REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

October 27, 2016

REVENUE MEMORANDUM CIRCULAR NO. 118-2016

SUBJECT : Publishing the Daily Minimum Wage Rates in Region XII Pursuant to Wage Order No. RB XII-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. RB XII-19 which was issued on September 9, 2016 and published at The Mindanao Cross on September 24, 2016:

Republic of the Philippines
Department of Labor and Employment
National Wages and Productivity Commission
REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD
Region XII, Koronadal City

WAGE ORDER NO. RB XII-19

PROVIDING FOR NEW MINIMUM WAGE RATES IN REGION XII

WHEREAS, under R.A. No. 6727, otherwise known as the Wage Rationalization Act, the Regional Tripartite Wages and Productivity Board - Region XII (RTWPB XII), is mandated to periodically assess the wage rates, and to conduct continuing studies in the determination of the minimum wage rates applicable in the region;

WHEREAS, on 23 April 2016, the Trade Union Congress of the Philippines filed for a One Hundred Forty Three Pesos (P143.00) across-the-board daily wage increase;

WHEREAS, after giving due notices to all concerned sectors, the RTWPB XII conducted public hearings/consultations on July 29, 2016 and July 30, 2016 in Koronadal City and General Santos City, respectively;

WHEREAS, the Board is committed to simplify the wage structure consistent to the NWPC Guidelines on Two-Tiered Wage System;

WHEREAS, the results of the studies on the socio-economic conditions of the region, the restoration analysis done on Purchasing Power of Peso, effects of changes in Consumer Price Indices and Inflation Rates, vital information gathered from the result of the public hearings/consultations and deliberations revealed the need to provide workers with immediate relief, without impairing business viability by integrating the existing cost of living allowances under Wage Order No. 18 into the basic wage, and providing an additional increase in the basic wage to compensate the projected erosion of the minimum wage rates due to inflation;

NOW THEREFORE, by virtue of the power and authority vested under Republic Act No. 6727, the Regional Tripartite Wages and Productivity Board XII hereby issues this Wage Order:

SECTION 1. Upon Effectivity of this Wage Order.

1.1 Simplification of Sectoral/Industry Classification.

For the purpose of simplification of wage structures consistent to the NWPC Guidelines on Two-Tiered Wage System, with the difference of Two Pesos [P2.00] between Agriculture Sector and the Retail/Service Establishments, the sectoral industry classifications under Agriculture and Retail/Service establishments are merged and classified as one Sector/Industry, as follows:

Industry/Sector
Non-Agriculture
Agriculture/Retail/Service establsihment

1.2. Integration of COLA under Wage Order No. RB XII-18.

The P5.00 per day COLA under Wage Order No. RB XII-18 shall be integrated into the basic wages.

1.3 Amount of Wage Increase.

There shall be an increase in the basic wage as follows:

a. P 20.00 per day for Non-Agriculture
b. P 17.00 per day for Retail/Service establishment
c. P 15.00 per day for Agriculture

SECTION 2. The New Daily Minimum Wage Rates. Upon the effectivity of this Wage Order, the new daily minimum wage shall be as follows:

Industry/Sector	New Minimum Wage Rates Upon the effectivity of this Wage Order
Non-Agriculture	P295.00
Agriculture/ Retail/Service Establishment	P272.00

SECTION 3. Coverage. The wage rates prescribed under this Wage Order shall apply to all minimum wage workers/employees in the private sector in Region XII, regardless of their position, designation or status of employment, and irrespective of the method by which their wages are paid.

This Wage Order shall not cover household or domestic helpers; persons in the personal service of another, including family drivers; and, workers of registered

Barangay Micro Business Enterprises (BMBEs) with Certificate of Authority pursuant to Republic Act No. 9178.

SECTION 4. 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 a day.

SECTION 5. Creditable Wage Increase/Allowances. Wage increases granted by an employer shall be credited as compliance with the prescribed increases set forth herein. In case the increases given are less than the prescribed minimum wage rates, the employer shall pay the difference.

Such creditable increases shall not include anniversary wage increases, merit wage increases, and those resulting from regularization or promotion of employees/workers.

SECTION 6. Productivity-Based Wages. In order to sustain rising levels of wages and enhance competitiveness, businesses are strongly encouraged to adopt productivity improvement schemes such as time and motion studies or work improvement and measurement, good housekeeping, quality circles, labor management cooperation as well as implement gain-sharing programs over and above the regular minimum wage provided. 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 7. 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 prescribed increase under this Wage Order. However, payment of any shortfall 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 minimum wage prescribed herein until the beginning of School Year 2017-2018.

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

SECTION 8. Application to Contractors. In case of contracts for construction projects and for security, janitorial and similar services, the increase in the prescribed minimum wage rates under this Wage Order shall be borne by the principals or clients of the construction/service contractors and the contract shall be deemed amended accordingly as mandated under the Labor Code.

In the event, however, that the principal or client fails to pay the prescribed minimum wage rates, the construction/service contractor shall be jointly and severally liable with his principal or client.

SECTION 9. Workers Paid By Result. All workers paid by result, including those who are paid on piecework, *"takay," "pakyaw"* or task basis, shall be entitled to

receive not less than the prescribed minimum wage rates per eight (8) hours work a day, or a proportion thereof for working less than eight (8) hours.

SECTION 10. 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 based on R.A. 7796 or otherwise known as the Technical Education and Skills Development Act of 1994.

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 minimum 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 Disabled Persons.

SECTION 11. Exemptions. Upon application with and as determined by the Board based on documentation and other requirements in accordance with applicable rules and regulations issued by the National Wages and Productivity Commission, only establishments adversely affected by calamities such as natural and human-induced disasters and those that are prescribed by existing laws and guidelines may be exempted from the applicability of this Wage Order.

SECTION 12. Effect of Application for Exemption. Whenever an application for exemption has been duly filed with the Board, action on any complaint for alleged non-compliance thereto shall be deferred pending its resolution. In the event that the application for exemption is not granted, the applicant firm shall pay the appropriate compensation due to the covered workers as provided for in this Wage Order plus interest of one percent (1%) per month, retroactive from the effectivity of this Wage Order.

SECTION 13. Effects on Existing Wage Structure. Where the application of the increases or adjustments in the prescribed minimum wages rates under this Wage Order results in distortion in the wage structure within the 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 14. Freedom to Bargain. This Wage Order shall not be construed to prevent workers from bargaining for higher wages with their respective employers.

SECTION 15. Complaints for Non-Compliance. Complaints for non-compliance with this Wage 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 Single Entry Approach (SEnA). However, if settlement fails, the case becomes subject of enforcement proceedings under Article 128 of the Labor Code of the Philippines, as amended.

SECTION 16. Non-Diminution of Benefits. Nothing in this Wage Order shall

be construed to reduce any existing wage rates, allowances and benefits of any form under existing laws, decrees, issuances, and executive orders or under any contract or agreement between workers and employers.

SECTION 17. Appeal to the Commission. Any party aggrieved by this Wage Order may file a verified appeal to the National Wages and Productivity Commission through the Board within ten (10) calendar days from the publication of this Wage Order.

SECTION 18. Effects of Filing of Appeal. The filing of the appeal does not operate to stay this Wage Order unless the party appealing this Wage Order shall file with the Commission an undertaking with a surety or sureties satisfactory to the Commission for payment of the corresponding wage adjustment to employees affected by this Wage Order in the event that this Wage Order is affirmed.

SECTION 19. 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 Wage Order shall be subject to the penal provisions under RA 6727, as amended by RA 8188.

SECTION 20. 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 Regional Tripartite Wages and Productivity Board.

SECTION 21. 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 RA 6727 in relation to Article 124 of the Labor Code, as amended, and in the form as 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 submit to the Commission the necessary rules and regulations to implement this Wage Order subject to the approval of the Secretary of Labor and Employment not later than ten (10) days from the publication of this Wage Order.

SECTION 25. Effectivity. This Wage Order shall take effect fifteen (15) days after its publication in a local newspaper of general circulation in the region.

APPROVED, 9 September 2016, Koronadal City, Philippines.

SIMPLICIO H. VILLARTA, JR.
Member
Workers' Representative

JOE MARIE P. ANGELES
Member
Workers' Representative

ATTY. EUGENIO U. SOYAO
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WARREN GREGORIO A. MANILAY
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ARTURO G. VALERO
NEDA Director
Vice-Chairperson

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Vice-Chairperson

ALBERT E. GUTIB
DOLE Director
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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