

Republic of the Philippines  
 Department of Labor and Employment  
**REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD**  
 Region 10, Northern Mindanao

**WAGE ORDER NO. RX-18**  
 Prescribing a New Minimum Wage Rate in Region X

*WHEREAS*, the Regional Tripartite Wages and Productivity Board - X (RTWPB-X), is mandated under the Wage Rationalization Act (RA 6727), to periodically assess the wage rate and conduct continuing studies in the determination of the minimum wage applicable in the Region;

*WHEREAS*, RTWPB-X issued Wage Order No. RX-17 which took effect on June 20, 2013, providing for a twenty (Php 20.00) pesos increase per day: ten pesos into the basic wage and ten pesos as cost of living allowance (COLA), and effective on January 1, 2014, the ten pesos cost of living allowance was integrated into the basic wage;

*WHEREAS*, on July 18, 2014, the Associated Labor Union - Trade Union Congress of the Philippines (ALU-TUCP) filed with the Board a petition for an eighty-nine (Php 89.00) pesos per day across the board wage increase;

*WHEREAS*, series of consultations were conducted in Gingoon City, Municipality of Maramag, Iligan City and Ozamiz City on August 14, 26, September 25 and 26, 2014, respectively and a region-wide public hearing on April 17, 2015 at Cagayan de Oro City;

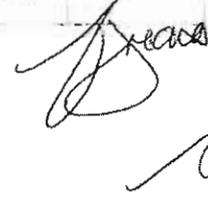
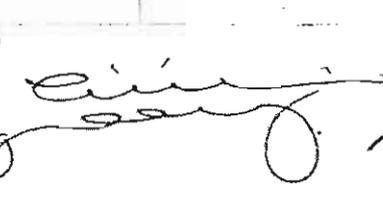
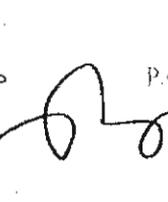
*WHEREAS*, considering the series of the consultation and public hearing, position submitted by labor and management groups are the assessment of the socio-economic conditions vis-à-vis the competitiveness and development of the region, the Board finds it imperative to provide an adjustment in the minimum wage to augment the income of workers without significantly affecting business' viability and sustainability; further, in recognition of the right of labor to its just share in the fruits of production and in consonance with the national goal of inclusive growth through decent and productive work".

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

**Section 1. NEW MINIMUM RATES.** Upon effectivity of this Wage Order, the minimum daily wage rates of covered workers and employees in the private sector in Region X shall receive an increase in the basic wage of Twelve (P 12.00) pesos per day, as follows:

CLASSIFICATION	NON-AGRICULTURE			AGRICULTURE		
	MWR under WO RX-17	Increase in Basic Wage	NEW MINIMUM WAGE RATE	MWR under WO RX-17	Increase in Basic Wage	NEW MINIMUM WAGE RATE
Wage Category I (Cities of Cagayan de Oro and Iligan, and the Municipalities of Tagabon, Villanueva, and Jasaan)	306.00	12.00	318.00	294.00	12.00	306.00



<b>Wage Category II</b> (Cities of Malaybalay, Valencia, Gingoog, El Salvador and Ozamiz, and the Municipalities of Maramag, Quezon, and Maaolo Fortich)	301.00	12.00	313.00	289.00	12.00	301.00
<b>Wage Category III</b> (Cities of Oroquieta and Tangub and the Municipalities of Lugait, Opo and Mambajao; All establishments employing ten (10) workers or less)	296.00	12.00	308.00	284.00	12.00	296.00
<b>Wage Category IV</b> (All other areas not covered under the above categories)	291.00	12.00	303.00	279.00	12.00	291.00

A supplemental wage order may be issued prescribing the minimum wage rate for Sugar Agricultural Industry.

**Section 2. COVERAGE.** The wage increase prescribed herein shall apply to all minimum wage earners in the private sector in the region, regardless of their position, designation or status and irrespective of the method by which their wages are paid.

This Wage Order shall not include household or domestic workers covered by RA 10361 or the Batas Kasambahay, persons in the personal service of another, including family drivers, and workers in registered Barangay Micro Business Enterprises (BMBEs) with Certificates of Authority.

**Section 3. 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 work a day.

**Section 4. PRODUCTIVITY BASED WAGES.** 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, labor management cooperation as well as implement gain-sharing programs. 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 5. ADVISORY ON PERFORMANCE BASED PAY.** In line with the two-tiered wage system where the 1<sup>st</sup> tier is the mandatory wage adjustment prescribed in this Wage Order, the Board issued an advisory on the 2<sup>nd</sup> tier, the Advisory on the Implementation of Productivity-Based Incentive Scheme for the Bus Transport Industry which shall serve as guidelines for private establishments on the range of productivity bonuses and incentives that an enterprise or industry may provide based on agreement between workers and management.

**Section 6. CREDITABLE WAGE INCREASE.** All wage increases granted to workers within three (3) months prior to the effectivity of this Wage Order shall be credited as compliance with this Order. Where such increases are less than the prescribed adjustment, the employer shall pay the difference.

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

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

**Section 8. WAGES OF SPECIAL GROUPS OF WORKERS.** Wages of apprentices and learners of accredited learnership and apprenticeship programs 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 approved by TESDA and entered into before the effectivity of this Order shall be considered automatically modified insofar as their wage clauses are concerned to reflect the new prescribed wage rates.

All qualified handicapped workers shall receive the full amount or increase in this Order pursuant to RA 7277.

**Section 9. APPLICATION TO PRIVATE EDUCATIONAL INSTITUTIONS INCLUDING THOSE OFFERING TECHNICAL/VOCATIONAL EDUCATION AND TRAINING (TVET).** In the case of private educational institutions, the share of covered workers and employees in the increase of tuition fees for current school year shall be considered in compliance with the increases prescribed herein. However, any shortfall in the basic wage set forth herein shall be paid starting of the opening of the next school year.

Private educational institutions which have not increased their tuition fees for the current school year may defer compliance with the provisions of this Wage Order until the beginning of the next school year.

**Section 10. APPLICATION TO CONTRACTORS.** In the case of contracts for construction projects, security, janitorial and similar services, their wages shall be automatically adjusted in accordance with this Order. The adjustment in the wage rates shall be borne by the principal of the construction/service contractor and the contract shall be deemed amended accordingly.

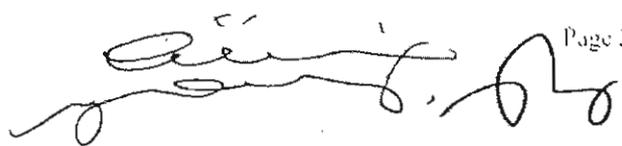
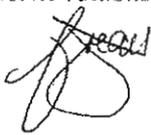
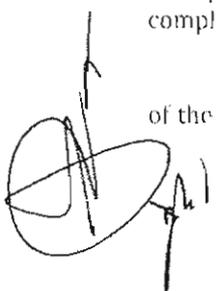
In the event, however, that the principal fails to pay the prescribed increases, the construction/service contractor shall be jointly and severally liable.

**Section 11. EXEMPTIONS.** Upon application with and as determined by the Board in accordance with the National Wages and Productivity Commission (NWPC) Guidelines No. 02, Series of 2007 (Amended Rules on Exemption from Compliance with the Prescribed Wage Increases) and Resolution No. 01, series of 2014, the following may be exempted from the applicability of this Wage Order, to wit:

- a. Distressed establishments;
- b. New Business Enterprises (NBEs) as defined in the Implementing Rules and Regulations (IRR); and
- c. Establishments adversely affected by natural calamities and human induced disasters.

**Section 12. EFFECT OF APPLICATION FOR EXEMPTION.** An application for exemption duly filed shall have the effect of deferring any action in any complaint for non-compliance with the Order until the resolution of the application by the Regional Board.

In case the application for exemption is not approved, covered employees/workers of the applicant-establishment shall be paid the mandated wage increase under this Wage



Order plus one percent (1%) interest per month retroactive to the effectivity of this Wage Order.

**Section 13. APPEAL TO THE COMMISSION.** Any party aggrieved by this Wage Order may file a verified appeal with the Commission through the Board within ten (10) calendar days from the publication of this Order.

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 the employees affected by the Order in the event such Order is affirmed.

**Section 14. EFFECTS ON EXISTING WAGE STRUCTURE.** Where 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 procedure provided for under Article 124 of the Labor Code, as amended.

**Section 15. COMPLAINTS FOR NON-COMPLIANCE.** Complaints for non-compliance with this Wage Order shall be filed before the Regional Office of the Department of Labor and Employment (DOLE) or any of its Provincial Extension Offices subject to the Single Entry Approach (SENA) as defined under Department Order No. 107-10, Series of 2010, and shall be the subject of enforcement proceedings under Article 128 of the Labor Code, as amended, without prejudice to criminal prosecution which may be undertaken against those who fail to comply.

**Section 16. NON-DIMINUTION OF BENEFITS.** Nothing in this Wage Order shall be construed to reduce any existing wage rates, allowances and benefits in any form under existing laws, decrees, issuances, executive orders and/or under any contract or agreement between the workers and employers.

**Section 17. PENAL PROVISION.** Any person, entity or employer who refuses or fails to pay the prescribed minimum wage in accordance with this Order shall be subject to the penal provisions under RA 6727, as amended by RA 8188.

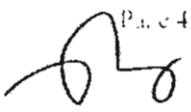
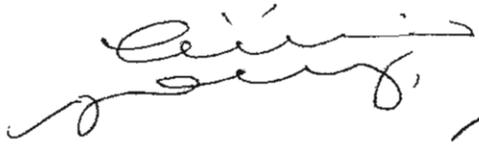
**Section 18. PROHIBITION AGAINST INJUNCTION.** No preliminary or permanent injunction or temporary restraining order may be issued by any court, tribunal or other entity against any proceedings before the Board.

**Section 19. FREEDOM TO BARGAIN.** This Order shall not prevent workers in particular firms or enterprises from bargaining for higher wages and/or benefits with their respective 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, 2016 and every year thereafter in accordance with the form prescribed by the Commission.

**Section 21. REPEALING CLAUSE.** All orders, issuances, rules and regulations or parts thereof inconsistent with the provision of this Wage Order are hereby repealed, amended or modified accordingly.

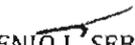
**Section 22. SEPARABILITY CLAUSE.** If, for any reason, any section or provision of this Wage Order is declared unconstitutional or illegal, the other provisions or parts shall remain valid.



**Section 23. IMPLEMENTING RULES.** The Board shall issue the necessary rules to implement this Wage Order subject to the approval of the Secretary of Labor and Employment.

**Section 24. EFFECTIVITY.** This Wage Order shall take effect fifteen (15) days after its publication in a newspaper of general circulation in the region.

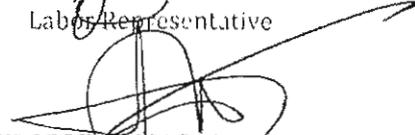
APPROVED, May 12, 2015, Cagayan de Oro City, Philippines.

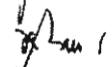
  
ARSENIO L. SEBASTIAN III  
Management Representative

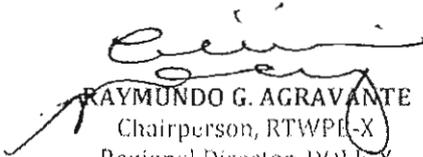
  
PRUDENCIO T. PLAZA, JR.  
Management Representative

  
LEON M. DACANAY, JR.  
Vice-Chairperson,  
Regional Director, NEDA-X

  
JOSE B. ARES  
Labor Representative

  
MILBERT M. MACARAMBON  
Labor Representative

  
LINDA C. BONIAO  
Vice-Chairperson  
Regional Director, DTI-X

  
RAYMUNDO G. AGRAVANTE  
Chairperson, RTWPI-X  
Regional Director, DOLE-X

Republic of the Philippines  
Department of Labor and Employment  
**REGIONAL TRIPARTITE WAGES AND PRODUCTIVITY BOARD**  
Region X, Northern Mindanao

**RULES IMPLEMENTING WAGE ORDER NO. RX-18**  
Prescribing New Minimum Wage Rates in Region X

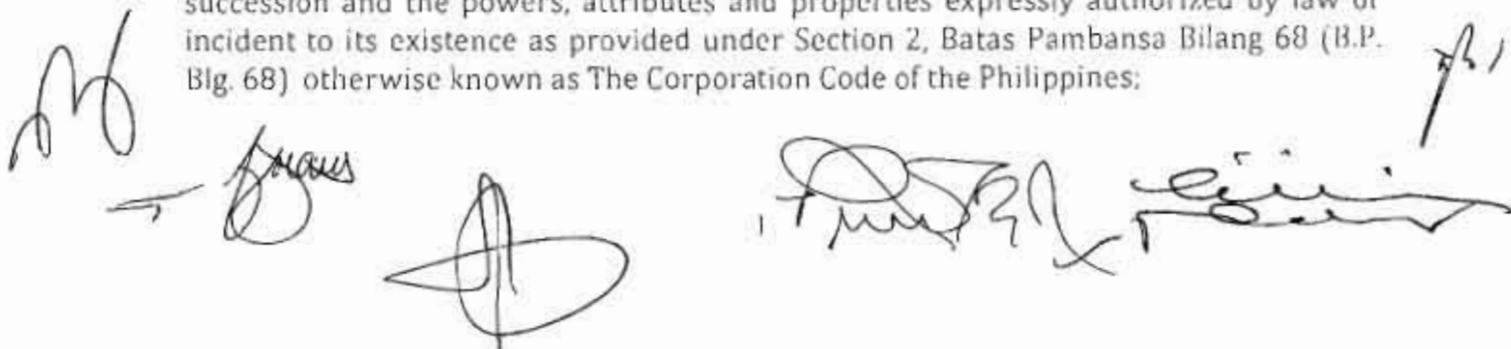
Pursuant to Section 6, Rule IV of the Amended Rules of Procedure on Minimum Wage Fixing, and Section 23 of Wage Order No. RX-18, the following rules are hereby issued for the guidance and compliance by all concerned in Region 10:

**Rule I**  
**PRELIMINARY PROVISIONS**

**Section 1. TITLE.** These Rules shall be known as "The Rules Implementing Wage Order No. RX-18.

**Section 2. DEFINITION OF TERMS.**

- a. *Agriculture* refers to farming in all its branches and includes the cultivation and tillage of the soil, production, cultivation, growing and harvesting of any agricultural or horticultural commodities, dairying, raising of livestock or poultry, the culture of fish and other aquatic products in farms or ponds and any activity performed by a farmer or on a farm as an incident to or in conjunction with such farming operations, but does not include the manufacturing and/or processing of sugar, coconut, tobacco, pineapple, or other farm products.
- b. *Barangay Micro Business Enterprise (BMBE)* refers to any business entity or enterprise issued with a Certificate of Authority under RA 9178;
- c. *Basic Wage* refers to the remuneration or earnings, paid by an employer to a worker for services rendered on normal working days and hours but does not include Cost of Living Allowance, profit-sharing payment, premium payment, 13<sup>th</sup> Month Pay or other monetary benefits which are not considered as part of/or integrated into the regular salary of the worker.
- d. *Board* refers to the Regional Tripartite Wages and Productivity Board of Region-X;
- e. *Capital* refers to paid-up capital at the end of the last full accounting period, in the case of corporations or total invested capital at the beginning of the period under review, in the case of partnerships or single proprietorships;
- f. *Commission* refers to the National Wages and Productivity Commission;
- g. *Cooperative* refers to a duly registered association of persons who voluntarily join together to form a business establishment which they themselves own, control and patronize and which may fall under any of the following types: credit, consumers, producers, marketing, service or multi-purpose;
- h. *Corporation* refers to an artificial being created by operation of law, having the right of succession and the powers, attributes and properties expressly authorized by law or incident to its existence as provided under Section 2, Batas Pambansa Bilang 68 (B.P. Blg. 68) otherwise known as The Corporation Code of the Philippines;



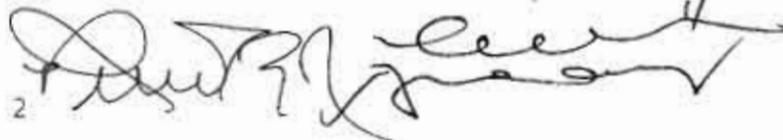
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- i. *Deficit* refers to the negative balance of the retained earnings account of a corporation. Retained earnings represent the cumulative balance of periodic earnings, dividend distributions, prior period adjustments and other capital adjustments;
- j. *Department* refers to the Department of Labor and Employment;
- k. *Disaster* refers to a serious disruption of the functioning of a community or a society involving widespread human, material, economic or environmental losses and impacts, which exceeds the ability of the affected community or society to cope using its own resources; an actual threat to public health and safety where the local government and the emergency services are unable to meet the immediate needs of the community; an event in which the local emergency management measures are insufficient to cope with a hazard, whether due to a lack of time, capacity or resources, resulting in unacceptable levels of damage or number of casualties.
- l. *Distressed Establishment* refers to an establishment which meets the criteria enumerated under Section 3(A) of NWPC Guidelines No. 02, Series of 2007 or the Amended Rules on Exemption;
- m. *Establishment* refers to an economic unit which engages in one or predominantly one kind of economic activity at a single fixed location;
- n. *Establishment employing ten (10) workers or less* refers to establishments in the areas of Wage Categories I, II and III;
- o. *Full Accounting Period* refers to a period of twelve (12) months or one year of business operations;
- p. *Hazard* refers to a dangerous phenomenon, substance, human activity or condition that may cause loss of life, injury or other health impacts, property damage, loss of livelihood or services, social and economic disruption, or environmental damage; any potential threat to public safety and/or public health; any phenomenon which has the potential to cause disruption or damage to people, their environment, i.e., their communities. The four classes of hazards are natural, technological, biological and societal hazards. (National Disaster Risk Reduction and Management Council)
- q. *Interim Period* refers to a financial reporting period shorter than a full financial year (most typically a quarter or half-year);
- r. *New Business Enterprises* refer to establishments, including non-profit institutions, established within two (2) years from effectivity of Wage Order No. RX-18 based on the latest registration with the appropriate government agency such as SEC, DTI, CDA and the Mayor's Office;
- s. *Non-Stock Non-Profit Organization* refers to one organized principally for public purposes such as charitable, educational, cultural or similar purposes and does not issue shares of stock to its members;
- t. *Order* refers to Wage Order No. RX-18;
- u. *Partnership* refers to an association of two or more persons who bind themselves to contribute money, property or industry to a common fund with the intention of dividing the profits among themselves for the exercise of a profession;
- v. *Power Outage* refers to situation of establishments whose normal business operation is affected by prolonged or intermittent power interruptions;

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- w. *Quasi-Banks* refer to institutions such as investment houses and financing companies performing quasi-banking functions as defined by the Bangko Sentral ng Pilipinas;
- x. *Region X* covers the Provinces of Bukidnon, Camiguin, Misamis Occidental, Misamis Oriental and Lanao del Norte, and the Cities of Cagayan de Oro, El Salvador, Iligan, Gingoog, Oroquieta, Ozamis, Tangub, Malaybalay and Valencia;
- y. *Single Proprietorship* refers to a business unit owned and controlled by only one person;
- z. *State of Calamity* refers to a condition involving mass casualty and/or major damages to property, disruption of means of livelihoods, roads and normal way of life of people in the affected areas as a result of the occurrence of natural or human-induced hazard. (Sec. 3 of RA 10121, Philippine Disaster Risk Reduction and Management Act of 2010)
- aa. *Stock Corporation* refers to one organized for profit and issues shares of stock to its members;
- bb. *TESDA* refers to Technical Education and Skills Development Authority.
- cc. *Total Assets* refer to things of value owned by the business such as cash, machines, building and land which can be measured or expressed in money terms;
- dd. *Wage Distortion* refers to a situation where an application of the prescribed wage increase results in the elimination or severe contraction of intentional quantitative differences in wage or salary rates between and among employee groups in an establishment as to effectively obliterate the distinctions embodied in such wage structure based on skills, length of service, or other logical bases of differentiation;

**RULE II  
NEW MINIMUM WAGE RATES**

**Section 1. THE NEW MINIMUM WAGE RATES.** Upon effectivity of this Wage Order, the minimum daily wage rates of covered workers and employees in the private sector in Region X shall be increased by Twelve (P 12.00) pesos in the basic wage per day, as follows:

CLASSIFICATION	NON-AGRICULTURE			AGRICULTURE		
	MWR under WO RX-17	Increase in Basic Wage	NEW MINIMUM WAGE RATE	MWR under WO RX-17	Increase in Basic Wage	NEW MINIMUM WAGE RATE
<b>Wage Category I</b> (Cities of Cagayan de Oro and Iligan, and the Municipalities of Tagaloan, Villanueva, and Jasaan)	306.00	12.00	318.00	294.00	12.00	306.00
<b>Wage Category II</b> (Cities of Malaybalay, Valencia, Gingoog, El Salvador and Ozamiz, and the Municipalities of Maramag, Quezon, and Manolo Fortich)	301.00	12.00	313.00	289.00	12.00	301.00
<b>Wage Category III</b> (Cities of Oroquieta and Tangub and the Municipalities of Lugait, Opoi and	296.00	12.00	308.00	284.00	12.00	296.00

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Mambajao: *All establishments employing ten (10) workers or less]						
<b>Wage Category IV</b> (All other areas not covered under the above categories)	291.00	12.00	303.00	279.00	12.00	291.00

\*All establishments employing ten (10) workers or less situated in Wage Category I, II and III will use the rates in Wage Category III.

A supplemental wage order may be issued prescribing the minimum wage rate for Sugar Agricultural Industry.

**Section 2. COVERAGE.** The wage increase prescribed herein shall apply to all minimum wage earners in the private sector in Region X 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 workers, pursuant to RA 10361 or the Domestic Workers Act, including persons in the personal service of another including family drivers, and workers in registered Barangay Micro Business Enterprises (BMBEs) with Certificates of Authority pursuant to R.A. 9178.

**Section 3. BASIS OF MINIMUM WAGE INCREASE.** 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 4. PRODUCTIVITY BASED WAGES.** 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, labor management cooperation as well as implement gain-sharing programs. 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 5. ADVISORY ON PERFORMANCE BASED PAY.** In line with the two-tiered wage system where the 1<sup>st</sup> tier is the mandatory wage adjustment prescribed in this Wage Order, the Board issued an advisory on the 2<sup>nd</sup> tier, the Advisory on the Implementation of Productivity-Based Incentive Scheme for the Bus Transport Industry, which shall serve as guidelines for private establishments on the range of productivity bonuses and incentives that an enterprise or industry may provide based on agreement between workers and management.

**Section 6. CREDITABLE WAGE INCREASE.** All wage increases granted to workers within three (3) months prior to the effectivity of this Order shall be credited as compliance with the Order, provided where such increases are less than the prescribed adjustment, the employer shall pay the difference.

Such creditable increases shall not include Collective Bargaining Agreement (CBA) anniversary wage increases, merit increases and those resulting from the regularization or promotion of employee, unless there is an agreement expressly allowing such crediting.

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

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The adjusted minimum wage rates for workers paid by results shall be computed in accordance with the following steps:

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| a. $\frac{\text{Amount of Increase in AMW}^*}{\text{Previous AMW}} \times 100 = \% \text{ Increase}$ |
| b. Existing Rate/Piece $\times$ % Increase = Increase in Rate/Piece                                  |
| c. Existing Rate/Piece + Increase in rate/Piece = Adjusted Rate/Piece                                |

\*Applicable Minimum Wage

The wage rate of workers who are paid by results shall continue to be established in accordance with Article 101 of the Labor Code, as amended and its implementing rules and regulations.

**Section 8. WAGES OF SPECIAL GROUPS OF WORKERS.** Wages of apprentices and learners of accredited learnership and apprenticeship programs 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 approved by TESDA and entered into before the effectivity of this Order shall be considered automatically modified, insofar as their wage clauses are concerned to reflect the new prescribed wage rates. All qualified handicapped workers shall receive the full amount of increase in this Order pursuant to R.A. 7277.

**Section 9. APPLICATION TO PRIVATE EDUCATIONAL INSTITUTIONS INCLUDING THOSE OFFERING TECHNICAL/VOCATIONAL EDUCATION AND TRAINING (TVET).** In the case of private educational institutions including those offering technical/vocational education and training (TVET), the share of covered workers and employees in the increase of tuition fees for the current school year shall be considered as compliance with the increases prescribed herein. However, any shortfall in the basic wage set forth herein shall be paid starting the opening of the next school year.

Private educational institutions which have not increased their tuition fees for the current school year may defer compliance with the provisions of this Wage Order until the beginning of the next school year.

**Section 10. APPLICATION TO CONTRACTORS.** In the case of contracts for construction projects, security, janitorial and similar services, their wages shall be automatically adjusted in accordance with this Order. The prescribed increases in the wage rates of the workers shall be borne by the principal of the contractor and the contract shall be deemed amended accordingly. In the event, however, that the principal fails to pay the prescribed wage rates, the construction/service contractor shall be jointly and severally liable.

**Section 11. MOBILE AND BRANCH WORKERS.** 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 the 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.

**Section 12. TRANSFER OF PERSONNEL.** The transfer of personnel to areas outside the Region shall not be a valid ground for the reduction of the wage rates being enjoyed by the workers prior to such transfer. The workers transferred to the other

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Regions with higher wage rates shall be entitled to the minimum wage rate applicable therein.

**Section 13. SUGGESTED FORMULAE IN DETERMINING THE EQUIVALENT MONTHLY REGIONAL MINIMUM WAGE RATES:**

**I. For Non-Muslim Areas** (Cities of Cagayan de Oro, Gingoog, Oroquieta, Ozamiz, Tangub, Malaybalay and Valencia, and Provinces of Bukidnon, Camiguin, Misamis Occidental and Misamis Oriental):

**a. For those who are required to work everyday including Sundays or Rest Days, Special Days and Regular Holidays:**

$$\text{Equivalent Monthly Rate (EMR)} = \frac{\text{Applicable Daily Wage Rate (ADR)} \times 393.5 \text{ days}}{12}$$

Where **393.50 days**:

- 298 days = Ordinary working days
- 24 days = 12 Regular Holidays x 200%
- 67.60 days = 52 Rest Days x 130%
- 3.90 days = 3 Special Days x 130%
- 393.5 days = Total equivalent number of days/year

**b. For those who do not work but are considered paid on Rest Days, Special Days and Regular Holidays:**

$$\text{EMR} = \frac{\text{ADR} \times 365 \text{ days}}{12}$$

Where **365 days**:

- 298 days = Ordinary working days
- 52 days = Sundays/Rest Days
- 12 days = Regular Holidays
- 3 days = Special Days
- 365 days = Total equivalent number of days/year

**c. For those who do not work and are not considered paid on Sundays or Rest days:**

$$\text{EMR} = \frac{\text{ADR} \times 313 \text{ days}}{12}$$

Where **313 days**:

- 298 days = Ordinary working days
- 12 days = Regular Holidays
- 3 days = Special Days (if worked x 130%)
- 313 days = total equivalent number of days/year

**d. For those who do not work and are not considered paid on Saturdays and Sundays or Rest days:**

$$\text{EMR} = \frac{\text{ADR} \times 261 \text{ days}}{12}$$

Where **261 days**:

- 246 days = Ordinary Working days
- 12 days = Regular Holidays
- 3 days = Special Holidays (if worked x 130%)
- 261 days = Total equivalent number of days/year

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**II. For Muslim Areas (City of Iligan and Province of Lanao del Norte)**

**a. For those who are required to work everyday including Sundays or Rest days, Special days, Regular holidays and Muslim Legal holidays:**

$$\text{EMR} = \frac{\text{ADR} \times 396.5 \text{ days}}{12 \text{ months}}$$

Where **396.5 days**:

- 295 days = Ordinary Working days
- 24 days = 12 Regular Holidays x 200%
- 6 days = 3 Muslim Holidays x 200%
- 67.6 days = 52 Rest Days x 130%
- 3.9 days = 3 Special Holidays x 130%
- 396.5 days = Total equivalent number of days/year

**b. For those who do not work and are considered paid on Rest days, Special days and Regular holidays and Muslim Legal holidays:**

$$\text{EMR} = \frac{\text{ADR} \times 365 \text{ days}}{12 \text{ months}}$$

Where **396 days**:

- 295 days = Ordinary Working days
- 52 days = Sundays/Rest Days
- 12 days = Regular Holidays
- 3 days = Muslim Holidays
- 3 days = Special Holidays
- 365 days = Total equivalent number of days/year

**c. For those who do not work and are not considered paid on Sundays or Rest days:**

$$\text{EMR} = \frac{\text{ADR} \times 313 \text{ days}}{12 \text{ months}}$$

Where **313 days**:

- 295 days = Ordinary Working days
- 12 days = Regular Holidays
- 3 days = Muslim Holidays
- 3 days = Special Days
- 313 days = Total equivalent number of days/year

**d. For those who do not work and are not considered paid on Saturdays and Sundays or Rest days:**

$$\text{EMR} = \frac{\text{ADR} \times 261 \text{ days}}{12 \text{ months}}$$

Where **261 days**:

- 243 days = Ordinary Working days
- 12 days = Regular Holidays
- 3 days = Muslim Holidays
- 3 days = Special Days
- 261 days = Total equivalent number of days/year

**Section 14. APPEAL TO THE COMMISSION.** Any party aggrieved by this Wage Order may file an appeal with the Commission within ten (10) calendar days from the publication of the Order. The Commission shall decide the appeal within sixty (60) calendar days from the date of filing. The appeal shall be accompanied by a memorandum of appeal which shall state the grounds relied upon and the arguments in support of the appeal.

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→ *Heaus*

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**Section 15. EFFECT OF THE APPEAL.** The filing of 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 to employees affected by the Order of the corresponding increase, in the event such Order is affirmed.

### **RULE III EXEMPTION**

**Section 1. WHO MAY BE EXEMPTED.** Upon application and as determined by the Board in accordance with the NWPC Guidelines No. 02, Series of 2007 and Resolution No. 01, series of 2014, the following establishments may be exempted from the applicability of this Order:

- a. Distressed establishment;
- b. New Business Enterprises (NBEs); and
- c. Establishments adversely affected by natural calamities and human-induced disasters.

#### **Section 2. FILING OF APPLICATION FOR EXEMPTION.**

- a. An application for exemption together with the documents in support of the application shall be filed with the Board in three (3) legible copies by the owner/manager or duly authorized representative of an establishment, in person or by registered mail. The date of mailing shall be deemed as the date of filing.

Applications filed with the Department's regional or provincial offices are considered filed with the appropriate Board in the region.

- b. Applications shall be filed not later than **seventy five (75) days** from publication of the approved implementing rules of the Order. However, in the case of NBEs, applications shall be filed not later than **sixty (60) days** after date of registration. No extension of filing and submission of the required documents shall be allowed.

- c. In case of applications for establishments adversely affected by calamities where the calamity occurred after the expiration of the period for the filing of an application for exemption, the Board may re-open the same.

Applicants shall also submit a certification that a general assembly to explain to its employees its intent to file an application for exemption has been conducted prior to the filing of the application and an undertaking to conduct another general assembly informing its employees of the decision of the Board on its application.

- d. Establishments experiencing power outage may apply for wage exemption either as a distressed establishment or as an establishment adversely affected by natural and human-induced calamities, whichever is applicable.

**Section 3. CRITERIA FOR EXEMPTION.** The following criteria shall be used to determine whether the applicant-establishment is qualified for exemption:

#### **A. Distressed Establishments**

##### **1. For Corporations/Cooperatives**

- a. Full Exemption

- a.1. 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 for the same period; or
- a.2. When an establishment registers capital deficiency i.e., negative stockholders' equity, as of the last full accounting period immediately preceding the effectivity of the Order.
- b. Partial Exemption
  - b.1. When the deficit, as of the last full accounting period immediately preceding the effectivity of the Order amounts to at least 10% but less than 20% of the paid-up capital for the same period.
- c. Conditional Exemption
  - c.1. When the actual net loss as of the interim period immediately preceding the effectivity of the Order amounts to at least 25% of total assets.

2. For Single Proprietorships/Partnerships

- a. Full Exemption
  - a.1. 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; or
  - a.2. When an establishment registers capital deficiency i.e., negative net worth as of the last full accounting period immediately preceding the effectivity of the Order.
- b. Partial Exemption
  - b.1. When the accumulated net losses for the last two (2) full accounting periods immediately preceding the effectivity of the Order amounts to at least 10% but less than 20% of the total invested capital at the beginning of the period under review.
- c. Conditional Exemption
  - c.1. When the actual net loss as of the interim period immediately preceding the effectivity of the Order amounts to at least 25% of total assets.

3. For Non-Stock Non-Profit Organizations

- a. Full Exemption
  - a.1. 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; or
  - a.2. When an establishment registers capital deficiency i.e., negative fund balance/members' contribution as of the last full accounting period or interim period, if any, immediately preceding the effectivity of the Order.
- b. Partial Exemption
  - b.1. When the accumulated net losses for the last two (2) full accounting periods immediately preceding the effectivity of the Order amounts to at least 10% but less than 20% of the fund balance/members' contribution at the beginning of the period.
- c. Conditional Exemption
  - c.1. When the actual net loss as of the interim period immediately preceding the effectivity of the Order amounts to at least 25% of total assets.

4. For Banks and Quasi-Banks

- a. Under Receivership/Liquidation

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Exemption may be granted to a bank or quasi-bank under receivership or liquidation when there is a certification from the Bangko Sentral ng Pilipinas (BSP) that it is under receivership or liquidation as provided in Section 30 of R.A. 7653, otherwise known as the New Central Bank Act.

b. **Under Controllership/Conservatorship**

A bank or quasi-bank under controllership/ conservatorship may apply for exemption as a distressed establishment under Section 2A of this Rule.

5. **For Establishments Under Corporate Rehabilitation**

Exemption may be granted when there is an order from a court of competent jurisdiction that it is under rehabilitation pursuant to the Rules on Corporate Rehabilitation.

**B. New Business Enterprises**

Exemption may be granted to New Business Enterprises located outside the Export Processing Zones but registered with the Philippine Export Processing Zones (PEZA) and Board of Investments (BOI) and established within two (2) years from effectivity of the Order, classified under any of the following:

1. Agricultural Establishments whether Plantation or Non-Plantation
2. Establishments with Total Assets after financing of 5 million (Php 5,000,000.00) and below.

**C. Establishments adversely affected by Natural and Human-Induced Calamities**

1. The establishment must be located in an area declared by a competent authority as under a state of calamity.
2. The calamity must have occurred within 6 months prior to the effectivity of the Order. However, if based on the assessment by a competent authority, the damage to properties is at least 50% and the period of recovery will exceed one year, the six month period may be extended to one year.
3. Losses suffered by the establishment as a result of the calamity that exceed the insurance coverage should amount to 20% or more of the stockholders' equity as of the last full accounting period in the case of corporations and cooperatives, total invested capital in the case of partnerships and single proprietorships and fund balance/members' contribution in the case of non-stock non-profit organizations.  
Only losses or damage to properties directly resulting from the calamity and not incurred as a result of normal business operations shall be considered.
4. When deemed necessary, the Board or its duly-authorized representative shall conduct an ocular inspection of the establishment or engage the services of experts to validate the extent of damages suffered.

**Section 4. SUPPORTING DOCUMENTS.** In addition to the above requirements, the following supporting documents shall be submitted together with the application:

**For All Categories of Exemption**

It must be supported by a Proof of Notice that the establishment is applying for exemption. For Organized Establishment, a proof of notice to the Union President, and for Unorganized Establishment, a copy of the circular giving general notice to all workers.

The proof of notice shall state that the workers' representative was furnished with a copy of the application with all its supporting documents. The notice shall be duly acknowledged by the union (for organized establishment) or the workers' representative (for unorganized establishment) and shall be posted in a conspicuous place in the establishment.



**A. Distressed Establishments**

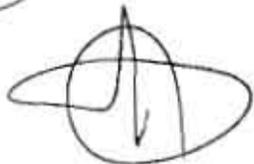
1. Corporations, Cooperatives, Single Proprietorships, Partnerships, Non-Stock, Non-Profit Organizations:
  - a. Full or Partial Exemption: Audited Financial Statements (together with Auditor's opinion and the notes thereto) for the last 2 full accounting periods preceding the effectivity of the Order filed with and stamped "received" by the appropriate government agency.
  - b. Conditional Exemption: Audited Financial Statements (together with Auditor's Opinion and the notes thereto) for the last full accounting period and interim quarterly financial statements for the period immediately preceding the effectivity of the Order. To confirm the grant of conditional exemptions, audited financial statements for the last full accounting period shall be filed and stamped received by the appropriate government agency, to be submitted within 30 days from the lapse of the one year exemption period.
2. Banks and Quasi-Banks
  - a. Certification from Bangko Sentral ng Pilipinas that it is under receivership/ liquidation.
3. For establishments under Corporate Rehabilitation
  - a. Order from a court of competent jurisdiction that the establishment is under rehabilitation.

**B. For New Business Enterprises:**

1. Affidavit from employer regarding the following:
  - a. Principal Economic Activity;
  - b. Date of Registration with appropriate government agency; and
  - c. Amount of Total Assets;
2. Certificate of Registration from the appropriate government agency.

**C. For establishments Adversely Affected by Natural and Human-Induced Calamities:**

1. Affidavit from the General Manager or Chief Executive Officer of the establishment regarding the ff:
  - a. Date and type of calamity;
  - b. Amount of losses/damages suffered as a direct result of the calamity;
  - c. List of properties damaged/lost together with estimated valuation;
  - d. For properties that are not insured, a statement that the same are not covered by insurance.
2. Copies of Insurance Policy Contracts covering the properties damaged, if any;
3. Adjuster's report for insured properties;
4. Audited Financial Statements for the last full accounting period preceding the effectivity of the Order stamped received by the appropriate government agency.
5. In case of severe damage to properties caused by the calamity, a certification by the barangay and pictures of the damage property/ies may be submitted in lieu of the Audited Financial Statements



**Section 5. DURATION AND EXTENT OF EXEMPTION.**

- A. Full Exemption of **one (1) year** from effectivity of the Order shall be granted to all categories of establishments that meet the applicable criteria for exemption under Section 3 of the NWPC Guidelines No. 2, series of 2007.
- B. Partial Exemption of **50%** from effectivity of the Order with respect to the amount or period of exemption shall be granted only in the case of **distressed establishments**.
- C. Conditional exemption of **one (1) year** from effectivity of the Order shall be granted only in the case of distressed establishments under the above-mentioned guidelines. The conditional exemption shall be confirmed, as follows:

c.1. For Corporations

When deficit as defined in Section 1 (N) of the Amended Rules of Exemption, as of the last full accounting period amounts to 20% or more of the paid-up capital for the same period;

c.2. For Single Proprietorships And Partnerships

When net loss for the last two 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;

c.3. For Non-Stock, Non-Profit Organizations

When net loss 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.

In the absence of such actual losses, the company shall pay its workers the wage increases due them under the Order, retroactive to the effectivity of the Order.

- D. **New Business Enterprises** shall enjoy the full one (1) year exemption granted under Wage Order No. RX-18. However, in the event that a new wage order will be issued within the duration of the NBE's One (1) year exemption, the NBE shall apply the new wage increase upon the effectivity of the new wage order, exemption being not automatic.

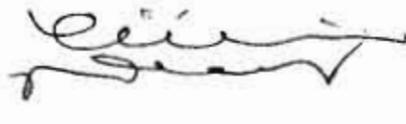
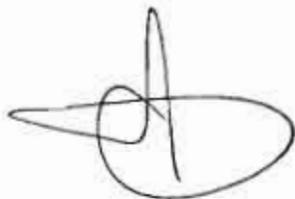
**Section 6. EFFECT OF FILING AN APPLICATION FOR EXEMPTION.** Whenever an application for exemption has been duly filed with the Board, the Regional Office of the Department shall be duly notified. Pending resolution of the said application, action on any complaint for alleged non-compliance with the Order shall be deferred by the Regional Office of the Department.

**Section 7. FILING OF OPPOSITION TO THE APPLICATION FOR EXEMPTION.** Any worker or, if unionized, the union in the applicant establishment, may file with the appropriate Board within fifteen (15) days from receipt of the notice of the filing of the application, an opposition to the application for exemption stating the reasons why the same should not be approved, furnishing the applicant a copy thereof. The opposition shall be in three (3) legible copies, under oath and accompanied by pertinent documents, if any.

**Section 8. EFFECT OF DISAPPROVED APPLICATION.** In the event that an application for exemption is not approved, affected workers shall be paid the mandated wage increase as provided for under the Order retroactive to the date of effectivity of the Order plus simple interest of one percent (1%) per month.

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**Section 9. MOTION FOR RECONSIDERATION.** The aggrieved party may file with the Board a motion for reconsideration of the decision on the application for exemption within ten (10) days from its receipt and shall state the particular grounds upon which the motion is based, copy furnished the other party and the DOLE Regional Office concerned.

No second motion for reconsideration shall be entertained in any case. The decision of the Board shall be final and executory unless appealed to the Commission.

**Section 10. APPEAL TO THE COMMISSION.** Any party aggrieved by the decision of the Board may file an appeal to the Commission, through the Board, in two (2) legible copies, not later than ten (10) days from date of receipt of the decision.

The appeal, with proof of service to the other party, shall be accompanied with a memorandum of appeal which shall state the date appellant received the decision, the grounds relied upon and the arguments in support thereof. The appeal shall be deemed perfected if filed with the DOLE's Regional or Provincial offices.

An appeal may be filed on the following grounds:

1. Non-conformity with the prescribed guidelines and/or procedures on exemption;
2. Prima facie evidence of grave abuse of discretion on the part of the Board; or
3. Questions of law.

The appellee may file with the Board his reply or opposition to the appeal within ten (10) days from receipt of the appeal. Failure of the appellee to file his reply or opposition shall be construed as waiver on his part to file the same.

#### RULE IV WAGE DISTORTION

**Section 1. EFFECT ON EXISTING WAGE STRUCTURE.** Pursuant to Article 124 of the Labor Code of the Philippines, as amended, in case of any dispute that may arise as a result of a significant wage distortion, the employer and the union shall negotiate to correct such distortions through the grievance procedure under their Collective Bargaining Agreement (CBA), and if it remains unresolved, through voluntary arbitration. Unless otherwise agreed by the parties in writing, such dispute shall be decided by the voluntary arbitrator or panel of voluntary arbitrators within ten (10) calendar days from the time said dispute was referred to voluntary arbitration.

In cases where there are no collective bargaining agreements or recognized labor unions, the employers and workers shall endeavor to correct such distortions. Any dispute arising therefrom shall be settled through the National Conciliation and Mediation Board (NCMB) and if it remains unresolved after ten (10) calendar days of conciliation, the same shall be referred to the appropriate branch of the National Labor Relations Commission (NLRC). The NLRC shall conduct continuous hearings and decide the dispute within twenty (20) calendar days from the time said dispute is submitted for compulsory arbitration.

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

The following suggested formula may be used to correct wage distortions:

Minimum Wage Order  
Wage Under No. RX-17  
Present Salary

x

Amount of increase  
in WO RX-18

=

Amount of increase  
due to distortion




13



The formula is neither compulsory nor mandatory in nature and any other agreement the parties may adopt shall take precedence to this formula.

**RULE V  
SPECIAL PROVISIONS**

**Section 1. COMPLAINTS FOR NON-COMPLIANCE.** Complaints for non-compliance with the Order shall be filed with the Regional Office of the Department of Labor and Employment (DOLE) or any of its Provincial Extension Offices subject to the Single Entry Approach (SENA) as defined under Department Order No. 107-10, Series of 2010, and shall be the subject of enforcement proceedings under Articles 128 of the Labor Code, as amended, without prejudice to criminal prosecution which may be undertaken against those who fail to comply.

**Section 2. NON-DIMINUTION OF BENEFITS.** Nothing in the 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 the employers.

**Section 3. PENAL PROVISION.** Pursuant to the provisions of Section 12 of RA 6727, as amended by RA 8188, any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay the prescribed increase in the Order shall be punished by a fine of not less than Twenty-Five Thousand Pesos (P25,000.00) nor more than One Hundred Thousand Pesos (P100,000.00) or imprisonment of not less than two (2) years nor more than four (4) years or both such fine and imprisonment at the discretion of the court. Provided that any person convicted under the Order shall not be entitled to the benefits provided for under the Probation Law.

The employer concerned shall be ordered to pay an amount equivalent to double the unpaid benefits owing to the employees. Provided, that payment of indemnity shall not absolve the employer from the criminal liability imposable under the Act.

If the violation is committed by a corporation, trust or firm, partnership, association or any other entity, the penalty of imprisonment shall be imposed upon the entity's responsible officers, including but not limited to the president, vice-president, chief executive officer, general manager, managing director or partner.

**Section 4. 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 Commission or Board.

**Section 5. FREEDOM TO BARGAIN.** The Order shall not be construed to prevent any party from granting or bargaining higher wages, benefits and flexible working arrangements.

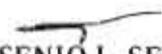
**Section 6. REPORTING REQUIREMENTS.** Any person, company, corporation, partnership or any entity engaged in business shall submit a verified itemized listing of their labor component to the Board not later than January 31, 2016 and every year thereafter in accordance with the form prescribed by the Commission.

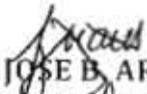
**Section 7. REPEALING CLAUSE.** All orders, issuances, rules and regulations on wages, or parts thereof inconsistent with the provisions of the Wage Order and these Rules are hereby repealed, amended or modified accordingly.

**Section 8. SEPARABILITY CLAUSE.** If any provision or part of the Order and these Rules, is declared unconstitutional, or in contrast with existing laws, the other provisions or parts thereof shall remain valid.

**Section 9. EFFECTIVITY.** These Rules shall take effect on July 3, 2015.

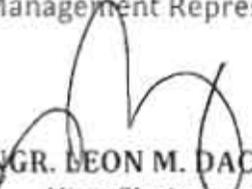
APPROVED, June 28, 2015, Cagayan de Oro City, Philippines.

  
ARSENIO L. SEBASTIAN III  
Management Representative

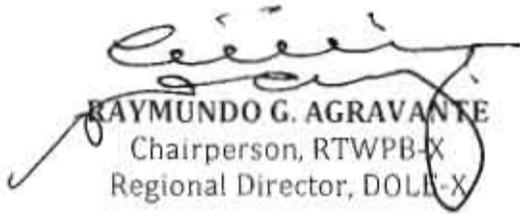
  
JOSE B. ARES  
Labor Representative

  
PRUDENCIO T. PLAZA, JR.  
Management Representative

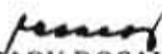
  
MILBERT M. MACARAMBON  
Labor Representative

  
ENGR. LEON M. DACANAY, JR.  
Vice-Chairperson,  
Regional Director, NEDA-X

  
LINDA O. BONIAO  
Vice-Chairperson/  
Regional Director, DTI-X

  
RAYMUNDO G. AGRAVANTE  
Chairperson, RTWPB-X  
Regional Director, DOLL-X

Approved, this 11th of August, 2015

  
HONORABLE SECRETARY ROSALINDA DIMAPILIS-BALDOZ  
Department of Labor and Employment

Dept. of Labor & Employment  
Office of the Secretary



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