REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

October 27, 2016

REVENUE MEMORANDUM CIRCULAR NO. 114-2016

SUBJECT : Publishing the Daily Minimum Wage Rates in Region I Pursuant to Wage Order No. RB1-18

TO : All Internal Revenue Officials, Employees and Others Concerned

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For the information and guidelines of all internal revenue officers, employees and others concerned, we are publishing Wage Order No. RB1-18 which was issued on July 20, 2016 and published at Ilocos Herald on September 17, 2016:

Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
National Wages and Productivity Commission
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD – I
Rm. 203 Joseph Commercial Bldg., Quezon Ave., San Fernando City, LU
T.L. Nos. [illegible]

WAGE ORDER NO. RB1-18

"PROVIDING FOR NEW DAILY MINIMUM WAGE RATES OF WORKERS AND EMPLOYEES IN REGION 1."

WHEREAS, the Regional Tripartite Wages and Productivity Board No. 1 (RTWPB-1) is mandated under R.A. 6727 (The Wage Rationalization Act) to periodically review the prevailing socio-economic and other conditions in the Region and if necessary to determine the applicable daily minimum wage rates;

WHEREAS, the previous Wage Order No. RB1-17 issued by the Board on 27 May 2015 which took effect on 19 July 2015 had already reached its one (1) year anniversary on 18 July 2016."

WHEREAS, in the absence of any petition for wage increase, the Board, *motu proprio*, reviewed the existing wage rates, and after due notice to concerned labor and management sectors, conducted public hearings on 22 June 2016 in Dagupan City, Pangasinan; 29 June 2016 in San Fernando City, La Union; and 6 July 2016 in Laoag City for the Provinces of Ilocos Sur and Ilocos Norte with concerned labor management sectors in order to determine whether there is a need to adjust the minimum wages in the Region."

WHEREAS, after giving due consideration on the results of the public hearings and consistent with the government policy of inclusive growth, the Board deemed it necessary to adjust the prevailing daily wage rates of workers/employees in the Region to enable them to cope with the rising cost of living without impairing the viability of business and industry;

WHEREAS, the Board unanimously agreed to review motu proprio and adjust the daily wage rates should more recent Poverty Threshold data from Philippine Statistics Authority exceed the minimum wage rates within one (1) year from effectivity of this Order."

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 1 hereby issues this Order.

SECTION 1. NEW MINIMUM WAGE RATES

Upon the effectivity of this Order, the Minimum Wage Rates of all workers/employees in the private sector in the Region shall be increased as follows:

a. For workers in Large Non-Agriculture Establishments receiving P253.00 under Wage Order No. RB1-17, an increase of TWENTY SEVEN PESOS (P27.00) per day.
b. For workers in Medium Non-Agriculture Establishments receiving P253.00 and P244.00 under Wage Order No. RB 1-17, an increase of TWELVE PESOS (P12.00) per day and TWENTY ONE PESOS (P21.00) per day, respectively.
c. For workers in Small Non-Agriculture Establishments, an increase of NINETEEN PESOS (19.00) per day.
d. For workers in Micro Non-Agriculture Establishments, an increase of SIXTEEN (P16.00) per day.
e. For workers in Agriculture Plantation, an increase of NINETEEN PESOS (P19.00) per day.
f. For workers in Agriculture Non-Plantation, an increase of SIXTEEN PESOS (P16.00) per day.
g. For Commercial Fishing, an increase of TWENTY SEVEN PESOS (P27.00) per day

The new daily minimum wage rates of covered workers in the private sector in Region 1 shall be as follows:

INDUSTRY/SECTOR	ASSET SIZE (As defined in SMED Resolution No. 1, Series of 2003	MINIMUM WAGE UNDER W.O. NO. RB1-17	AMOUNT OF BASIC WAGE INCREASE	NEW MINIMUM WAGE RATES UPON EFFECTIVITY
1. Non-Agriculture				
- Large	Above P100M	253.00	27.00	280.00
- Medium	P15,000,001-100M	253.00 244.00	12.00 21.00	265.00 265.00
- Small	P3,000,001-15M	233.00	19.00	252.00
- Micro	Up to P3M	227.00	16.00	243.00
2. Agriculture				
- Plantation		233.00	19.00	252.00
- Non-plantation		227.00	16.00	243.00
3. Commercial Fishing		253.00	27.00	280.00

SECTION 2. COVERAGE:

All workers/employees in the private sector receiving the minimum wage rates in the Region are covered by the wage increase prescribed herein irrespective of their positions, designations or status of employment and regardless of the method by which their wages are paid.

This Order shall not cover Kasambahay/Domestic workers; persons employed in the personal service of another including family drivers; and

workers and employees of registered Barangay Micro Business Enterprises (BMBE) with Certificates of Authority pursuant to Republic Act 9178, as amended.

SECTION 3. BASIS OF MINIMUM WAGE

The minimum wage rates prescribed under this Order shall be for the normal working hours which shall not exceed eight (8) hours work per day.

SECTION 4. PRODUCTIVITY AND OTHER PERFORMANCE INCENTIVE PROGRAM (PIP)

In order to sustain increasing levels of wages and enhance competitiveness, labor and management as partners are encouraged to adopt productivity improvement schemes that will improve the quality of life of workers and in turn enable them to produce and earn more, such as time and motion studies, good housekeeping, quality circles, labor and management cooperation as well as implement gain-sharing and other performance incentive programs.

Pursuant to the Two-Tiered Wage System, Wage Advisory No. RB 1-01 has been issued to guide private establishments in the formulation, adoption and implementation of productivity programs and performance and productivity-based incentive that an enterprise may provide based on agreement between workers and management.

The Board shall continue to issue advisories on PIPs for adoption by all sectors in the Region.

SECTION 5. MINIMUM WAGE RATES APPLICABLE TO BUSINESS ESTABLISHMENTS WITH MULTIPLE BUSINESS ACTIVITIES

The minimum wage rates applicable to business establishments performing multiple business activities not separately registered with any appropriate government agency shall be determined in accordance with their dominant business activity.

SECTION 6. CREDITABLE WAGE INCREASE

Wage increases by virtue of Collective Bargaining Agreement in unionized establishments and those of the non-unionized sectors setting equal or greater than the minimum wage rates herein provided shall be considered compliance herewith; and

Anniversary wage increases, merit wage increases and those resulting from their regularizations or promotion of employees shall not be credited as compliance.

SECTION 7. WORKERS PAID BY RESULTS

All workers paid by results, including those who are paid on piecework, "takay", "pakyaw" or task basis, shall receive not less than the adjusted amount prescribed by this Order for the normal working hours which shall not exceed eight (8) hours per day or a proportion thereof for working less than eight (8) hours.

SECTION 8. WAGES OF SPECIAL GROUPS OF WORKERS AND EMPLOYEES

Persons employed under Apprenticeship or Learnership Agreement shall be entitled to not less than Seventy Five Percent (75%) of the new minimum wage rates under this Order.

All Learnership and Apprenticeship Agreements entered into before the effectivity of this Order shall be 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 increase in this Order pursuant to R.A. 7277.

SECTION 9. APPLICATION TO PRIVATE EDUCATIONAL INSTITUTIONS

Whenever applicable, all Private Educational Institutions shall implement this Order starting School Year 2016-2017.

The share in the tuition fee increases of covered workers and employees for School Year 2016-2017 shall be considered as compliance, however, payment of any shortfall in compliance with this Order shall be given 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 provisions of this Order until School Year 2017-2018.

SECTION 10. APPLICATION TO CONTRACTORS

In the case of contracts for construction projects and for security, janitorial and similar services, the prescribed increase shall be borne by the principals or clients of the construction/service contractors and the contracts shall be deemed amended accordingly. In the event, however, that the principals or clients fail to pay the prescribed increase, the construction/service contractors shall be jointly and severally liable with their principals or clients.

SECTION 11. MOBILE AND BRANCH WORKERS/EMPLOYEES

The minimum wage rates of workers and employees, who by the nature of their work have to travel, shall be those applicable in the domicile or head office of the employer.

The minimum wage rates of workers and employees working in branches or agencies of establishments within or outside the region shall be those applicable in the place where they are stationed.

SECTION 12. TRANSFER OF WORKERS AND EMPLOYEES

The transfer of workers and employees from one region to another shall not diminish the wage rates being enjoyed by them prior to such transfer. The workers and employees transferred to other regions with higher wage rates shall be entitled to the minimum wage rate applicable therein.

SECTION 13. EXEMPTION

The following categories of establishments may be exempted from compliance with this Order, upon application with and as determined by the Board in accordance with the National Wages and Productivity Commission (NWPC) Guidelines No. 2, Series of 2007 (NWPC Amended Rules on Exemption)

1. Distressed establishments;
2. New business establishments;
3. Retail/Service establishments employing not more than ten (10) workers; and
4. Establishments adversely affected by calamities such as natural and human-induced disasters.

SECTION 14. DURATION AND EXTENT OF EXEMPTION

Establishments that applied for exemption and found qualified may be granted a partial or full exemption of one (1) year in accordance with the NWPC Guidelines No. 02, Series of 2007.

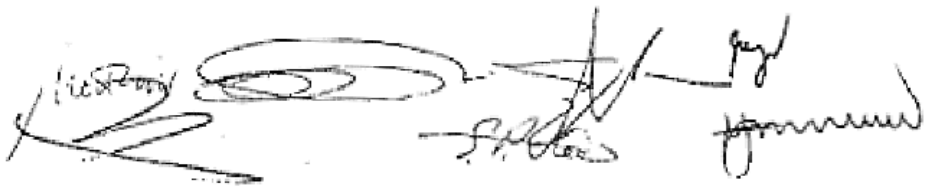
SECTION 15. EFFECT OF APPLICATION FOR EXEMPTION

An application for exemption duly filed shall have the effect of deferring any action on any complaint for non-compliance with the Order until resolution of the application by the Board.

In case the application for exemption is not approved, covered workers and employees of the applicant-establishment shall be paid the prescribed minimum wage rates under this Order plus one percent (1%) simple interest per month retroactive to the effectivity of this Order.

SECTION 15. APPEAL TO THE COMMISSION

Any party aggrieved by this Order may file a verified appeal with the NWPC through the Board within ten (10) calendar days from the publication of this Order.



SECTION 17. EFFECT OF AN APPEAL

The filing of the appeal does not operate to stay this Order unless the party appealing such Order shall file with the NWPC an undertaking with a surety or sureties satisfactory to the NWPC for payment of the corresponding increase for covered workers and employees in the event this Order is affirmed.

SECTION 18. EFFECT ON EXISTING WAGE STRUCTURE

In case the wage increases provided for by this Order result in the 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, as amended.

SECTION 19. COMPLAINTS FOR NON-COMPLIANCE

Complaints for non-compliance with this Order shall be filed with the Department of Labor and Employment Regional Office I (DOLE-Region 1) having jurisdiction over the workplace and shall be subject to the mandatory thirty (30) day conciliation and mediation process under Single Entry Approach (SEnA). However, if settlement fails, the case becomes subject of enforcement proceedings under Article 128 of the Labor Code, as amended."

SECTION 20. NON-DIMINUTION OF BENEFITS

Nothing in this Order shall be construed to reduce any existing wage rates, allowances and benefits of any form under existing laws, decrees, issuances, executive orders and/or under any contract or agreement between the workers/employees and employers.

SECTION 21. PENAL PROVISION

Any person, corporation, trust or firm, partnership, association or entity who refuses or fails to pay the prescribed increases in this Order, shall be punished by a fine of not less than P25,000.00 nor more than P100,000.00 or imprisonment of not less than two (2) years nor more than four (4) years or both such fine and imprisonment at the discretion of the court pursuant to the provision of Section 12 of R.A 6727, as amended by R.A. 8188.

SECTION 22. PROHIBITION AGAINST INJUNCTION

No preliminary or permanent injunction or temporary restraining order may be issued by any court, tribunal or other entity against any proceedings before the Board.

SECTION 23. FREEDOM TO BARGAIN

This Order shall not be construed to prevent workers in particular firms or enterprises or industries from bargaining for higher wages with their respective employers.

SECTION 24. REPORTORIAL REQUIREMENT

Any person, company, corporation, partnership or any entity engaged in the business shall submit a verified itemized listing of their labor component to the Board not later than 31 January 2017 and every year thereafter in accordance with the form prescribed by the NWPC.

SECTION 25. REPEALING CLAUSE

All orders, issuances, rules and regulations, or parts thereof inconsistent with the provision of this Order are hereby repealed, amended or modified accordingly.

SECTION 26. IMPLEMENTING RULES

The Board shall prepare the necessary rules to implement this Order subject to the approval of the Secretary of Labor and Employment.

SECTION 27. SEPARABILITY CLAUSE

If, for any reason, any section or provision of this Order is declared unconstitutional or illegal, the other provisions or parts shall remain valid.

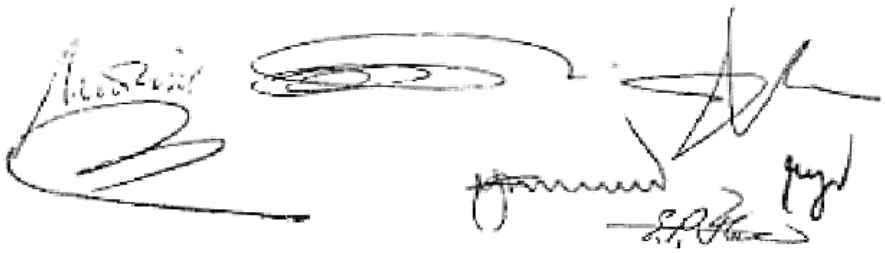
SECTION 28. EFFECTIVITY

This Order shall take effect fifteen (15) days after its publication in a newspaper of general circulation in the Region.

UNANIMOUSLY APPROVED this 20th day of July, 2016, City of San Fernando, La Union, Philippines.

ATTESTED BY:

NATHANIEL L. PINEDA
Officer-in-Charge – Board Secretary VI



APPROVED:

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ELISEO P. FLORA
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Vice-Chairperson

FLORANTE O. LEAL
Vice-Chairperson

GRACE Y. URSUA
Chairperson

All concerned are hereby enjoined to be guided accordingly and to give this Circular as wide a publicity as possible.

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

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