



Republic of the Philippines
Department of Labor and Employment
NATIONAL WAGES AND PRODUCTIVITY COMMISSION



NWPC ADVISORY NO. 01
Series of 2022

CLARIFICATION ON ACCUMULATED NET LOSS FOUND
UNDER NWPC GUIDELINES NO. 01, SERIES OF 2022

Pursuant to the power of the National Wages and Productivity Commission (NWPC), as provided by Republic Act No. 6727 or the *Wage Rationalization Act*, and to further expound on the additional criteria for exemption for calamity found in NWPC Guidelines No. 01, Series of 2022, please be guided by the following:

1. The term “*accumulated net loss amounting to 20% or more*”, shall mean as follows:
 - a. For Corporations and Cooperatives, when the deficit, as of the last full accounting period immediately preceding the effectivity of the Order amounts to 20% or more of the paid-up capital at the beginning of the period under review;
 - b. For Single Proprietorships and Partnerships, when the accumulated net losses for the last two (2) full accounting periods immediately preceding the effectivity of the Order amounts to 20% or more of the total invested capital at the beginning of the period under review; and
 - c. For Non-Stock Non-Profit Organizations, when the accumulated net losses for the last two (2) full accounting periods immediately preceding the effectivity of the Order amounts to 20% or more of the fund balance/members' contribution at the beginning of the period;
2. Provided, however, that should the establishment register a capital deficiency, the same shall also be granted exemption, particularly:
 - a. For Corporations and Cooperatives, a negative stockholders' equity, as of the last full accounting period immediately preceding the effectivity of the Order;
 - b. For Single Proprietorships and Partnerships, a negative net worth as of the last full accounting period immediately preceding the effectivity of the Order; and
 - c. For Non-Stock, Non-Profit Organizations, a negative fund balance/members' contribution as of the last full accounting period or interim period, if any, immediately preceding the effectivity of the Order.

3. For establishments that availed of the 8% Tax Rate Option, they shall submit their Annual Income Tax Return (ITR) and Verified Financial Report in lieu of the Audited Financial Statements (AFS) stamped received by the Bureau of Internal Revenue (BIR), as required under Sec. 3(3) of NWPC Guidelines No. 01, series of 2022.
4. The Regional Tripartite Wages and Productivity Boards may require other pertinent documents which the Board deems necessary in order to support the application for exemption.
5. For Boards that have received complete application for exemptions covered by NWPC Guideline No. 01, Series of 2022, prior to the release of this Advisory, the commencement of the process cycle time shall be from effectivity of this Advisory.
6. This Advisory shall take effect immediately upon publication.

23 June 2022

For the Commission


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