REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

October 27, 2016

REVENUE MEMORANDUM CIRCULAR NO. 117-2016

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

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. RIX-19 which was issued on August 15, 2016 and published at Zamboanga Today on September 16, 2016:

Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
National Wages and Productivity Commission
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD-IX
Compartment No. 2-F, HC Marketing Inc., Camins Avenue, Zamboanga City
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WAGE ORDER NO. RIX-19

PRESCRIBING THE NEW MINIMUM WAGE IN THE ZAMPEN REGION

WHEREAS, Republic Act No. 6727, otherwise known as **Wage Rationalization Act of 1989**, empowers the Regional Tripartite Wages and Productivity Boards (RTWPBs) to determine the minimum wage applicable in the regions and issue corresponding wage orders, subject to the Guidelines issued by the National Wages and Productivity Commission (**NWPC**);

WHEREAS, the RTWPB-ZAMPEN Region (Board) issued Wage Order No. RIX-18 (W.O. No. 18), which has been in force and in effect since 10 June 2013;

WHEREAS, under the rules, the Board is mandated to periodically review the current wage rates, whenever conditions in the Region so warrant;

WHEREAS, in the absence of any petition for wage hike, the Board, *motu propio*, reviewed the existing wage rates, and conducted consultations with concerned sectors and shareholders at the following provinces of Isabela City (22 April 2016), Ipil, Zamboanga Sibugay (23 May 2016), Pagadian City, Zamboanga del Sur (24 May 2016), Dipolog City, Zamboanga del Norte (25 May 2016), and Zamboanga City (31 May 2016) and a public hearing in Zamboanga City (August 15, 2016) to determine whether there is a need to adjust the existing minimum wage of workers in the private sector in the Region;

WHEREAS, in wage setting, aside from adherence to the criteria provided for by RA 6727, the Poverty Threshold is a critical factor that is given utmost consideration in the determination of the 1st-Tier of the Two-Tiered Wage System (TTWS), as represented by the Minimum Wage;

WHEREAS, an evaluation of the changes in the socio-economic conditions in the ZAMPEN Region reveals that:

a) taking into account the 2015 Consumer Price Index (CPI) as against the CPI level at the time of issuance of W.O. No. 18 in 2013, coupled by the erosion of the Purchasing Power of the Peso (PPP), an upward adjustment of existing wage rates is warranted to enable the workers to cope up with the rising cost of living; and

b) the prevailing average Poverty Threshold level of P283.00 per day for a family with five (5) members in the region is over and above the wage rates prescribed by W.O. No. 18;

WHEREAS, the results of the consultations/hearing and the evaluation of socio-economic indicators have substantially shown the need to augment the income of workers to, at the very least, be at par with the Poverty Threshold Level, without impairing the viability of business and industry, consistent with the government's policy of achieving higher levels of productivity to promote economic growth and generate employment;

NOW, THEREFORE, premises considered, this Board hereby issues **WAGE ORDER NO. RIX-19,** prescribing as follows:

Section 1. AMOUNT OF WAGE ADJUSTMENT. Upon effectivity of this Order, the Minimum Wage Rates in the Region shall be increased, conformably with the following schedule and corresponding amount:

a. For workers in **Non-Agriculture Enterprises**, an increase of SIXTEEN PESOS (P16.00) per day upon effectivity;

b. For workers in **Agriculture Plantation Enterprises**, including rubber-based plantation, an increase of SIXTEEN PESOS (P16.00) per day upon effectivity, which shall then be increased by SIX PESOS (P6.00) effective 1 January 2017, and shall further be increased by SIX PESOS (P6.00) effective 1 October 2017;

c. For workers in **Agricultural Non-Plantation,** an increase of SIXTEEN PESOS (P16.00) per day upon effectivity, which shall then be increased by SIXTEEN PESOS (P16.00) effective 1 January 2017, and shall further be increased by SIXTEEN PESOS (P16.00) effective 1 October 2017;

d. For workers in **Retail or Service Establishments** (Employing not more than 30 workers), an increase of SIXTEEN PESOS (P16.00) per day upon effectivity, which shall then be increased by SEVEN PESOS (P7.00) effective 1 January 2017;

e. For workers in **Cottage/Handicraft Enterprises**, an increase of SIXTEEN PESOS (P16.00) per day upon effectivity, which shall then be increased by SIXTEEN PESOS (P16.00) effective 1 January 2017, and shall further be increased by SIXTEEN PESOS (P16.00) effective 1 October 2017.

Section 2. NEW MINIMUM WAGE RATES. Upon effectivity, the New Minimum Wage Rates by category/sector are as follows:

Wage Categories	Minimum Wage under W.O.# RIX-18	1st Tranche: Upon Effectivity	New Minimum Wage	2nd Tranche: Effective Jan. 1, 2017	New Minimum Wage	3rd Tranche: Effective Oct. 1, 2017	New Minimum Wage
NON-AGRICULTURAL (includes private hospitals, educational institutions, security agencies, janitorial, and retail/service establishments employing more than 30 workers)	₱ 280.00	₱ 16.00	₱ 296.00	-	₱ 296.00	-	₱ 296.00
AGRICULTURAL (includes rubber-based plantation)							
> Plantation	255.00	16.00	271.00	6.00	277.00	6.00	283.00
> Non-Plantation	235.00	16.00	251.00	16.00	267.00	16.00	283.00
RETAIL/SERVICE ESTABLISHMENT (employing not more than 30 workers)	260.00	16.00	276.00	7.00	283.00	-	283.00
COTTAGE/HANDICRAFT ENTERPRISES	235.00	16.00	251.00	16.00	267.00	16.00	283.00

Section 3. COVERAGE. The wage rates prescribed in this Order shall apply to all minimum wage earners in the private sector in the region, regardless of their position, designation or status of employment, and irrespective of the method by which they are paid.

This Wage Order shall not cover *kasambahays*/domestic helpers, persons in the personal service of another, family drivers, and workers of duly registered Barangay Micro Business Enterprises (BMBEs) with Certificates of Authority pursuant to Republic Act 9178, as amended.

Section 4. 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 of work a day.

Section 5. APPLICATION TO CONTRACTORS. In the case of contracts for construction projects and for security, janitorial and similar services, the prescribed wage increases shall be borne by the principals or clients of the construction/service contractors and the contract shall be deemed amended accordingly. In the event, however, that the principal or client fails to pay the prescribed wage rates, the construction/service contractor shall be jointly and severally liable with his principal or client.

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 wage rates prescribed herein. Where the share of the workers and employees is less than what is provided herein, the employer shall pay the difference starting school year 2017-2018.

Private educational institutions which have not increased their tuition fees for School Year 2016-2017 may defer compliance with the provisions of this Wage Order until School Year 2017-2018.

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

Section 7. WORKERS PAID BY RESULTS. All workers paid by results, including those who are paid on piecework, "takay", "pakyaw" or task basis, shall be entitled to receive the prescribed wage rates per eight (8) hours of work a day, or a proportion thereof for working less than eight (8) hours per day.

Section 8. WAGES OF SPECIAL GROUP OF WORKERS. Wages of apprentices under Apprenticeship Agreement and learners under Learnership Agreement 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 Order shall be considered automatically modified, in accordance with the Wage Order.

All qualified workers with disability shall receive the prescribed minimum wage rates pursuant to R.A. 7277, otherwise known as the Magna Carta for Disabled Persons.

Section 9. MOBILE AND BRANCH WORKERS; AND, TRANSFER OF PERSONNEL. The minimum wage rates of workers who, by the nature of their work have to travel, shall be those applicable in the domicile or head office of their employer.

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

The transfer of personnel to areas with lower rates shall in no case be a valid ground for the reduction of the higher wage rates being enjoyed by the worker prior to such transfer. However, where the worker is transferred to an area with higher minimum wage rate, the employee shall be entitled to the higher minimum wage rate in that region.

Section 10. CREDITABLE WAGE INCREASE. Wage increases granted by an employer within six (6) months prior to the effectivity of this Order shall be credited as compliance with the prescribed increase set forth herein, provided that an agreement to this effect has been forged between the parties or a provision in the Collective Bargaining Agreement (CBA) allowing creditability exists. In case the increase given is less that than the prescribed increase, the employer shall pay the difference. Such increases shall not include anniversary increases, merit wage increases and those resulting from the regularization of employees.

Section 11. NON-DIMINUTION OF BENEFITS. Nothing in this Wage Order shall be construed to reduce existing wage rates, allowances and benefits of any form under existing laws, decrees, issuances and executive orders and/or under any contract of agreement between workers and employers.

Section 12. EFFECTS ON EXISTING WAGE STRUCTURE OR WAGE DISTORTION. If the application of the increase in the wage rates under this Order results in distortion of the wage structure within an establishment, the same shall be corrected in accordance with the procedures provided for under Article 124 of the Labor Code, as amended.

Section 13. EXEMPTIONS. Upon application with and as determined by the Board, based on documentation and other requirements submitted in accordance with applicable rules and regulations issued by NWPC Guidelines No. 02 Series of 2007, as amended by Resolution No. 1, Series of 2014, the following may be exempted from the applicability of this Order:

a) Distressed Establishments
b) New Business Enterprises (NBEs)
c) Retail/Service Establishments Employing Not More Than Ten (10) workers, and
d) Establishments Adversely Affected by Calamities such as Natural and Human-Induced Disasters.

The extent and duration of exemption shall be for a period of one-year.

Section 14. APPEAL TO THE COMMISSION. Any party aggrieved by this Wage Order may file an appeal to the Commission, through the Board, in three (3) printed copies, not later than ten (10) days from the publication of this Order.

Section 15. EFFECTS OF THE FILING OF THE APPEAL. The filing of the appeal does not operate to stay the Order unless the party appealing such Order shall file with the Commission an undertaking with a surety or sureties satisfactory to the Commission for payment of the corresponding increase or adjustment to employees affected by this Order in the event such Order is affirmed.

Section 16. COMPLAINTS FOR NON-COMPLIANCE. Complaints for non-compliance with this Order shall be filed with the Regional Office of the Department of Labor and Employment (DOLE) having jurisdiction over the workplace and shall be subject to the mandatory thirty (30) days conciliation and mediation process under the Single Entry Approach (SEnA). However, if settlement

fails, the case becomes the subject of enforcement proceedings under Articles 128 of the Labor Code, as amended.

Section 17. PRODUCTIVITY AND PERFORMANCE-BASED INCENTIVE PROGRAMS. 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 practices, quality circles, labor-management cooperation, as well as implement gain-sharing programs and other performance incentive programs.

Pursuant to the Two-Tiered Wage System, the Board issued Advisory No. 1 on the Implementation of Productivity-based Incentives scheme, with the Sardines Canning as its target industry. Should the Advisory be applicable to other industries in the region, or in such other private establishments; and, upon request, the RTWPB-ZAMPEN Region, will provide the technical assistance in the development of productivity improvement programs and/or productivity-based pay formula obtaining therein.

Section 18. PENAL PROVISION. Any person, corporation, trust or firm, partnership, association, or entity which refuses or fails to pay the prescribed minimum wage rates in accordance with this Order shall be subject to the penal provisions pursuant to RA 6727, as amended by RA 8188.

Section 19. 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 20. 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 21. REPORTORIAL REQUIREMENT. Any person, company, corporation, partnership or any entity engaged in business shall submit annually a verified itemized listing of their labor component to the Board not later than January 31, 2017, and every year thereafter in accordance with the form prescribed by the Commission.

Section 22. 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 23. 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 24. IMPLEMENTING RULES AND REGULATIONS. The Board shall issue the necessary implementing rules and regulations of this Wage Order subject to the approval of the Secretary of the Department of Labor and Employment.

Section 25. EFFECTIVITY. This Wage Order shall take effect fifteen (15) days from the date of publication in a newspaper of general circulation in the region.

APPROVED this 15th day of August 2016, at Zamboanga City, Philippines.

EDGAR B. LIM
Member, Employers' Representative

JOSE J. SUAN
Member, Labor Representative
object- and opposed
Section 13, on Exemption

ROBERTO G. VALERIO
Member, Employers' Representative

REY ANTHONY D. TRIO
Member, Labor Representative
OBJECT AND OPPOSED
SECTION 13 ON THE EXEMPTION

TERESITA SOCORRO C. RAMOS
Vice- Chairperson, NEDA

SITTI AMINA M. JAIN
Vice-Chairperson, DTI

SISINIO B. CANO, CESO IV
Chairperson, DOLE

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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