition for Review on *Certiorari* filed before the Court.

[37] *See* **Rep. of the Phils. v. Asiapro Cooperative**, 563 Phil. 979, 993 (2007) [Per J. Chico-Nazario, Third Division].

[38] 581 Phil. 446 (2008) [Per J. Tinga, Second Division].

[39] *Id.* at 460.

[40] *Rollo*, p. 171. Perrin et al.'s Petition filed before the SSC.

[41] *Id.* at 198. SSS Sagay City, Negros Occidental Branch Head's Letter to Perrin et al.'s counsel.

[42] *Id.* at 37. LSC Petition for Review on *Certiorari* filed before the Court.

[43] **Aguila v. Perfect Dimension Corporation. G.R. No. 243317**, August 4, 2025 [Per J. Hernando, First Division] at 17. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

[44] *Rollo*, pp. 166-167.

[45] *Id.* at 40-41. LSC Petition for Review on *Certiorari* filed before the Court.

[46] *Id.* at 166. Satisfaction of Judgment.

[47] **Roxaco-Asia Hospitality Corporation v. Gulf Canary Construction and Development, Inc., G.R. Nos. 246250-51**, September 29, 2025 [Per J. Rosario, First Division] at 18. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

[48] **Sanico v. Colipano**, 818 Phil. 981, 994 (2017) [Per J. Caguioa, Second Division].

[49] **F.F. Cruz & Co., Inc. v. Galandez**, 856 Phil. 150, 164 (2019) [Per J. Perlas-Bernabe, Second Division].

[50] *Id.*

[51] *See* Republic Act No. 8282 (Social Security Act of 1997), sec. 18, 19, & 22.

[52] *Rollo*, p. 24. LSC Petition for Review on *Certiorari*.

[53] *Id.* at 25. LSC Petition for Review on *Certiorari*.

[54] 645 Phil. 503 (2010) [Per J. Bersamin, Third Division].

[55] *Id.* at 514.

[56] 884 Phil. 156 (2020) [Per J. Lazaro-Javier, *En Banc*].

[57] *Id.* at 180.

[58] *Rollo*, p. 58. CA Decision.

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