



WAGE ORDER NO.NCR – 22

PROVIDING FOR A MINIMUM WAGE INCREASE IN THE NATIONAL CAPITAL REGION (NCR)

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 – 21 took effect on October 5, 2017 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 Board as early as February 2018 decided to review the socio – economic conditions in NCR, inviting resource persons from BIR, BSP, NEDA, DTI, PSA, DOF, DA, NFA, LTFRB, CHED, DepEd, DSWD, FNRI and AER (NGO).

WHEREAS, in its Board Meeting last August 14, 2018, the Board issued Board Resolution No. 02 Series of 2018 whereby it decided to review existing wage rates, initiate action or inquiry to determine whether a Wage Order should be issued based on the standards and criteria prescribed under RA 6727;

WHEREAS, after due notice to all concerned sectors, the RTWPB – NCR conducted separate consultations with labor and management, and thereafter a Public Hearing 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 National Wages and Productivity Commission (NWPC) particularly on First (1st) Tier that the Minimum Wage should be higher than the Poverty Threshold but lower than the prevailing Average Wage;

WHEREAS, based upon the inputs from the stakeholders derived from the consultations 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.

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 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/ Integration of COLA	Basic Wage Increase	New Minimum Wage Rates
Non – Agriculture	₱ 512.00	₱ 25.00	₱ 537.00
Agriculture (Plantation and Non Plantation)	₱ 475.00	₱ 25.00	₱ 500.00
Retail/Service Establishments employing 15 workers or less			
Manufacturing Establishments regularly employing less than 10 workers			

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 and workers of duly registered Barangay Micro Business Enterprises (BMBEs) with Certificates of Authority pursuant to Republic Act No. 10644.

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 respective 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 2018 – 2019 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 2019 – 2020.

Private educational institutions which have not increased their tuition fees for School Year 2018 – 2019 may defer compliance with the wage rates prescribed herein until the beginning of School Year 2019 – 2020.

In any case, all private educational institutions shall implement the wage rates prescribed herein starting School Year 2019 – 2020.

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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 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 Calamities such as Natural and Human – induced disasters.

Section 9. APPEAL TO THE COMMISSION. Any party aggrieved by this Wage Order may file an appeal to 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 establishment within three (3) months prior to the effectivity of this Order shall be credited as compliance with the prescribed increase set forth herein.

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 31st of each year and every year thereafter in accordance with the form prescribed by the National Wages and Productivity Commission.

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 laws, 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 Advisories have 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, 30 October 2018.

Dissenting
ANGELITA D. SENORIN
Labor Representative

Vicente Leogardo, Jr.
VICENTE LEOGARDO, JR.
Employer Representative

German N. Pascua, Jr.
With Reservation
GERMAN N. PASCUA, JR.
Labor Representative

Alberto R. Quimpo
ALBERTO R. QUIMPO
Employer Representative

Reynaldo R. Cancio
REYNALDO R. CANCIO
Vice-Chairperson

Anacleto C. Blanco, Jr.
ANACLETO C. BLANCO, JR.
Vice-Chairperson

Ana C. Dione
ANA C. DIONE
Board Chairperson



RULES IMPLEMENTING WAGE ORDER NO. NCR – 22

RULE I GENERAL PROVISIONS

Pursuant to Section 6, Rule IV of the National Wages and Productivity Commission Guidelines No. 01 – 2007, otherwise known as the Amended Rules of Procedure on Minimum Wage Fixing and Section 21 of Wage Order No. NCR – 22, the following Rules are hereby issued for the guidance and compliance by all concerned:

Section 1. TITLE. This shall be known as “The Rules Implementing Wage Order No. NCR – 22”.

Section 2. DEFINITION OF TERMS. As used in these Rules:

- a) **Order** – means Wage Order No. NCR – 22.
- b) **Department** – means the Department of Labor and Employment.
- c) **Commission** – means the National Wages and Productivity Commission.
- d) **Board** – means the Regional Tripartite Wages and Productivity Board – National Capital Region.
- e) **Regional Office** – refers to the regional office of the Department of Labor and Employment in the National Capital Region.
- f) **National Capital Region** – covers the Cities of Caloocan, Las Piñas, Makati, Mandaluyong, Manila, Marikina, Malabon, Navotas Muntinlupa, Parañaque, Pasay, Pasig, Quezon, San Juan, Taguig, Valenzuela, and the Municipality of Pateros.
- g) **Agriculture** – refers to farming in all its branches and among others, 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, abaca, tobacco, pineapple, aquatic or other farm products.
- h) **Establishment** – refers to an economic unit, which engages in one or predominantly one kind of economic activity at a single fixed location. For purposes of determining eligibility for exemption, establishments under the same owner/s but separately registered with the Securities and Exchange Commission (SEC), Department of Trade and Industry (DTI) or Cooperative Development Authority (CDA) as the case may be, irrespective of their location, shall be treated as individual and distinct establishments.

- l) **Retail Establishment** – refers to an entity principally engaged in the sale of goods to end users for personal or household use. A retail establishment that regularly engages in wholesale activities loses its retail character. For purposes of this Guidelines, retail establishments must be regularly employing not more than 10 workers.
- j) **Service Establishment** – refers to an entity principally engaged in the sale of services to individuals for his own or household use and is generally recognized as such. For purposes of this Guidelines, service establishments must be regularly employing not more than 10 workers.
- k) **Distressed Establishments** – refer to establishments which meet the criteria enumerated in Section 3A of the National Wages and Productivity Commission (NWPC) Guidelines No. 02 Series of 2007, otherwise known as the “Amended Rules on Exemption from Compliance with the Prescribed Wage Increases/Cost of Living Allowances Granted by the Regional Tripartite Wages and Productivity Boards.”
- l) **Paid-up capital** – refers to the total amount of shareholder capital that has been paid by shareholders.
- m) **Capital** – refers to the 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 and single proprietorships.
- n) **Capital Impairment** – refers to the diminution of capital due to accumulated losses.
- o) **Stockholders’ Equity** – refers to the residual interest in the assets of an entity that remains after deducting its liabilities. It is total assets minus total liabilities. It is the same as equity and net worth.
- p) **Full Accounting Period** – refers to a period of twelve (12) months of business operations.
- q) **Interim Period** – refers to a financial reporting period shorter than a full financial year (most typically a quarter or half – year).
- r) **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.
- s) **Total Assets** – refers to things of value owned by the business such as cash, machines, building and land which can be measured or expressed in money terms.
- t) **Net Loss** – refers to actual loss suffered by a company after deducting expenditures including overhead and interest charges from revenues.
- u) **Financial Statement** – refers to a written report which quantitatively describes the financial health of a company. This includes the following:

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balance sheet, income statement, statement of changes in equity, cash flow statement and notes to financial statement.

- v) **Stock Corporation** – refers to one organized for profit and issues shares of stock to its members.
- w) **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.
- x) **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 or for the exercise of a profession.
- y) **Single Proprietorship** – refers to a business unit owned and controlled by only one person.
- z) **Cooperative** – refers to a duly registered association pursuant to R.A. 6938 (Cooperative Code of the Philippines) and other laws.
- aa) **Cost of Living Allowance (COLA)** – refers to the cost of living allowance prescribed by the Board for covered private sector workers and employees in the National Capital Region.
- bb) **Wage Distortion** – as defined under Article 124 of Presidential Decree No. 442, otherwise known as the Labor Code of the Philippines, as amended, refers to a situation where an increase in the prescribed wage rates 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.
- cc) **Quasi – banks** – refers to institutions such as investment houses and financing companies performing quasi – banking functions as defined by the Bangko Sentral ng Pilipinas.
- dd) **Conservatorship** – refers to a remedy resorted to by the monetary board in case a bank or quasi – bank is in a state of continuing inability or unwillingness to maintain condition of liquidity deemed adequate to protect the interests of the depositors and creditors. A conservator is appointed to manage the establishment in order to restore its viability.
- ee) **Receivership/liquidation** – refers to a remedy resorted by the Monetary Board in case a bank or quasi – bank is (a) unable to pay its liabilities as they become due in the ordinary course of business; (b) has insufficient realizable assets as determined by the Bangko Sentral ng Pilipinas to meet its liabilities; (c) cannot continue in business without involving probable losses to its depositors or creditors; or (d) has willfully violated a cease and desist order under Sec. 37 that has become final involving acts or transactions which amount to fraud or dissipation of the assets of the institution.

ff) **Under Corporate Rehabilitation** – refers to establishments that are placed under a rehabilitation receiver by a court of competent jurisdiction.

gg) **Two – Tiered Wage System** – refers to a pay system consisting of:

1. Minimum Wage; and
2. Incentive Pay based on productivity improvement and gainsharing.

hh) **Advisory** – refers to the Wage Advisory issued by the Board in accordance with the Two – Tiered Wage System.

ii) **State of Calamity** – refers to a condition involving mass casualty and/or major damages to property, disruption of means of livelihood, roads and normal way of life of people in the affected areas as a result of the occurrence of natural or human – induced hazard.

jj) **Hazard** – 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 or public health; any phenomenon which has the potential to cause disruption or damage to people, their property, their services or their environment, i.e., their communities. The four classes of hazards are natural, technological, biological and societal hazards.

kk) **Disaster** – a serious disruption of the functioning of a community or a society involving widespread human, material, economic or environmental losses and impacts, which exceed 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.

RULE II NEW MINIMUM WAGE RATES

Section 1. NEW MINIMUM WAGE RATES. Upon effectivity of this Wage Order, 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/Integration of COLA	Basic Wage Increase	New Minimum Wage Rates
Non-Agriculture	₱ 512.00	₱ 25.00	₱ 537.00
Agriculture (Plantation and Non Plantation)			
Retail/Service Establishments employing 15 workers or less	₱ 475.00	₱ 25.00	₱ 500.00
Manufacturing Establishments regularly employing less than 10 workers			

Section 2. COVERAGE. The wage increase prescribed herein shall apply to all minimum wage earners in the private sector within 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 cover kasambahay/domestic workers; persons in the personal service of another and workers of registered Barangay Micro Business Enterprises (BMBEs) with Certificates of Authority pursuant to Republic Act No. 10644.

Section 4. 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 5. APPLICATION TO CONTRACTORS. In case of contracts for projects, security, janitorial and other similar services, the increase in the minimum wage prescribed herein shall be borne by the principal or client of the contractor and the contract shall be deemed amended accordingly as mandated under Section 6 of R.A. 6727.

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

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 School Year 2018 – 2019 shall be considered as compliance with the increase prescribed herein. However, payment of any shortfall in the wage increase set forth herein shall be covered starting School Year 2019 – 2020.

Private educational institutions, which have not increased their tuition fees for School Year 2018 – 2019, may defer compliance with the provisions of this Wage Order until the beginning of School Year 2019 – 2020.

In any case, all private educational institutions shall implement the increase prescribed herein starting School Year 2019 – 2020.

Section 7. WORKERS PAID BY RESULT. All workers paid by result, including those who are paid on piecework, "takay", "pakyaw" or task basis, shall receive not less than the applicable minimum wage rates prescribed under the Order for the normal working hours which shall not exceed eight (8) hours work a day, or a proportion thereof for working less than the normal working hours.

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

a.
$$\frac{\text{Amount of Increase in AMW}^*}{\text{Previous AMW}} = \% \text{ Increase}$$

$$\frac{25}{512} \times 100 = 4.88 \%$$

b.
$$\text{Existing rate/piece} \times \frac{(\% \text{ increase})}{100} = \text{Increase in rate/piece}$$

c. Existing rate/piece + Increase in rate/piece = Adjusted rate/piece

*Where **AMW** is the **Applicable Minimum Wage rate**.

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

Section 8. 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 the Order shall be considered automatically modified in so far as their wage clauses are concerned to reflect the adjustments prescribed under the same Order.

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 9. SUGGESTED FORMULA IN DETERMINING THE EQUIVALENT MONTHLY REGIONAL MINIMUM WAGE RATES. Without prejudice to existing company practices, agreements or policies, the following formula may be used as guides in determining the equivalent monthly minimum wage rates:

- a) For those who are required to work everyday including Sundays or rest days, special days and regular holidays:

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

Where 393.5 days:

298	- ordinary working days
24	- regular holidays
67.6	- 52 rest days x 130%
3.9	- 3 special days x 130%
<u>393.5</u>	- Total no. of days/year

- b) For those who do not work but are considered paid on rest days, special days and regular holidays:

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

Where 365 days:

298	- ordinary working days
12	- regular holidays
52	- Sundays/rest days
3	- Special days
<u>365</u>	- Total no. of days/year

- c) For those who do not work and are not considered paid on Sundays or rest days:

$$\text{EMR} = (\text{ADR} \times 310 \text{ days}) / 12 \text{ months}$$

Where 310 days:

298	- ordinary working days
<u>12</u>	- regular holidays
310*	- Total no. of days/year

- d) For those who do not work and are not considered paid Saturdays and Sundays or rest days:

$$\text{EMR} = (\text{ADR} \times 258 \text{ days}) / 12 \text{ months}$$

Where 258 days are:

246	- ordinary working days
<u>12</u>	- regular holidays
258	- Total no. of days/year

***313 and 261 if the three (3) national special days are considered paid**

Section 10. 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 in or outside the National Capital Region shall be those applicable in the place where they are stationed.

Section 11. 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 other Regions with higher wage rates shall be entitled to the minimum wage rates applicable therein.

Section 12. APPEAL TO THE COMMISSION. Any party aggrieved by this Wage Order may file an appeal to the Commission within ten (10) calendar days from the publication of the Order. Pursuant to Section 5, Chapter III of the Rules Implementing R.A. 6727, 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.

Section 13. EFFECT 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 to employees affected by the Order of the corresponding increase, in the event that such Order is affirmed.

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**RULE III
EXEMPTIONS**

Section 1. WHO MAY BE EXEMPTED. Upon application with and as determined by the Board, based on compliance with the criteria and requirements in the applicable rules and regulations, the following may be exempted from the applicability of this Order:

1. Distressed establishments
2. Retail/Service establishments employing not more than ten (10) workers
3. Establishments adversely affected by natural calamities such as natural and/or human – induced disasters.

Section 2. CRITERIA FOR EXEMPTION. In order to determine whether an applicant establishment is qualified for exemption, the following are the criteria:

A. Distressed Establishments

1. For Corporations/ Cooperatives

a. Full Exemption

- a.1. When the deficit, as defined in Section I (N) of NWPC Guidelines No. 02, Series of 2007, 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 defined in Section I (N) of the abovementioned Guidelines, 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 not more 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

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 that it is under receivership or liquidation as provided in Section 30 of RA 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 3 A of this Guidelines.

5. Establishments Under Corporate Rehabilitation

Exemption may be granted to corporations, partnerships and associations under corporate rehabilitation when there is an order from a court of competent jurisdiction that it is under rehabilitation as provided in Section 6 Rule IV of the Interim Rules of Procedure on Corporate Rehabilitation (2000).

B. Retail/Service Establishments Regularly Employing Not More Than Ten (10) Workers

Exemption may be granted to a retail/service establishment when:

1. It is engaged in the retail sale of goods and/or services to end users for personal or household use.
2. It is regularly employing not more than ten (10) workers regardless of status, except the owner/s, for at least six (6) months in any calendar year.

C. Establishments Adversely Affected by Natural Calamities and Human-Induced Disasters

1. The establishment must be located in an area declared by a competent authority as under a state of calamity.
2. The natural calamities, such as earthquakes, lahar flow, typhoons, volcanic eruptions, fire, floods and similar occurrences, 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 (1) year, the 6-month period may be extended to one (1) 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. Where 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 3. DOCUMENTS REQUIRED. The following supporting documents shall be submitted together with the application:

For All Categories of Exemption

Proof of notice of filing of the application to the President of the union/contracting party if one is organized in the establishment, or if there is no union, a copy of a circular giving general notice of the filing of the application to all the workers in the establishment. The proof of notice, which may be translated in the vernacular, shall state that the workers' representative was furnished a copy of the application with all the supporting documents. The notice shall be posted in a conspicuous place in the establishment.

A. For Distressed Establishments

1. For corporations, cooperatives, single proprietorships, partnerships, non-stock, non-profit organizations.

a. Full or Partial Exemption

a.1. Audited financial statements (together with the Auditor's opinion and the notes thereto) for the last two (2) full accounting periods "received" by the appropriate government agency.

b. Conditional Exemption

b.1. Audited financial statement (together with the Auditor's opinion and the notes thereto) for the last full accounting period and interim quarterly financial statement/s for the period immediately preceding the effectivity of the Order.

b.2. To confirm the grant of conditional exemption, audited financial statements for the last full accounting period, stamped received by the appropriate government agency, to be submitted within 30 days from the lapse of the one – year exemption period.

2. For Banks and Quasi – banks

Certification from Bangko Sentral ng Pilipinas that it is under receivership/ liquidation.

3. For Establishments Under Corporate Rehabilitation

Order from a court of competent jurisdiction that the establishment is under rehabilitation.

B. For Retail/Service Establishments Employing Not More Than Ten (10) Workers:

1. Affidavit from employer stating the following:

- a. It is a retail/service establishment.
- b. It is regularly employing not more than ten (10) workers for at least six months in any calendar year.

2. Business Permit for the current year from the appropriate government agency.

C. For Establishments Adversely Affected by Natural Calamities and Human-Induced Disasters

1. Affidavit from the General Manager or Chief Executive Officer of the establishment regarding the following:

- 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 damaged property/ies may be submitted in lieu of the audited financial statements.

The Board may require the submission of other pertinent documents to support the application for exemption.

Section 4. EXTENT AND DURATION OF EXEMPTION. 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 3A of NWPC Guidelines No. 02 series of 2007.

- A. 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 under Section 3 A of NWPC Guidelines No. 02 series of 2007.
- B. Conditional exemption of one (1) year from effectivity of the Order shall be granted only in the case of distressed establishments under Section 3 A of NWPC Guidelines 02 series of 2007. The conditional exemption shall be confirmed, as follows:

c.1. For Corporations

When deficit as defined in Section I (N) of the abovementioned Guidelines, 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 (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;

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.

Section 5. ACTION ON APPLICATION FOR EXEMPTION. Upon receipt of an application with complete documents, the Board shall take the following steps:

- a. Notify the DOLE Regional Office having jurisdiction over the workplace of the pendency of the application requesting that action on any complaint for non-compliance with the Order be deferred pending resolution of the application by the Board.
- b. Request the DOLE Regional Office to conduct ocular inspection, if necessary, of establishments applying for exemption to verify number of workers, nature of business and other relevant information.
- c. Act and decide on the application for exemption with complete documents, as much as practicable, within 45 days from the date of filing. In case of

contested application, the Board may conduct conciliation or call hearings thereon.

- d. Transmit the decision of the Board to the applicant establishment, the workers or president of the union, if any, and the Commission, for their information; and the DOLE Regional Office concerned, for their implementation/enforcement.

The Board may create a Special Committee with one representative from each sector to expedite processing of applications for exemption.

Section 6. APPLICATION FOR PROJECTS/BRANCHES/DIVISIONS. Where the exemption being sought is for a particular project/branch/division not separately registered and licensed, the consolidated audited financial statements of the establishment shall be used as basis for determining its distressed condition.

Section 7. DISTRESSED PRINCIPAL. Exemption granted to a distressed principal shall not extend to its contractor in case of contract (s) for projects, security, janitorial and/or similar services with respect to the employees of the latter assigned to the former.

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

Section 9. PROCEDURES ON EXEMPTION

A. For Filing of Application

1. An application, in three (3) legible copies may be filed with the appropriate Board 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 for exemption filed with the DOLE regional, district or provincial offices are considered filed with the appropriate Board in the region.

2. Applications for all categories shall be filed not later than 75 days from publication of the approved implementing rules of the Order, provided that all the required documents in support of the application must be filed within the said 75 – day filing period and that no further extension of filing and submission of required documents shall be allowed.

However, 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 under the preceding paragraph shall also submit a certification that a general assembly to explain to its workers and 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 workers and employees of the decision of the Board on its application.

3. The application shall be under oath and accompanied by complete supporting documents as enumerated under Section 4 of NWPC Guidelines 02 series of 2007.

B. For Filing of Opposition

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.

C. For Filing of 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.

D. For Filing of Appeal to the Commission

1. *Appeal* – 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 not be deemed perfected if it is filed with any office or entity other than the Board.

2. *Grounds for Appeal* – An appeal may be filed on the following grounds:

- a. Non – conformity with the prescribed guidelines and/or procedures on exemption;
- b. Prima facie evidence of grave abuse of discretion on the part of the Board; or
- c. Questions of law.

3. *Opposition* – 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.

4. *Transmittal of records* – Within five (5) days upon receipt of the reply or opposition of the appellee or after the expiration of the period to file the same, the entire records of the case which shall be consecutively numbered, shall be transmitted by the Board to the Commission.

**RULE IV
CREDITABLE INCREASE**

Section 1. SCOPE OF CREDITABLE WAGE INCREASE. Any increases granted by an employer in an establishment within three (3) months prior to the effectivity of this Order shall be credited as compliance with the prescribed increase set forth therein.

Section 2. ORGANIZED ESTABLISHMENT. An agreement to this effect has been forged between the parties or a provision in the collective bargaining agreement 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 increase prescribed in this Order.

Section 3. CREDITABLE INCREASES GIVEN IN THE FORM OF ALLOWANCES. Where the increase given by the employer is in the form of allowances, the employer shall make the necessary adjustment (integration/addition) to comply with the wage rates prescribed herein.

However, if the amount of the increase is greater than the increase granted under the Wage Order, the employer has the option to integrate partially or in full the allowances earlier given. In the event of partial integration, any excess maybe retained as allowances.

Section 4. CREDITABLE INCREASES GIVEN LESS THAN THE PRESCRIBED ADJUSTMENTS. In case the increases given are less than the prescribed adjustments, 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.

**RULE V
SPECIAL PROVISIONS**

Section 1. EFFECT ON EXISTING WAGE STRUCTURE. In accordance with Article 124 of the Labor Code, should any dispute arise as a result of wage distortion, the employer and the union shall negotiate to correct the distortions through the grievance procedure under their collective bargaining agreement; 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 shall have been 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. Pursuant to existing rules, any dispute arising there from shall be settled through the National Conciliation and Mediation Board; 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 any dispute arising from a wage distortion shall not in any way delay the applicability of the increase prescribed in the Order.

Section 2. 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 Articles 128 and 129 of the Labor Code, as amended.

Section 3. 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.

Pursuant to the Two – Tiered Wage System, Wage Advisories have 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 4. NON – DIMINUTION OF BENEFITS. Nothing in this Order shall be construed to eliminate or in any way diminish, or as authorizing the reduction of any existing wage rates, allowances, benefits and supplements of any form under existing laws, decrees, issuances, executive orders, and/or under any contract or agreement between the workers and employers, or employer practices or policies, being enjoyed at the time of the promulgation of this Order.

Section 5. 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 Article 126 of the Labor Code, as amended.

Section 6. FREEDOM TO BARGAIN. The Order shall not be construed to prevent workers in particular firms or enterprises of industries from bargaining for higher wages and flexible working arrangements with their respective employers.

Section 7. PENAL PROVISION. Pursuant to the provisions of Section 12 of Republic Act No. 6727, as amended by Republic Act No. 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 not less than Twenty – Five Thousand Pesos (₱ 25,000.00) nor more than One Hundred Thousand Pesos (₱ 100,000.00) 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 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 aforementioned 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.

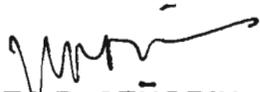
Section 8. REPORTING REQUIREMENT. Any person, company, corporation, partnership or any entity engaged in business shall submit a verified report on their wage structure to the Board not later than January 31st of each year and every year thereafter in accordance with the form prescribed by the National Wages and Productivity Commission.

Section 9. SEPARABILITY CLAUSE. If any provision or part of these Implementing Rules is declared unconstitutional, or in contrast with existing laws, the other provisions or parts thereof shall remain valid.

Section 10. REPEALING CLAUSE. All orders, issuances, rules and regulations or parts thereof inconsistent with the provisions of the Wage Order and this Implementing Rules are hereby repealed, amended or modified accordingly.

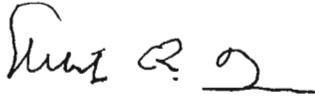
Section 11. EFFECTIVITY. These Rules shall take effect on 22 November 2018.

Done in the City of Manila, Philippines, 09 November 2018.


ANGELITA D. SEÑORIN
Labor Representative

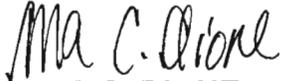

VICENTE LEOGARDO, JR.
Employer Representative


GERMAN N. PASCUA, JR.
Labor Representative


ALBERTO R. QUIMPO
Employer Representative


REYNALDO R. CANCIO
Vice – Chairperson


ANACLETO C. BLANCO, JR.
Vice – Chairperson


ANA C. DIONE
Board Chairperson

Approved this 27th day of November 2018, in the City of Manila, Philippines.


SILVESTRE H. BELLO III
Secretary
Department of Labor and Employment

