



Republic of the Philippines
Supreme Court
Manila

EN BANC

RE: REQUEST OF RETIRED
SUPREME COURT AND COURT
OF APPEALS JUSTICES FOR
INCREASE/ADJUSTMENT OF
THEIR DECEMBER 1998
PENSIONS

A.M. No. 99-7-01-SC

Present:

SERENO, C.J.,
CARPIO,
VELASCO, JR.,
LEONARDO-DE CASTRO,
BRION,
PERALTA,
BERSAMIN,
DEL CASTILLO,
VILLARAMA, JR.,*
PEREZ,
MENDOZA,
REYES,**
PERLAS-BERNABE,
LEONEN, and
JARDELEZA, JJ.

Promulgated:

August 18, 2015

X-----
Roman G. Del Rosario
-----X

RESOLUTION

LEONEN, J.:

The Court of Tax Appeals Presiding Justice Roman G. Del Rosario (Presiding Justice Del Rosario), through a letter,¹ requests this court to grant

* On official leave.

** On leave.

¹ *Rollo*, pp. 136-137.

l

retired Court of Tax Appeals justices the retirement benefits and other privileges given to retired Court of Appeals justices, specifically the annual year-end bonus and cash gift.

The letter request was prompted by the letter² sent by retired Court of Tax Appeals Justices Ernesto D. Acosta (Justice Acosta) and Olga Palanca-Enriquez (Justice Palanca-Enriquez) to Presiding Justice Del Rosario. They requested for entitlement to the annual year-end bonus and cash gift while they have yet to receive their monthly pensions from this court.

To support their request, Justice Acosta and Justice Palanca-Enriquez cited the Resolution dated January 16, 2001 in A.M. No. 99-7-01-SC and Section 1 of Republic Act No. 9282.³ They also pointed out that retired Sandiganbayan justices enjoy the same retirement benefits given to retired Court of Appeals justices.⁴ Being of the same rank as Court of Appeals justices, retired Court of Tax Appeals justices should be given the same retirement benefits.⁵

The issue we are asked to resolve is whether retired Court of Tax Appeals justices are entitled to the annual year-end bonus and cash gift pending receipt of their monthly pensions from this court.

I

Republic Act No. 6686⁶ as amended by Republic Act No. 8441,⁷ Department of Budget and Management Budget Circular Nos. 2003-02⁸ and 2010-1,⁹ and Commission on Audit Circular No. 2012-001¹⁰ provide the guidelines for the grant of the year-end bonus and cash gift.

Republic Act No. 6686, also known as An Act Authorizing Annual Christmas Bonus to National and Local Government Officials and Employees Starting CY 1988, states:

² Id. at 138–139.

³ 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 (2004).

⁴ *Rollo*, p. 139.

⁵ Id.

⁶ An Act Authorizing Annual Christmas Bonus to National and Local Government Officials and Employees starting CY 1988 (1988).

⁷ An Act Increasing the Cash Gift to Five Thousand Pesos (P5,000.00), Amending for the Purpose Certain Sections of Republic Act Numbered Six Thousand Six Hundred Eighty-Six, and for Other Purposes (1997).

⁸ Liberalization of the Rules and Regulations on the Payment of Year-End Bonus and Cash Gift (2003).

⁹ Rules and Regulations on the Grant of the Year-End Bonus and Cash Gift for FY 2010 and Years Thereafter (2010).

¹⁰ Prescribing the Revised Guidelines and Documentary Requirements for Common Government Transactions (2012).

SECTION 1. All officials and employees of the National Government who have rendered at least four months of service from January 1 to October 31 of each year *and who are employed in the government service as of October 31 of the same year* shall each receive a Christmas bonus equivalent to one month basic salary and additional cash gift of One thousand pesos (P1,000.00). (Emphasis supplied)

Republic Act No. 8441 amended Republic Act No. 6686 and increased the amount of cash gift to ₱5,000.00. Nonetheless, the clause, “who have rendered at least four months of service from January 1 to October 31 of each year and who are employed in the government service as of October 31 of the same year[,]” was maintained.

Commission on Audit Circular No. 2012-001 dated June 14, 2012 provides the documentary requirements for the grant of the year-end bonus and cash gift. Paragraph 5.11 of Commission on Audit Circular No. 2012-001 states:

5.11 Year-End Bonus (YEB) and Cash Gift (CG)

General Guidelines

The guidelines on the grant of YEB and CG are provided under DBM Budget Circular No. 2010-1 dated April 28, 2010 which is applicable for FY 2010 and years thereafter.

Documentary Requirements

For Individual Claims

- Clearance from money, property and legal accountabilities
- Certification from head of Office that the employee is qualified to receive the YEB and CG benefits pursuant to DBM Budget Circular No. 2003-2 dated May 9, 2003

General Claims

- YEB and CG Payroll
- Payroll register (hard and soft copy)
- Letter to the Bank to credit employees account of their YEB and CG claims
- Deposit slips

Department of Budget and Management Budget Circular No. 2003-002 dated January 1, 2003 states:

2.0 Coverage

All officials and employees whether permanent, temporary or emergency in nature and contractual personnel whose employment is in the nature of a regular employee, appointive or elective, now existing or hereafter created in all national government agencies, state universities and colleges, government-owned and controlled corporations, government financial institutions and local government units.

.....

4.0

Pro-rated Share of the Remaining Balance of Cash Gift

4.1 All government personnel who have rendered more than four (4) months of service in a given year before their retirement/separation from the service may receive a proportionate share of the remaining balance of the cash gift in addition to the benefit provided under Item 3 hereof.

Department of Budget and Management Budget Circular No. 2010-1 dated April 28, 2010 states that it covers the following:

3.0 Coverage

The following personnel are covered by this Circular:

- 3.1 Civilian government personnel occupying regular, contractual, or casual positions; appointive or elective; rendering services on full-time or part-time basis;
- 3.2 Military personnel of the Armed Forces of the Philippines, Department of National Defense; and uniformed personnel of the Philippine National Police, Bureau of Fire Protection, and Bureau of Jail Management and Penology under the Department of the Interior and Local Government; Philippine Coast Guard; and the National Mapping and Resource Information Authority; and
- 3.3 *Barangay* officials and employees.

These laws and circulars do not provide that retirees are entitled to the grant of the year-end bonus and cash gift pending receipt of their monthly pensions. At most, retirees are entitled to the year-end bonus and cash gift during the year of retirement. Paragraph 6.4 of Department of Budget and Management Budget Circular No. 2010-1 provides:

6.0 Grant of Year-End Bonus (Based on Basic Pay) and Cash Gift

.....

- 6.4 Personnel with a total or an aggregate of four (4) months of service, including leaves of absence with pay, *and who retires or is separated without cause before October 31 of the year*, shall be granted a proportionate share of the remaining half or balance of the Year-End Bonus and Cash Gift based on the following scheme, to be paid within the month of retirement/separation. The basic pay immediately prior to retirement/separation shall be the basis for the remaining half or balance of the Year-End Bonus. (Emphasis supplied)

Month of Retirement/Separation from the Service	Percentage of Remaining Half or Balance of the Year-End Bonus and Cash Gift
May	15%
June	30%
July	45%
August	60%
September	75%
October	90%

Based on the foregoing, retired justices are not entitled to the annual year-end bonus and cash gift. However, a special law governs the retirement benefits of members of the judiciary.

II

Prior to its amendment, Republic Act No. 910¹¹ provided retirement benefits for Supreme Court and Court of Appeals justices. Section 3 of Republic Act No. 910 originally reads:

SEC. 3. Upon retirement a Justice of the Supreme Court or of the Court of Appeals shall be automatically entitled to a lump sum payment of the monthly salary that said Justice was receiving at the time of his retirement for five years, and thereafter upon survival after the expiration of this period of five years, to a further annuity payable monthly during the residue of his natural life equivalent to the amount of the monthly salary he was receiving on the date of his retirement.

Republic Act No. 1057¹² amended Republic Act No. 910 and inserted

¹¹ An Act to Provide for the Retirement of Justices of the Supreme Court and of 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 (1953).

¹² An Act to Amend Republic Act Numbered Nine Hundred and Ten entitled "An Act to Provide for the

Section 3-A, which provides:

SEC. 2. Republic Act Numbered Nine hundred and ten is hereby further amended by inserting between its sections three and four a new section to be known as section Three-A thereof, and which shall read as follows:

“SEC. 3-A. In case the salary of Justices of the Supreme Court or of the Court of Appeals is increased or decreased such increased or decreased salary shall, for the purposes of this Act, be deemed to be the salary which a Justice who ceased to be such to accept another position in the Government was receiving at the time of his cessation in office: *Provided*, That any benefits that have already accrued prior to such increase or decrease shall not be affected thereby.”

Republic Act No. 1797¹³ amended Section 3-A of Republic Act No. 910 to read as:

Section 3-A. In case *the salary of Justices of the Supreme Court or of the Court of Appeals is increased or decreased*, such increased or decreased salary shall, for the purposes of this Act, be deemed to be the salary or the retirement pension which a Justice who as of June twelve, nineteen hundred fifty-four had ceased to be such to accept another position in the Government or who retired was receiving at the time of his cessation in office: *Provided*, That any benefits that have already accrued prior to such increase or decrease shall not be affected thereby. (Emphasis supplied)

Presidential Decree No. 1438¹⁴ amended Republic Act No. 910 to include all retired justices and judges. This was further amended by Republic Act No. 9946.¹⁵ At present, the following justices and judges are entitled to the retirement benefits under Republic Act No. 910:

- (1) Justices of this court;
- (2) Justices of the Court of Appeals, the Sandiganbayan, and the Court of Tax Appeals;
- (3) Judges of Regional Trial Courts, Metropolitan Trial Courts, Municipal Trial Courts, Municipal Circuit Trial Courts, Shari’a District Courts, and Shari’a Circuit Courts; and

Retirement of Justices of the Supreme Court and of 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” and for Other Purposes (1954).

¹³ An Act to Amend Section Three-A of Republic Act Numbered Nine Hundred and Ten, as amended, and to Appropriate Funds to Implement its Provisions (1957).

¹⁴ Amending Republic Act 910 Providing for the Retirement of Justices and All Judges in the Judiciary as amended (1978).

¹⁵ 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 (2010).

- (4) Judges of any other court established after the passage of Republic Act No. 9946.¹⁶

Section 3 of Republic Act No. 910, as amended by Republic Act No. 9946, now reads:

SEC. 3. Upon retirement, a Justice of the Supreme Court or of the Court of Appeals, the Sandiganbayan or of the Court of Tax Appeals, or a Judge of the regional trial court, metropolitan trial court, municipal trial court in cities, municipal trial court, municipal circuit trial court, shari'a district court, shari'a circuit court, or any other court hereafter established shall be automatically entitled to a lump sum of five (5) years' gratuity computed on the basis of the highest monthly salary plus the highest monthly aggregate of transportation, representation and other allowances such as personal economic relief allowance (PERA) and additional compensation allowance he/she was receiving on the date of his/her retirement and thereafter upon survival after the expiration of five (5) years, to further annuity payable monthly during the residue of his/her natural life pursuant to Section 1 hereof: *Provided, however*, That if the reason for the retirement be any permanent disability contracted during his/her incumbency in office and prior to the date of retirement, he/she shall receive a gratuity equivalent to ten (10) years' salary and the allowances aforementioned: *Provided, further*, That should the retirement under Section 1(a) hereof be with the attendance of any partial permanent disability contracted during his/her incumbency and prior to the date of retirement, he/she shall receive an additional gratuity equivalent to two (2) years lump sum that he/she is entitled to under this Act; *Provided, furthermore*, That if he/she survives after ten (10) years or seven (7) years, as the case may be, he/she shall continue to receive a monthly annuity as computed under this Act during the residue of his/her natural life pursuant to Section 1 hereof: *Provided, finally*, That those who have retired with the attendance of any partial permanent disability five (5) years prior to the effectivity of this Act shall be entitled to the same benefits provided herein.

Upon the death of a Justice or Judge of any court in the Judiciary, if such Justice or Judge has retired, or was eligible to retire optionally at the time of death, the surviving legitimate spouse shall be entitled to receive all the retirement benefits that the deceased Justice or Judge would have received had the Justice or Judge not died. The surviving spouse shall continue to receive such retirement benefits until the surviving spouse's death or remarriage.

Section 4 of Republic Act No. 9946 inserted¹⁷ Section 3-A to Republic

¹⁶ Rep. Act No. 9946 (2010), sec. 1.

¹⁷ Although sec. 4 of Rep. Act No. 9946 uses the word "inserted," Rep. Act No. 910 already had sec. 3-A pursuant to Rep. Act No. 1057. However, Pres. Decree No. 644 repealed sec. 3-A from Rep. Act No. 910. In A.M. No. 91-8-225-CA, which was consolidated with *Bengzon v. Drilon*, G.R. No. 103524, April 15, 1992, 208 SCRA 133, 138 [Per J. Gutierrez, Jr., En Banc], this court cited the argument of

Act No. 910. Section 3-A provides:

SEC. 3-A. All pension benefits of retired members of the Judiciary shall be automatically increased whenever there is an increase in the salary of the same position from which he/she retired.

III

The grant of the annual year-end bonus and cash gift to retired Supreme Court and Court of Appeals justices was settled in A.M. No. 99-7-01-SC - *Re: Request of retired Supreme Court and Court of Appeals Justices for increase/adjustment of their December 1998 pensions.*

In the letter¹⁸ dated June 17, 1999, several retired Supreme Court and Court of Appeals justices wrote to then Chief Justice Hilario G. Davide, Jr. (Former Chief Justice Davide, Jr.) to request an adjustment in their retirement pensions/annuities to include the “bonus” and “gift” granted under Republic Act No. 6686, in relation to Republic Act No. 910, as amended by Republic Act No. 1797.

To support their request, the retired justices quoted the dispositive portion of A.M. No. 91-8-225-CA,¹⁹ which states:

Under the law, therefore, from the moment a member of this Court or the Court of Appeals retires and . . . during the residue of his or [her] natural life, he or she should not receive an amount less than what an incumbent receives as salary and RATA. It, of course, follows that he or she cannot receive more.

WHEREFORE, the request of the retired Justices who qualify under Republic Act No. 910, as amended, is approved as follows:

1. Upon retirement, a five-year lump sum payment computed on the basis of the highest monthly salary plus the highest monthly aggregate of transportation, living, and representation allowances received by him as such Justice shall be automatically paid to the retiree.

2. In case the salary or representation, living and transportation allowances or both, of an incumbent Justice are increased, such increased salary and representation, living and transportation allowances shall be deemed to be the retirement benefit of the retired Justice, effective upon the date of said increases.

3. For purposes of retirement benefits, longevity pay forms part of

the retired justices that Pres. Decree No. 644 “did not become law as there was no valid publication pursuant to *Tañada v. Tuvera*, (G.R. No. 63915 136 SCRA 27 [1985] and 146 SCRA 446 [1986]).”

¹⁸ *Rollo*, pp. 1–4.

¹⁹ The Resolution is dated October 24, 1995.

basic salary.²⁰ (Underscoring in the original)

The retired justices argued that although public officials or employees who retired before October 31 of a given year were excluded from the coverage of Republic Act No. 6686, the same rule should not apply to Supreme Court and Court of Appeals justices since Republic Act No. 910 governs their retirement benefits.²¹

They further argued that Republic Act No. 6686:

is relevant only insofar as it has increased the December salary or compensation of the incumbent Justices, which inures to the benefit of the retired Justices in accordance with their special retirement law. *It bears emphasis, at this juncture, to say that we are not asking for the December bonus and gift granted by R.A. 6686 but pension differentials mandated by R.A. 1797 which form or become part of our pensions/annuities.*²² (Emphasis supplied, underscoring omitted)

In other words, the year-end bonus and cash gift are increases in the salaries of incumbent justices; hence, retired justices should receive an equivalent amount in their pensions.

This request was granted in the Resolution²³ dated August 10, 1999, which reads:

A.M. No. 99-7-01-SC. – Re: Report of Supreme Court and Court of Appeals Justices for increase/adjustment of their December 1998 pensions. – The Court Resolved to (a) GRANT the request of the retired Supreme Court and Court of Appeals Justices for the increase/adjustment of their pensions by an amount equivalent to the annual year-end bonus and gift effective December 1998; and (b) AUTHORIZE/DIRECT the Fiscal Management and Budget Office, this Court, to recompute/adjust said pensions and pay the pension differentials.²⁴ (Underscoring in the original)

In the letter dated December 13, 1999,²⁵ Adoracion S. Yulo, Former Chief of the Finance Division of this court, requested clarification with regard to the payment of the year-end bonus and cash gift if the pensioner is re-employed either in an elective office or by appointment. She also inquired whether the year-end bonus and cash gift should be divided into 12 months and included in the monthly pension.²⁶

²⁰ *Rollo*, pp. 1–2.

²¹ *Id.* at 2.

²² *Id.* at 2–3.

²³ *Id.* at 17.

²⁴ *Id.*

²⁵ *Id.* at 19.

²⁶ *Id.*

Pursuant to the request for clarification, this court issued the Resolution²⁷ dated March 28, 2000 providing the guidelines to the August 10, 1999 Resolution. It resolved that:

- (1) the increase / adjustment in these benefits effective December 1998 shall be divided by twelve (12) months and the quotient (the resulting amount) shall be released and tacked to their monthly pensions;
- (2) and, the payment of these additional benefits to retired Justices who have been elected to public office shall be subject to the provisions of Section 1 of Republic Act No. 910, as amended by Republic Act No. 5095, the last sentence of which reads:

. . . It is also a condition of the pensions provided for herein that when a member of the judiciary entitled to the benefits of this Act shall assume an elective public office, he shall not, upon assumption of office and during his term, receive the monthly pension due him.²⁸

Subsequently, Former Court of Appeals Presiding Justice Salome A. Montoya, through the letter²⁹ dated December 5, 2000, inquired with this court whether “retired Justices who have not yet outlived the 5[-] or 10-year period after retirement as the case may be, and are not receiving their monthly pensions from the Court, are also entitled to the annual year-end bonus and gift.”³⁰

Regarding Former Presiding Justice Salome A. Montoya’s letter, Atty. Edna E. Diño submitted a memorandum³¹ and recommended that Court of Appeals justices are entitled to receive the year-end bonus and cash gift beginning December 1998. She also discussed:

The phrase “who are employed in the government service as of October 31 of the same year” which is merely reproduced by Rep. Act No. 8441 from Section 1 of Rep. Act No. 6686, reflects the intent of the law to grant the benefits subject therein only to incumbent officials. Thus, a strict interpretation of the law would exclude all retired Justices from its coverage.

However, in clear implementation of the constitutionally mandated fiscal autonomy of the Judiciary and the policy of liberal interpretation of

²⁷ Id. at 66–67.

²⁸ Id. at 66.

²⁹ Id. at 76.

³⁰ Id.

³¹ Id. at 72–74.

retirement laws and other laws granting monetary benefits to retired Justices, the Court approved the request of retired Supreme Court and Court of Appeals Justices for increase/adjustment of their December 1998 pensions in the Resolution of 28 March 2000 in A.M. No. 99-7-01-SC. In that Resolution, the Court directed the Fiscal Division of the Fiscal Management and Budget Office (FMBO) that “the increase/adjustment in these benefits effective December 1998 shall be divided by twelve (12) months and the quotient (the resulting amount) shall be released and tacked to their monthly pensions.”³² (Emphasis supplied)

In the Resolution³³ dated January 16, 2001, this court granted the request of Former Presiding Justice Salome A. Montoya. The Resolution reads:

The Court Resolved to:

(a) NOTE the Memorandum dated 22 December 2000 of Atty. Edna E. Diño, Chief, Office of the Chief Attorney, this Court, re: Entitlement of Retired Court of Appeals Justices who are not yet receiving monthly pensions to annual year-end bonus and cash gift;

(b) RULE that all retired Supreme Court and Court of Appeals Justices shall receive equal pay/pension as the incumbents and that all new benefits granted the latter should likewise be granted the former; and

(c) GRANT the request of Court of Appeals Presiding Justice Salome A. Montoya that retired Justices “who have not yet outlived the 5[-] or 10-year period after retirement” and “are not receiving their monthly pensions from the Court” be entitled to the annual year-end bonus and gift.³⁴

However, the issue of the grant of the year-end bonus and cash gift to retired justices did not end there. In the memorandum³⁵ dated December 13, 2002, Former Chief Justice Davide, Jr. requested Atty. Edna E. Diño to “study the legality of a grant of Christmas bonus, to retired Justices and Judges, chargeable against the Fiscal Autonomy Account or the savings in appropriations of the Supreme Court and the Lower Courts.”³⁶ He also inquired whether the power of augmentation could be used to justify the grant.³⁷

Atty. Edna E. Diño replied to the queries of Former Chief Justice Davide, Jr. in the memorandum³⁸ dated December 18, 2002. She discussed

³² Id. at 73.

³³ Id. at 78.

³⁴ Id.

³⁵ Id. at 90.

³⁶ Id.

³⁷ Id.

³⁸ Id. at 81–89.

that the grant of the year-end bonus and cash gift to retired justices was based on A.M. No. 91-8-225-CA,³⁹ which interpreted Section 3-A of Republic Act No. 910 in the following manner:

Sec. 3-a of the retirement law is sufficiently clear that whenever the salary of an incumbent Justice is increased, such increased salary shall be deemed to be the salary or the retirement pension which a Justice who retired was receiving at the time of his cessation in office. In other words, the increased salary of the incumbent becomes the basis of the salary of the retiree at the time of his cessation in office.⁴⁰

In 1997, Republic Act No. 8441 was passed. It states:

SECTION 1. Section 1 of Republic Act No. 6686 is hereby amended to read as follows:

SECTION 1. All officials and employees of the National Government *who have rendered at least four months of service from January 1 to October 31 of each year and who are employed in the government service as of October 31 of the same year* shall each receive a Christmas bonus equivalent to one month basic salary and additional cash gift of Five thousand pesos (P5,000) to be implemented over a period of three (3) years[.] (Emphasis supplied)

Thus, A.M. No. 91-8-225-CA appeared to have been superseded by Republic Act No. 8441. From the law itself, only the incumbents as of October 31 of a given year would be entitled to the year-end bonus and cash gift.

However, in A.M. No. 99-7-01-SC dated August 10, 1999, this court granted “the request of the retired Supreme Court and Court of Appeals Justices for the increase/adjustment of their pensions by an amount equivalent to the annual year-end bonus and gift effective December 1998.”⁴¹

In A.M. No. 99-7-01-SC dated January 16, 2001, this court ruled that:

all retired Supreme Court and Court of Appeals Justices shall receive equal pay/pension as the incumbents and that all new

³⁹ Re: Request of the Retired Justices of the Court of Appeals for Re-Adjustment of their Monthly Pension.

⁴⁰ *Rollo*, p. 83.

⁴¹ *Id.* at 83–84.

benefits granted the latter should likewise be granted the former[.]⁴²

The Resolution dated January 16, 2001 became the basis “for the grant of Christmas bonus to retired Justices of the Supreme Court, the Court of Appeals[,] and the Sandiganbayan.”⁴³ However, retired judges of the lower courts were not entitled to the same benefit since Republic Act No. 910 only clearly stated Supreme Court and Court of Appeals justices.⁴⁴

On whether the Chief Justice could use his or her power of augmentation for the grant of the bonus, Atty. Edna E. Diño stated that pursuant to the General Appropriations Act of 2002, the Chief Justice may exercise his or her power of augmentation and use this court’s savings for the grant of the year-end bonus and cash gift.⁴⁵

On March 11, 2003, this court issued another Resolution⁴⁶ pertaining to A.M. No. 99-7-01-SC, directing the Fiscal Management and Budget Office:

to observe the rule that retired Justices of the Supreme Court, the Court of Appeals, and the Sandiganbayan who are re-appointed to the Judiciary shall be entitled to one Christmas bonus only provided that should the justice concerned be entitled by law to two or more such bonuses, he/she shall receive whichever is higher or highest in amount.⁴⁷

At that time, Section 3-A of Republic Act No. 910 had not yet been amended to include all members of the judiciary. Thus, retired judges of the first- and second-level courts were not entitled to the annual year-end bonus and cash gift.

IV

At present, Republic Act No. 9946 has amended Section 3-A of Republic Act No. 910 to state “retired members of the judiciary” instead of “justices of the Supreme Court or of the Court of Appeals.” From the provision of law, Court of Tax Appeals justices are now included.

Considering that incumbent justices receive the annual year-end bonus and cash gift every December and that such grant is deemed an increase in

⁴² Id. at 84.

⁴³ Id.

⁴⁴ Id.

⁴⁵ Id. at 88.

⁴⁶ Id. at 102.

⁴⁷ Id.

the monthly salary for December, retired members of the judiciary are entitled to receive the same amount, with the caveat that this grant is only for the period when they have yet to receive their monthly pensions from this court.

The five-year lump sum amount that a member of the judiciary receives at the time of retirement does not include the year-end bonus and cash gift because doing so would mean that the retirees benefit earlier than the incumbents. However, once the retirees receive their monthly pensions, the equivalent of the year-end bonus and cash gift shall form part of their pension and be released to them at the same time that the incumbents receive the year-end bonus and cash gift.⁴⁸

Further, retirement benefits are liberally construed in favor of the retiree. In A.M. No. 14155-Ret.,⁴⁹ this court discussed the rationale for the grant of retirement benefits:

Retirement laws are social legislation. In general, retirement laws provide security to the elderly who have given their prime years in employment whether in the private sector or in government. These laws ensure the welfare of individuals who are approaching their twilight years and have limited opportunities for productive employment that give them a steady income stream. . . .

In government, lucrative retirement benefits are used as an incentive mechanism to encourage competent individuals to have careers in government. This Court often states:

[R]etirement benefits receivable by public employees are valuable parts of the consideration for entrance into and continuation in public office or employment. They serve a public purpose and a primary objective in establishing them is **to induce competent persons to enter and remain in public employment and render faithful and efficient service while so employed.** (Emphasis in the original)

. . . On several occasions, this Court has liberally interpreted retirement laws in keeping with its purpose. In *Government Service Insurance System v. De Leon*:

Retirement laws, in particular, are liberally construed in favor of the retiree because their objective is to provide for the retiree's sustenance and, hopefully, even comfort, when he no longer has the capability to earn a livelihood. The liberal approach aims to achieve the humanitarian purposes of the law in order that efficiency,

⁴⁸ Id. at 71. This is pursuant to the Resolution dated August 1, 2000 in A.M. No. 99-7-01-SC.

⁴⁹ *Re: Application for Survivorship Pension Benefits Under Republic Act No. 9946 of Mrs. Pacita A. Gruba, Surviving Spouse of the late Manuel K. Gruba, Former CTA Associate Judge*, A.M. No. 14155-Ret., November 19, 2013, 709 SCRA 603 [Per J. Leonen, En Banc].

security, and well-being of government employees may be enhanced. Indeed, retirement laws are liberally construed and administered in favor of the persons intended to be benefited, and all doubts are resolved in favor of the retiree to achieve their humanitarian purpose.

This general principle for retirement benefits applies to members of the Judiciary. However, Congress made a special law specifically for retiring justices and judges. This law on “retirement pensions of Justices arise[s] from the package of protections given by the Constitution to guarantee and preserve the independence of the Judiciary.” Aside from guaranteeing judicial independence, a separate retirement law for justices and judges is designed to attract intelligent members of the Bar to join the Judiciary. It compensates for the opportunity cost of having profitable private practices.⁵⁰

V

Although Republic Act No. 6686 as amended by Republic Act No. 8441, Department of Budget and Management Budget Circular Nos. 2003-2 and 2010-1, and Commission on Audit Circular No. 2012-001 do not include retirees, this court’s interpretation of the retirement laws is part of its fiscal autonomy.

Fiscal autonomy has been defined as “freedom from outside control.”⁵¹ It guarantees full flexibility in the utilization of funds and resources.⁵² The Constitution grants fiscal autonomy to the judiciary to ensure its independence. As explained in *Bengzon v. Drilon*:⁵³

The Judiciary, the Constitutional Commissions, and the Ombudsman must have the independence and flexibility needed in the discharge of their constitutional duties. The imposition of restrictions and constraints on the manner the independent constitutional offices allocate and utilize the funds appropriated for their operations is anathema to fiscal autonomy and violative not only of the express mandate of the Constitution but especially as regards the Supreme Court, of the independence and separation of powers upon which the entire fabric of our constitutional system is based.⁵⁴

⁵⁰ Id. at 612–613, *citing Profeta v. Drilon*, G.R. No. 104139, December 22, 1992, 216 SCRA 777, 782–783 [Per J. Padilla, En Banc], *citing in turn Ortiz v. COMELEC*, 245 Phil. 780, 789 (1988) [Per J. Fernan, En Banc]; *Government Service Insurance System v. De Leon*, G.R. No. 186560, November 17, 2010, 635 SCRA 321, 330–331 [Per J. Nachura, Second Division]; and *Bengzon v. Drilon*, G.R. No. 103524, April 15, 1992, 208 SCRA 133, 153 [Per J. Gutierrez, Jr., En Banc].

⁵¹ *Bengzon v. Drilon*, G.R. No. 103524, April 15, 1992, 208 SCRA 133, 150 [Per J. Gutierrez, Jr., En Banc].

⁵² Id.

⁵³ G.R. No. 103524, April 15, 1992, 208 SCRA 133 [Per J. Gutierrez, Jr., En Banc].

⁵⁴ Id. at 150.

In A.M. No. 11-7-10-SC,⁵⁵ this court discussed that one aspect of the constitutional grant of fiscal autonomy is administrative supervision over courts and its personnel, thus:

The Judiciary's fiscal autonomy is realized through the actions of the Chief Justice, as its head, and of the Supreme Court *En Banc*, in the exercise of administrative control and supervision of the courts and its personnel. . . .

. . . .

Thus, under the guarantees of the Judiciary's fiscal autonomy and its independence, the Chief Justice and the Court *En Banc* determine and decide the *who, what, where, when*[,] and *how* of the privileges and benefits they extend to justices, judges, court officials and court personnel within the parameters of the Court's granted power; they determine the terms, conditions and restrictions of the grant as grantor.

. . . .

. . . Any kind of interference on how these retirement privileges and benefits are exercised and availed of, not only violates the fiscal autonomy and independence of the Judiciary, but also encroaches upon the constitutional duty and privilege of the Chief Justice and the Supreme Court *En Banc* to manage the Judiciary's own affairs.⁵⁶ (Emphasis in the original)

Hence, the power to decide "who, what, where, when[,], and how"⁵⁷ to grant retirement benefits is within this court's exercise of administrative supervision over courts and its personnel. Any outside interference would violate this court's fiscal autonomy.

Republic Act No. 9946 specifies what is included in the pension of retired members of the judiciary as follows:

SEC. 3. Upon retirement, a Justice of the Supreme Court or of the Court of Appeals, the Sandiganbayan or of the Court of Tax Appeals, or a Judge of the regional trial court, metropolitan trial court, municipal trial court in cities, municipal trial court, municipal circuit trial court, shari'a district court, shari'a circuit court, or any other court hereafter established *shall be automatically entitled to a lump sum of five (5) years' gratuity computed on the basis of the highest monthly salary plus the highest monthly aggregate of transportation, representation and other allowances such as personal economic relief allowance (PERA) and additional compensation allowance he/she was receiving on the date of his/her retirement and thereafter upon*

⁵⁵ *Re: COA Opinion on the Computation of the Appraised Value of the Properties Purchased by the Retired Chief/Associate Justices of the Supreme Court*, 692 Phil. 147 (2012) [Per Curiam, En Banc].

⁵⁶ *Id.* at 161–163.

⁵⁷ *Id.* at 162.

survival after the expiration of five (5) years, to further annuity payable monthly during the residue of his/her natural life pursuant to Section 1 hereof[.] (Emphasis supplied)

The enumeration under Section 3 of Republic Act No. 9946 admittedly does not include the year-end bonus and cash gift. Nevertheless, the interpretation of retirement laws is part of this court's fiscal autonomy. In addition, the grant of the year-end bonus and cash gift is based on A.M. No. 91-8-225-CA and A.M. No. 99-7-01-SC.

VI

Republic Act No. 9282 elevated the rank of a Court of Tax Appeals justice to that of a Court of Appeals justice. Section 1 of Republic Act No. 9282 provides:

SECTION 1. Section 1 of Republic Act No. 1125, as amended, is hereby further amended to read as follows:

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. . . . 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. (Emphasis supplied)

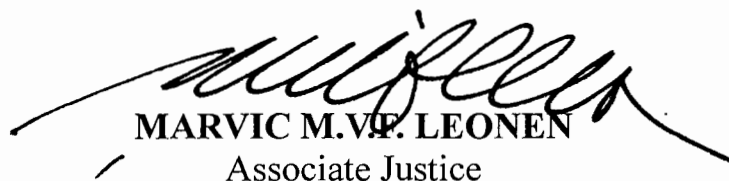
Since part of the retirement benefits granted to the retired Court of Appeals justices is the annual year-end bonus and cash gift pending receipt of monthly pensions, retired Court of Tax Appeals justices are entitled to the same.

Considering that the payment of the year-end bonus and cash gift is deemed part of the retirement benefits of retired members of this court, the Court of Appeals, the Court of Tax Appeals, and the Sandiganbayan, the


funds for this purpose should come from the appropriations for Pension Benefits.

WHEREFORE, this court resolves to **GRANT** the request of Court of Tax Appeals Presiding Justice Roman G. Del Rosario that retired Court of Tax Appeals Justices Ernesto D. Acosta and Olga Palanca-Enriquez shall be given their annual year-end bonus and cash gift while they have yet to receive their monthly pensions from this court. This grant shall be subject to the availability of funds under Pension Benefits and not from the Judiciary's savings.

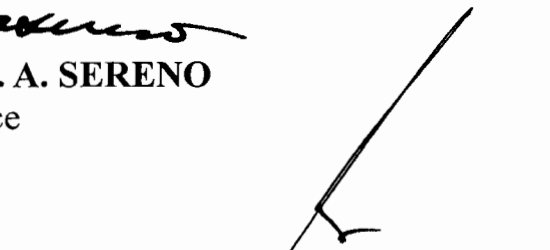
SO ORDERED.



MARVIC M. VE. LEONEN
Associate Justice

WE CONCUR:



MARIA LOURDES P. A. SERENO
Chief Justice



ANTONIO T. CARPIO
Associate Justice



PRESBITERO J. VELASCO, JR.
Associate Justice


TERESITA J. LEONARDO-DE CASTRO
Associate Justice

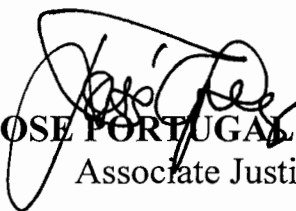

ARTURO D. BRION
Associate Justice


DIOSDADO M. PERALTA
Associate Justice


LUCAS P. BERSAMIN
Associate Justice

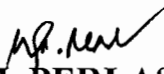

MARIANO C. DEL CASTILLO
Associate Justice

(On official leave)
MARTIN S. VILLARAMA, JR.
Associate Justice


JOSE PORTUGAL PEREZ
Associate Justice


JOSE CATRAL MENDOZA
Associate Justice

(On leave)
BIENVENIDO L. REYES
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice


FRANCIS H. JARDELEZA
Associate Justice