REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

December 27, 2016

REVENUE MEMORANDUM CIRCULAR NO. 2-2017

SUBJECT : Publishing the Daily Minimum Wage Rates in Region XI Pursuant to Wage Order No. RB-XI-19.

TO : All Internal Revenue Officials, Employees and Others Concerned

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For the information and guidance of all concerned, quoted hereunder is the full text of Wage Order No. RB-XI-19 issued on November 4, 2016 and published in the Mindanao Times on December 1, 2016:

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Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
Regional Tripartite Wages and Productivity Board-Region XI
Davao City

WAGE ORDER NO. RB XI-19

PROVIDING FOR NEW MINIMUM WAGE RATES IN DAVAO REGION

WHEREAS, pursuant to Republic Act No. 6727, otherwise known as the Wage Rationalization Act, the Regional Tripartite Wages and Productivity Board-Region XI (RTWPB-XI) is mandated to conduct continuing studies of wage rates and to periodically assess the prevailing economic conditions in the determination of the minimum wage applicable in the region or industry;

WHEREAS, the Regional Board, in aid of its *motu proprio review* of Wage Order No. RB XI-18, conducted public hearings on October 17, 2016 to cover the areas ofTagum City, Panabo City, Mati City, Davao del Norte, Compostela Valley and Davao Oriental, and on October 18, 2016 to cover the areas of Davao City, Island Garden City of Samal, Digos City, Davao del Sur and Davao Occidental.

WHEREAS, as a result of the studies on the socio-economic conditions of Region XI, public hearings and deliberations conducted, the Regional Board has determined the need to restore the lost purchasing power of minimum wage earners in Davao Region for them to cope with the rising cost of living without impairing the productivity and viability of business and industries therein;

WHEREAS, with the implementation of the two-tiered wage system (TTWS), which prescribes poverty threshold as the floor wage and productivity-based scheme for the second tier, the Regional Board deemed it necessary to raise all the statutory wage rates in the Region to the level of the poverty threshold;

WHEREAS, consistent with the government's policy of achieving a higher level of productivity to preserve and generate jobs, and to augment the income of workers, there is a need to build the capacity of business enterprises to be competitive through productivity improvement and gainsharing programs;

NOW, THEREFORE, by virtue of the power and authority vested under Republic Act No. 6727, otherwise known as the Wage Rationalization Act, the Regional Tripartite Wages and Productivity Board-Region XI (RTWPB-XI) hereby issues this Wage Order:

SECTION 1. NEW MINIMUM WAGE RATES. Upon effectivity of this Wage Order the new daily minimum wage rates in the Region shall be increased as follows:

a. For workers in Non-Agriculture/Industrial/Commercial and Retail/Service Employing more than 10 workers, an increase of TWENTY THREE PESOS (P23.00) basic wage per day.

   The FIVE PESOS (P5.00) COLA under Wage Order No. RB XI-18 shall be integrated into the basic wage effective May 1, 2017.

b. For workers in Agriculture, an increase of TWENTY EIGHT PESOS (P28.00) basic wage per day.

The FIVE PESOS (P5.00) COLA under Wage Order No. RB XI-18 shall be integrated into the basic wage effective May 1, 2017.

c. For workers in Retail/Service Employing not more than 10 workers, an increase of TWENTY NINE PESOS (P29.00) basic wage per day.

Additional TEN PESOS (P10.00) basic wage increase effective May 1, 2017.

The FIVE PESOS (P5.00) COLA under Wage Order No. RB XI-18 shall be integrated into the basic wage effective May 1, 2017.

d. The new minimum wage rates in Region XI are as follows:

SECTOR / INDUSTRY	MINIMUM WAGES						
	Under Wage Order No. RB XI-18			Upon Effectivity of Wage Order No. RB XI-19			Effective May 1, 2017
	Basic Wage	COLA	Minimum Wage Rate (MWR)	Basic Wage	COLA	New Minimum Wage	New Minimum Wage with COLA Integration
Non-Agriculture/ Industrial / Commercial and Retail / Service Employing More than 10 Workers	P 312.00	P 5.00	P 317.00	P 335.00 (312+23)	P 5.00	P 340.00	P 340.00 (335+5)
AGRICULTURE	P 302.00	P 5.00	P 307.00	P 330.00 (302+28)	P 5.00	P 335.00	P 335.00 (330+5)
RETAIL/SERVICE Employing not more than 10 workers	P 281.00	P 5.00	P 286.00	P 310.00 (281+29)	P 5.00	P 315.00	P 325.00 (310+10+5)

SECTION 2. COVERAGE. The prescribed wage rates under this Wage Order shall apply to all workers and employees in the private sector receiving the minimum wage in Davao Region, regardless of position, designation or status of employment and irrespective of the method by which their wages are paid. This Wage Order shall not include domestic workers or kasambahay covered by Batas Kasambahay (R. A. 10361), family drivers, persons employed in the personal service of another, and workers of establishments registered under the Barangay Micro Business Enterprises (BMBE) Law (R. A. 9178) and as also provided under the *Go Negosyo* Act of 2013 (R.A.10644).

SECTION 3. BASIS OF MINIMUM WAGE RATES. The minimum wage rates prescribed under this Wage Order shall be for the normal working hours, which shall not exceed eight (8) hours of work per day.

SECTION 4. WORKERS PAID BY RESULTS. All workers paid by results, including those who are paid on piecework, *"iakay"*, *"pakyaw"* or task basis, shall be entitled to receive the prescribed minimum wage rates per eight (8) hours work a day, or a proportion thereof, for working less than eight (8) hours.

SECTION 5. WAGES OF SPECIAL GROUPS OF WORKERS. Wages of apprentices and learners shall in no case be less than seventy-five percent (75%) of the applicable minimum wage rates prescribed in this Wage Order.

All recognized learnership and apprenticeship agreements entered into before the effectivity of this Wage Order shall be considered automatically modified insofar as their wage clauses are concerned to reflect the new prescribed wage rates.

All qualified handicapped workers shall receive the full amount of the minimum wage rate prescribed herein pursuant to Republic Act No. 7277, otherwise known as the Magna Carta for Differently-abled Persons.

SECTION 6. APPLICATION TO PRIVATE EDUCATIONAL INSTITUTIONS. In the case of private educational institutions, the share of covered workers and employees in the increase in tuition fees for School Year 2016-2017 shall be considered as compliance with the increase prescribed herein. However, payment of any shortfall in the new minimum wage rates set forth herein shall be covered starting School Year 2017-2018.

Private educational institutions which have not increased their tuition fees for the School Year 2016-2017 may defer compliance with the increase prescribed herein until the beginning of School Year 2017-2018.

In any case, all private educational institutions shall implement the increase herein starting School Year 2017-2018.

SECTION 7. APPLICATION TO CONTRACTORS. In the case of contracts for construction projects, and for security, janitorial and similar services, the prescribed minimum wage rates in this Wage Order shall be borne by the principals or clients of the construction or service contractors, and the contract shall be deemed amended accordingly. In the event, however, that the principal or client fails to pay the new minimum wage rates, the construction or service contractor shall be jointly and severally liable with his principal or client.

SECTION 8. PRODUCTIVITY-BASED WAGES. In order to sustain rising levels of wages and enhance competitiveness, businesses are encouraged to adopt productivity improvement schemes such as time and motion studies, good housekeeping, quality circles, labor-management cooperation as well as implement gainsharing programs. Accordingly, the Board shall provide the necessary studies and technical assistance pursuant to Republic Act No. 6971 or the Productivity Incentives Act of 1990.

SECTION 9. EXEMPTION. No exemption from compliance under this Wage Order shall be allowed. However, in case of a calamity, the Board may accept applications for exemption for establishments adversely affected by calamities such as natural and/or human-induced disasters subject to the NWPC Guidelines No. 02, series of 2007 as amended by NWPC Resolution No. 01, series of 2014.

SECTION 10. APPEAL TO THE COMMISSION. Any party aggrieved by this Wage Order may file a verified appeal in three (3) printed legible copies with the National Wages and Productivity Commission (NWPC) through the Regional Board within ten (10) calendar days from the publication thereof.

SECTION 11. EFFECT OF FILING OF APPEAL. The filing of an appeal does not operate to stay this Wage Order unless the party appealing this Wage Order shall file with the NWPC an undertaking with a surety or sureties satisfactory to the NWPC for payment of the prescribed increase to employees affected by this Wage Order in the event that the same is affirmed.

SECTION 12. EFFECTS ON EXISTING WAGE STRUCTURE. Where the application of the increases in the wage rates under this Wage Order results in distortion of the wage structure within an establishment, the same shall be corrected in accordance with the procedure provided for under Article 124 of the Labor Code of the Philippines, as amended.

SECTION 13. COMPLAINTS FOR NON-COMPLIANCE. Complaints for non-compliance with this Wage Order shall be filed with the office of the Department of Labor and Employment (DOLE) having jurisdiction over the workplace and shall be subject to the mandatory thirty (30) day conciliation and mediation process under the Single Entry Approach (SEnA). However, if settlement fails, the case becomes subject of enforcement proceedings under Articles 128 and 129 of the Labor Code, as amended.

SECTION 14. NON-DIMINUTION OF BENEFITS. Nothing in this Wage Order shall be construed to reduce existing wage rates, allowances and benefits in any form under existing laws, decrees, issuances, executive orders and/or under any contract or agreement between the workers and employers.

SECTION 15. PENAL PROVISION. Any person, corporation, trust or firm, partnership, association or entity which refuses or fails to pay the prescribed wage rates in accordance with this Wage Order shall be subject to the penal provisions under RA 6727, as amended by RA 8188.

SECTION 16. PROHIBITION AGAINST INJUNCTION. No preliminary or permanent injunction or temporary restraining order may be issued by any court, tribunal or other entity against this Wage Order or any proceedings before the Regional Board.

SECTION 17. FREEDOM TO BARGAIN. This Wage Order shall not be construed to prevent workers from bargaining for higher wages with their respective employers.

SECTION 18. REPORTING REQUIREMENT. Any person, company, corporation, partnership or any entity engaged in business shall submit a verified itemized listing of their labor component to the Board not later than January 31, 2017 and every year thereafter, in accordance with Section 3 of R.A. 6727 in relation to Art. 124 of the Labor Code, as amended and in the form as prescribed by the NWPC.

SECTION 19. REPEALING CLAUSE. All orders, issuances, rules and regulations, or parts thereof inconsistent with the provisions of this Wage Order are hereby repealed, amended or modified accordingly.

SECTION 20. SEPARABILITY CLAUSE. If for any reason, any section or provision of this Wage Order is declared unconstitutional or illegal, the other provisions or parts hereof shall remain valid.

SECTION 21. IMPLEMENTING RULES. The Regional Board shall submit for approval of the Secretary of Labor and Employment upon recommendation of the NWPC, the necessary Implementing Rules and Regulations not later than ten (10) days from the publication of this Wage Order.

SECTION 22. EFFECTIVITY. This Wage Order shall take effect fifteen (15) days after its publication in a newspaper of general circulation in Davao Region.

Approved, this 4th day of November 2016, in Davao City, Philippines.

JOFFREY M. SUYAO
DOLE-XI Regional Director
Board Chairman

MARIA BELENDA Q. AMBI
DTI-XI Regional Director
Vice-Chairman

MARIA LOURDES D. LIM
NEDA-XI Regional Director
Vice-Chairman

JORGE G. ALEGARBES
Labor Representative
Member

BIENVENIDO D. CARIAGA
Management Representative
Member

VIRGINIA T. CAMUS
Labor Representative
Member

RULFO V. ASIS
Management Representative
Member

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All revenue officials and employees are hereby enjoined to give this Circular a wide publicity as possible.

(Original Signed)
CAESAR R. DULAY
Commissioner of Internal Revenue

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