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

July 7, 2016

**REVENUE MEMORANDUM CIRCULAR NO. 78-2016**

**SUBJECT** : Publishing the Daily Minimum Wage Rates in CARAGA Region Pursuant to Wage Order No. RXIII-14.

**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. RXIII-14 issued on May 30, 2016 and published in the Mindanao Goldstar Daily on June 1, 2016:

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Republic of the Philippines
**DEPARTMENT OF LABOR AND EMPLOYMENT**
National Wages and Productivity Commission
**Regional Tripartite Wages and Productivity Board-XIII**
Caraga Region

**WAGE ORDER NO. RXIII-14**

**PROVIDING NEW MINIMUM WAGE RATES IN CARAGA REGION**

**WHEREAS**, under R.A. No. 6727 *(Wage Rationalization Act)*, the **Regional Tripartite Wages and Productivity Board-Caraga Region** *(RTWPB-Caraga)*, is mandated to periodically review and assess the prevailing wage rates, and to conduct continuing studies in the determination of the minimum wage rates applicable in the region, provinces or industries;

**WHEREAS**, the Board agreed motu proprio to conduct Public Hearing/Consultation on Minimum Wage Adjustment, to determine whether or not issuance of a new wage order is warranted at present since the Wage Order No.13 is more than one year old;

**WHEREAS** after giving due notice to all concerned sectors, the RTWPB-Caraga conducted a series of public hearing/consultations in Butuan City and Surigao City on February 11 and 26, 2016 respectively, to determine the necessity of issuing a new wage order;

**WHEREAS**, after a thorough evaluation of the socio-economic factors in the region in accordance with the provisions set forth under NWPC Guidelines No. 01, Series of 2007, the RTWPB-CARAGA has determined that there is a need to provide workers with *immediate relief* by providing increase in the daily minimum wage rates.

**WHEREAS**, consistent with the government's policy of achieving 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 gain sharing programs.

**WHEREAS**, pursuant to NWPC Guidelines No. 02, Series of 2012 (Guidelines on the Implementation of the Two-Tiered Wage System), in relation to RA 6727 or Wage Rationalization Act, the Regional Tripartite Wages and Productivity Board - Caraga is mandated to implement the Two-tiered wage system (TTWS) where the 1st Tier is the mandated minimum wage component set by the Board and the 2nd Tier is the issuance of productivity-based advisories to guide industries in enhancing productivity incentives program as basis for employer initiatives or enterprise-level negotiations.

**NOW THEREFORE**, by virtue of the power and authority vested under Republic Act 6727, the RTWPB-Caraga hereby issues this Wage Order.

**Section 1. INCREASE IN THE DAILY BASIC WAGE RATE**

Upon effectivity of this Order, the Minimum Daily Basic Wage of covered workers shall be increased by seven pesos (7.00).

**Section 2. INCREASE IN THE COST OF LIVING ALLOWANCE (COLA)**

Effective October 1, 2016, the Cost of Living Allowance (COLA) of the covered workers under Wage Order No.13 shall be increased by five pesos(5.00).

**Section 3. NEW MINIMUM WAGE RATES**

The daily minimum wage rates applicable to covered workers in Caraga Region shall be as follows:

| INDUSTRY/SECTOR | W.O. No.13 | | | W.O. No.14 | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Basic Wage Increase Upon Effectivity | | | COLA Increase (Effective October 1, 2016) | | |
| | BW | COLA | *DMWR | BW | COLA | *DMWR | BW | COLA | DMWR |
| NON-AGRICULTURE | 253 | 15 | 268 | 260 | 15 | 275 | 260 | 20 | 280 |
| AGRICULTURE | | | | | | | | | |
| Plantation | 248 | 20 | 268 | 255 | 20 | 275 | 255 | 25 | 280 |
| Non-Plantation | 238 | 30 | 268 | 245 | 30 | 275 | 245 | 35 | 280 |
| RETAIL & SERVICE | | | | | | | | | |
| Employing 10 or less | 238 | 30 | 268 | 245 | 30 | 275 | 245 | 35 | 280 |
| Employing more than 10 workers | 253 | 15 | 268 | 260 | 15 | 275 | 260 | 20 | 280 |

**Section 4. COVERAGE**

The wage increase prescribed under this Order shall apply to the MINIMUM WAGE EARNERS in the private sector in Caraga Region, regardless of their position, designation or status and irrespective of the method by which their wages are paid.

Not covered by the provisions of this Order are household or domestic helpers, persons employed in the personal service of another, including family drivers and workers in registered Barangay Micro Business Enterprises (BMBE) with Certificates of Authority in accordance with RA 9178.

**Section 5. BASIS OF PAYING 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 a day.

**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 SY 2016-2017 shall be considered in compliance with the increase set forth herein, provided that if such increase is less than

the prescribed adjustment, the employer shall pay the difference in the 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 the beginning of School Year 2017-2018.

In any case, all private educational institutions shall implement the wage rates prescribed 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 increases shall be borne by the principals of the construction/service contractors and the contract shall be deemed amended accordingly. In the event however, that the principals fail to pay the prescribed minimum wage, the construction/service contractors shall be jointly and severally liable with the principals.

**Section 8. WORKERS PAID BY RESULTS**

All workers paid by results, including those who are paid on piece work, *takay*, *pakyaw* or task basis, shall be entitled to receive not less than the prescribed daily minimum wage for eight (8) hours work day, or a proportion thereof for working less than eight (8) hours.

**Section 9. WAGES OF SPECIAL GROUPS OF WORKERS**

Wage of apprentices and learners shall in no case be less than seventy five percent (75%) of the applicable minimum wage rates. All recognized learnership and apprenticeship agreements entered into before the effectivity of this Order shall be considered automatically modified insofar as their wage provisions are concerned to reflect the prescribed wage rates.

All qualified physically-challenged workers shall receive the full amount of the new wage rates prescribed herein pursuant to Republic Act no 7277, otherwise known as the Magna Carta for Disabled Persons.

**Section 10. MOBILE & BRANCH WORKERS**

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 11. TRANSFER OF WORKERS and EMPLOYEES**

The transfer of the 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 rates shall be entitled to the minimum wage rate applicable therein.

**Section 12.PRODUCTIVITY AND PERFORMANCE BASED INCENTIVE PROGRAMS**

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

Pursuant to Two-Tiered Wage System the Board issued Advisory No. 1 with Mining as its target industry, notwithstanding the issuance of future advisories to guide workers and management on the formulation, adoption and implementation of programs and performance and productivity-based incentive schemes.

**Section 13. EXEMPTIONS**

The following may be exempted from the applicability of this Order upon application with and as determined by the Board in accordance with NWPC Guidelines No. 02, Series of 2007 (The Rules on Exemption)

1. Distressed Establishments
2. Retail/Service establishments regularly employing not more than 10;
3. New Business enterprises (NBEs), and
4. Establishments adversely affected by natural and human-induced calamities.

**Section 14. APPEAL TO THE COMMISSION**

Any party aggrieved by the Order issued by the Board may file an appeal with the Commission within 10 calendar days from the publication of this Order.

**Section 15. EFFECT OF FILING OF 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 to employees affected by the Order in the event such Order is affirmed.

**Section 16. EFFECTS ON EXISTING WAGE STRUCTURE**

Where the application of the increases in the wage rates under Sections 1 and 2 hereof, results in the distortion of the wage structure within an establishment, the same shall be corrected in accordance with the procedure provided for under Art. 124 of the Labor Code as amended.

The pendency of a dispute arising from wage distortion shall not in any way delay the applicability of any increase prescribed in this Order.

**Section 17. FREEDOM TO BARGAIN**

This Order shall not be construed to prevent workers in particular firms or enterprises of industries from bargaining for higher wages with their respective employers. Further, the application of the wage increase shall not apply to the existing wage already negotiated under the company's collective bargaining agreement.

**Section 18. COMPLAINTS FOR NON-COMPLIANCE**

Complaints for non-compliance with the Order shall be filed with the Regional Office of the Department 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 Art. 128 and 129 of the Labor Code, as amended.

**Section 19. NON-DIMINUTION CLAUSE**

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 any contract or agreement between the workers and employers.

**Section 20. 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 the form prescribed by the Commission.

**Section 21. PROHIBITION AGAINST INJUNCTION**

No preliminary or permanent injunction or temporary restraining order may be issued by any court, tribunal or other entity against any proceeding before the Board as provided for under RA 6727

**Section 22. PENAL PROVISIONS**

Any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay the prescribed adjustments in this Order shall be subject to the penal provisions under RA 6727 as amended by RA 8188.

**Section 23. IMPLEMENTING RULES**

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

**Section 24. REPEALING CLAUSE**

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

**Section 25. SEPARABILITY CLAUSE**

If any provisions or part of this Order, or the application thereof to any person or circumstance, is held invalid or unconstitutional, the remainder of the Order or the application of such provision or part thereof to other persons or circumstance shall not be affected thereby.

**Section 26. EFFECTIVITY**

This Order shall take effect fifteen (15) days after its publication in at least one (1) newspaper of general circulation in Caraga Region.

APPROVED. Butuan City, Philippines, May 30, 2016.

Republic of the Philippines
DEPARTMENT OF LABOR AND EMPLOYMENT
National Wages and Productivity Commission
Regional Tripartite Wages and Productivity Board-XIII
Caraga Region

Mr. JOSELITO V. SORIANO
Labor Sector Representative

Mr. JORGE G. UY
Management Sector Representative

Mr. FLORANTE O. PEREZ
Labor Sector Representative

Ms. JOCELYN F. YEE
Management Sector Representative

Dir. MYLAH FAYE AURORO B. CARIÑO
Vice Chairperson NEDA

Dir. BRIELGO O. PAGARAN
Vice Chairperson – DTI

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ATTY. EVELYN R. RAMOS
Chairperson - DOLE

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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