

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

July 7, 2016

REVENUE MEMORANDUM CIRCULAR NO. 79-2016

SUBJECT : Publishing the Daily Minimum Wage Rates in National Capital Region
Pursuant to Wage Order No. NCR-20.

TO : All Internal Revenue Officials, Employees and Others Concerned

For the information and guidance of all concerned, quoted hereunder is the full text of Wage Order No. NCR-20 issued on May 17, 2016 and published in the Philippine Star on May 18, 2016:



**REGIONAL
TRIPARTITE WAGES and
PRODUCTIVITY BOARD
NATIONAL CAPITAL REGION**

Republic of the Philippines
Department of Labor and Employment
2nd Floor, 1650 DY International Building,
San Marcelino cor. Gen. Malvar Street,
Malate, Manila
Telefax: 527-51-55/400-67-65
Email: wage_ncr@yahoo.com.ph
Website: www.nwpc.dole.gov.ph

WAGE ORDER NO. NCR - 20

**PROVIDING FOR A WAGE INCREASE IN THE
NATIONAL CAPITAL REGION**

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

WHEREAS, Wage Order No. NCR-19 took effect on 04 April 2015 and under Section 3, Rule IV of the Amended Rules of Procedure on Minimum Wage Fixing issued by the National Wages and Productivity Commission (NWPC), the Wage Order may not be disturbed for a period of twelve (12) months from its effectivity unless there is a supervening condition, such as extraordinary increase in prices of petroleum products and basic goods/services, as determined by RTWPB-NCR and confirmed by the NWPC;

WHEREAS, the Association of Minimum Wage Earners and Advocates-Philippine Trade and General Workers Organization (AMWEA-PTGWO) filed on April 12, 2016 a petition for One Hundred Fifty Pesos (P 150.00) wage increase per day. The Trade Union Congress of the Philippines filed on April 14, 2016 a petition for One Hundred Fifty Four Pesos (P 154.00) across-the-board wage increase per day;

WHEREAS, after due notice to all concerned sectors, the RTWPB-NCR conducted consultation in the government sector on May 4, 2016, and a public hearing on May 11, 2016, to determine the propriety of issuing a new wage order;

WHEREAS, in setting the Minimum Wage, the Board has to consider the various criteria under RA 6727 and the Guidelines of the Commission particularly on First (1st) Tier that the Minimum Wage should be higher than the Poverty Threshold but lower than the prevailing Average Wage;

WHEREAS, after a thorough evaluation of the existing socio-economic conditions of the region, the following facts were established:

- a) Based on the Consumer Price Index, the average inflation rate from the effectivity of the last wage increase on April 04, 2015¹ up to April 2016 is 0.6%;
- b) The minimum wage rate of P 481.00/day has been eroded by the amount of P 1.82/day; and
- c) That the poverty threshold based on the latest available data for an average family size of 4.3 in NCR had increased to P295.00 as of April, 2016².

¹ Wage Order No. NCR-19

² Poverty Threshold per NWPC Guidelines on the Two-Tiered Wage System is a major indicator for determining floor wage among other prescribed criteria.

WHEREAS, based upon the inputs from the stakeholders derived from the consultation and public hearing, the RTWPB-NCR has determined the need to increase the prevailing minimum wage rates without impairing the viability of business and industry;

WHEREAS, the increase is consistent with the government's policy of achieving higher levels of productivity to promote economic growth, generate employment and to augment the income of workers.

WHEREAS, there is a need to reclassify the minimum wage structure for ease of administration and in keeping with pertinent Department of Health regulations* and industry practice of mainly classifying hospitals according to ownership, scope of services and functional capacity and no longer by bed capacity, the category of hospitals should be reclassified;

WHEREAS, most of the workers in hospitals are skilled and professional workers and since 1990, the sector has benefited from a lower minimum wage rate;

NOW THEREFORE, by virtue of the power and authority vested under Republic Act No. 6727, the RTWPB-NCR hereby issues this Wage Order.

Section 1. NEW MINIMUM WAGE RATES.

- Upon effectivity of this Wage Order, the **FIFTEEN PESOS (P15.00)** COLA per day under Wage Order No. NCR-19 shall be integrated into the Basic Wage and a New COLA of **TEN PESOS (P10.00)** per day shall be added.
- Workers in Private Hospitals with bed capacity of 100 or less shall be reclassified into the Non-Agriculture sector.
- The new daily minimum wage rates of covered workers in the private sector in the National Capital Region shall be as follows:

Sector/Industry	Basic Wage	COLA Integration	New Basic Wage	New COLA	New Minimum Wage Rates
Non-Agriculture including Private Hospitals with bed capacity of 100 or less	P 466.00	P 15.00	P 481.00	P 10.00	P 491.00
Agriculture (Plantation and Non Plantation)	P 429.00	P 15.00	P 444.00	P 10.00	P 454.00
Retail/Service Establishments employing 15 workers or less	P 429.00	P 15.00	P 444.00	P 10.00	P 454.00
Manufacturing Establishments regularly employing less than 10 workers	P 429.00	P 15.00	P 444.00	P 10.00	P 454.00

Section 2. COVERAGE. The wage rates per day 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 kasambahay/domestic workers; persons in the personal service of another, including family drivers, and workers of duly registered Barangay Micro Business Enterprises (BMBEs) with Certificates of Authority pursuant to Republic Act No. 9178, as amended.

Section 3. BASIS OF MINIMUM WAGE RATES. 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 4. APPLICATION TO CONTRACTORS. In the case of contracting out of projects and for security, janitorial and similar services, the wage rates prescribed in this Order shall be borne by the principals or clients of the service contractors and the contract shall be deemed amended accordingly.

In the event, however, that the principals or clients fail to pay the prescribed wage rates, the service contractor shall be jointly and severally liable with his principal or client.

Section 5. 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. However, payment of any shortfall in the wage increase set forth herein shall be covered 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 wage rates prescribed herein 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 6. 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 the prescribed wage rates per eight (8) hours work a day, or a proportion thereof for working less than eight (8) hours.

Section 7. 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 Order.

All recognized learnership and apprenticeship agreements entered into before the effectivity of this Order shall be considered automatically modified insofar as their wage clauses are concerned to reflect the new 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 8. 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 NWPC, the following may be exempted from the applicability of this Order:

1. Distressed Establishments
2. Retail/Service Establishments Regularly Employing Not More Than Ten (10) workers; and
3. Establishments Adversely Affected by Natural Calamities

Section 9. APPEAL TO THE COMMISSION. Any party aggrieved by this Wage Order may file an appeal to the NWPC, through the Board, in three (3) printed copies, not later than ten (10) days from the publication of this Wage Order.

Section 10. CREDITABLE WAGE INCREASE. Any increase granted by an employer in an organized establishment within three (3) 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 collective bargaining agreement provision allowing creditability exists. In the absence of such an agreement or provision in the CBA, any increase granted by the employer shall not be credited as compliance with the wage rates prescribed in this Order.

In unorganized establishments, any increase granted by the employer within five (5) months prior to the effectivity of this Order shall be credited as compliance therewith.

In case the increases given are less than the prescribed wage rates, the employer shall pay the difference. Such increases shall not include anniversary increases, merit wage increases and those resulting from the regularization or promotion of employees.

Section 11. EFFECTS ON EXISTING WAGE STRUCTURE. Where the application of the wage rates prescribed in this Order results in distortions in the wage structure within the establishment, it shall be corrected in accordance with the procedure provided for under Article 124 of Presidential Decree No. 442, as amended, otherwise known as the Labor Code of the Philippines.

Section 12. 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 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 and 129 of the Labor Code, as amended."

Section 13. PRODUCTIVITY AND OTHER PERFORMANCE INCENTIVE PROGRAMS. In order to sustain rising 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 more 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.

Section 14. 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 and employers.

Section 15. 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 16. 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 17. REPORTING REQUIREMENT. Any person, company, corporation, partnership or any entity engaged in business shall submit a verified report on their wage structure to the Board not later than January 31 of each year and every year thereafter in accordance with the form prescribed by the National Wages and Productivity Commission.

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*DOH Administrative Order 2012 - 0012

Section 18. PENAL PROVISION. Any employer who refuses or fails to comply with this Order shall be subject to the penalties specified under R.A. No. 6727, as amended under R.A. No. 8188.

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 any provision or part of this Wage Order is declared unconstitutional, or in conflict with existing law, the other provisions or parts thereof shall remain valid.

Section 21. IMPLEMENTING RULES. The RTWPB-NCR shall submit to the Commission the necessary Rules and Regulations to implement this Order subject to approval of the Secretary of Labor and Employment not later than ten (10) days from the publication of the Wage Order.

Section 22. ADVISORY ON PRODUCTIVITY BASED PAY. Pursuant to the Two-Tiered Wage System, Wage Advisory No. NCR-01 has been issued to guide private establishments in the formulation, adoption and implementation of productivity programs and performance and productivity-based incentive schemes that an enterprise may provide based on agreement between workers and management.

Section 23. EFFECTIVITY. This Wage Order shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

APPROVED.

Manila, Philippines, 17 May 2016.


ANGELITA D. SENORIN
Labor Representative


VICENTE LEOGARDO, JR.
Employer Representative


GERMAN N. PASCUA, JR.
Labor Representative
**with reservation*


ALBERTO R. QUIMPO
Employer Representative


REYNALDO R. CANGIO
Vice-Chairperson


EMMA C. ASUSANO
Vice-Chairperson


NELSON C. HORNILLA
Chairperson

Wage Order No. NCR-20
*DOH Administrative Order 2012 - 0012

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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