

## RULES IMPLEMENTING WAGE ORDER NO. RB 1-20

### RULE I - GENERAL PROVISIONS

Pursuant to Section 6, Rule IV, NWPC Guidelines No. 1, Series of 2007, the Amended Rules of Procedure on Minimum Wage Fixing and Section 26 of Wage Order No. RB 1-20, the following rules are hereby issued for the information, guidance and compliance of all concerned.

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#### SECTION 1. TITLE:

This Rules shall be known as the "Rules Implementing Wage Order No. RB 1-19."

#### SECTION 2. DEFINITION OF TERMS: As used in this Rules,

##### a. Terms defined under the Implementing Rules of R. A. 6727 and Wage Order No. RB 1-19:

- (a) "Order" refers to Wage Order No. RB 1-18.
- (b) "Department" refers to the Department of Labor and Employment.
- (c) "Commission" refers to the National Wages and Productivity Commission.
- (d) "Board" refers to the Regional Tripartite Wages and Productivity Board in Region I.
- (e) "Region I" covers the Provinces of Ilocos Norte, Ilocos Sur, La Union and Pangasinan and the Cities of Laoag, Batac, Vigan, Candon, San Fernando, Urdaneta, Dagupan, San Carlos and Alaminos.
- (f) "Wage" shall mean the remuneration or earning, however designated, capable of being expressed in terms of money, whether fixed or ascertained on a time, task, piece, or commission basis, or other method of calculating the same, which is payable by an employer to a worker/employee under a written or unwritten contract of employment for work done or to be done, or for services rendered or to be rendered and includes the fair and reasonable value, as determined by the Secretary of Labor and Employment, of board, lodging or other facilities customarily furnished by the employer to the worker/employee. "Fair and reasonable value" shall not include any profit to the employer, or to any person affiliated with the employer.
- (g) "Minimum Wage" is the lowest wage rate fixed by the Board that an employer can pay his workers/employees for services rendered on normal working days and hours but does not include profit-sharing payments, premium payments, 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 workers.
- (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

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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.

- (i) "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 activities performed by a farmer or on a farm as 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.
- (j) "Plantation Agricultural Enterprise" refers to an establishment engaged in agriculture with an area of more than 24 hectares in a locality or which employs at least 20 workers. Any other agricultural enterprise shall be considered as "Non-Plantation Agricultural Enterprise."
- (k) "Non-Agriculture Enterprise" refers to all other activities not falling under "Agriculture".
- (l) "Wage Distortion" means a situation where an increase in 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.
- (m) "Distressed Establishments" refer to establishments which meet the criteria enumerated in Section 3A of the NWPC Guidelines No. 2, Series of 2007.
- (n) "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.
- (o) "Service Establishment" refers to an entity principally engaged in the sale of services to individuals for their own or household use and is generally recognized as such.
- (p) "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, single proprietorships, and non-profit/non-stock organizations respectively.
- (q) "Full Accounting Period" refers to a period of twelve (12) months or one (1) year of business operations.
- (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) "Stock Corporation" refers to one organized for profit and issues shares of stock to its members.

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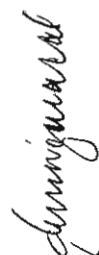
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- (t) "Non-Stock Non-Profit Organization" refers to one organized principally for public purposes such as charitable, educational, cultural or similar purposes and does not issue shares of stock to its members.
- (u) "Partnership" refers to an association 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 or for the exercise of a profession.
- (v) "Single Proprietorship" refers to a business unit owned and controlled by only one person.
- (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) "Paid-up Capital" refers to the total amount of shareholder capital that has been paid by shareholders.
- (y) "Capital Impairment" refers to the diminution of capital due to accumulated losses.
- (z) "Interim Period" refers to a financial reporting period shorter than a full financial year.
- (aa) "Net loss" refers to actual loss suffered by a company after deducting expenditures including overhead and interest charges from revenues.
- (bb) "Financial Statement" refers to a written report which quantitatively describes the financial health of a company. This includes the following: balance sheet, income statement, statement of changes in equity, cash flow statement and notes to financial statement.
- (cc) "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.
- (dd) "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 wilfully violated a cease and desist order under Section 37 that has become final involving acts or transactions which amount to fraud or dissipation of the assets of that institution.
- (ee) "Under Corporate Rehabilitation" refers to establishments that are placed under a rehabilitation receiver by a court of competent jurisdiction.
- (ff) "Establishments affected by natural calamities" refer to establishments in an area declared by a competent authority to be under state of calamity. The calamity must have occurred within 6 months prior to



the effectivity of this 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.

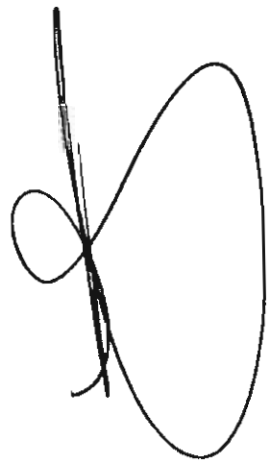


**b. Terms defined under NWPC Guidelines No. 2, Series of 2012:**

(gg) "Productivity Incentive" refers to bonuses given to workers as a result of increases in productivity.

**c. Terms defined under R. A. 9178:**

(hh) "Barangay Micro Business Enterprise" refers to any business entity registered and issued a Certificate of Authority in accordance with R.A. 9178.



**d. Term defined by the National Internal Revenue Code, Series of 1997:**

(ii) "Gross Revenue" refers to total receipt or total sales without any deduction of expenses or cost of sales.

**e. Term defined by the National Wages and Productivity Commission:**

(jj) "Productivity" is the ratio of total output to the sum of all input factors and thus serve as a measure reflecting the joint impact of all the inputs in producing the output.



**f. Term defined under NWPC Gainsharing Handbook:**

(kk) "Gainsharing" is an incentive system where monetary rewards or a percentage of profit is paid to employees and shared reasonably among them. Gains may be realized through increased company profits or improved productivity of the employees or the company as a whole.



**g. Term defined by the National Statistical Coordination Board:**

(ll) "Poverty Threshold" refers to the minimum income required or the minimum amount to be spent by a reference family to satisfy the nutritional requirements (2,000 calories) and other basic needs.

**h. Term defined under Republic Act No. 10625**

(mm) Philippine Statistics Authority refers to a government agency responsible for the implementation of the objectives and provisions of Republic Act No. 10625



Definitions provided by law the tenor of which appear to be inconsistent with the afore-cited definitions as adopted by the Board finds no application insofar as interpretations and implementation of this Wage Order.

**RULE II – NEW DAILY MINIMUM WAGE RATES**

**SECTION 1. AMOUNT OF INCREASE IN THE DAILY MINIMUM WAGE:**

Upon the effectivity of this Order, the Minimum Wage Rates of all workers/employees in the private sector in the Region shall be increased as follows:

- a. For workers receiving P310/day in establishments employing 30 or more, shall receive an increase of P30/day.
- b. For workers receiving P285/day in establishments employing 10 to 29 workers, shall receive an increase of P25/day.
- c. For workers receiving P265/day in establishments employing less than 10 workers, shall receive an increase of P17/day.
- d. For workers receiving P256/day in establishments employing less than 10 workers, shall receive an increase of P17/day upon effectivity of this Order and additional P9/day 6 months after effectivity of this Order.
- e. For workers receiving P265/day in Agriculture Plantation enterprises, shall receive an increase of THIRTY PESOS (P30.00)/day.
- f. For workers receiving P256/day in Agriculture Non-Plantation enterprises, shall receive an increase of TWENTY SIX PESOS (P26.00)/day.

The new daily minimum wage rates of covered workers in the private sector in Region 1 shall be as follows:

<b>Employment Size</b> (Source: RA 6727)	<b>Previous Wage Rates</b> (W.O. No. RB1-19)	<b>Amount of Increase</b>	<b>New Wage Rates</b> (W.O. No. RB1-20)
<b>Non-Agriculture</b>			
g. 30 or more Employees	P310	30	P340
h. 10-29 employees	285	25	310
i. 1-9 employees	265 (category above 3M-15M)	17	282
j. 1-9 employees	256 (category 3M and below)	17 9	273 - upon effectivity 282 - after 6 months from effectivity
<b>Agriculture</b>			
k. Plantation	265	30	295
l. Non-Plantation	256	26	282

**SECTION 2. COVERAGE:**

All workers/employees in the private sector receiving the minimum wage rates in the Region are covered by the provisions of this Order irrespective of their positions,

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designations or status of employment and regardless of the method by which their wages are paid.

This Order shall not cover Kasambahay/Domestic workers; persons employed in the personal service of another; and workers and employees of registered Barangay Micro Business Enterprises (BMBE) with Certificates of Authority pursuant to Republic Act 9178, as amended.

**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 per day.

**SECTION 4. PRODUCTIVITY AND OTHER PERFORMANCE INCENTIVE PROGRAM (PIP):**

In order to sustain increasing levels of wages based on productivity and enhance business competitiveness, workers and employers as partners shall adopt and implement productivity improvement schemes to enable the partnership to produce and earn more leading to inclusive growth and improved quality of life. These PIPs may include gainsharing, labor and management cooperation, time and motion studies, and other performance/incentive programs.

Establishments with PIPs shall submit annually to the Board documents of their programs for monitoring and recognition. In order to encourage wider participation, model PIPs and best practices shall be made available for replication.

The Board shall continue to issue advisories on PIPs for adoption by all sectors in the Region.

**SECTION 5. MINIMUM WAGE RATES APPLICABLE TO BUSINESS ESTABLISHMENTS WITH MULTIPLE BUSINESS ACTIVITIES:**

The minimum wage rates applicable to business establishments performing multiple business activities not separately registered with any appropriate government agency shall be determined in accordance with their dominant business activity based on their gross revenue.

**SECTION 6. SUGGESTED FORMULA IN DETERMINING THE EQUIVALENT MONTHLY REGIONAL MINIMUM WAGE RATES:**

Without prejudice to existing company practices, agreements or policies, the suggested formula in determining the estimated equivalent monthly rates of monthly-paid and daily-paid employees may be used as guides in determining the equivalent monthly regional minimum wage rates:

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

$$\text{Applicable Daily Rate} \times 365 = \text{Estimated Equivalent Monthly Rate (EEMR)}$$

where 365 days/year =

298 ordinary working days
52 rest days
12 regular holidays
<u>3 special days</u>
365 Total equivalent no. of days in a year

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

$$\frac{\text{Applicable Daily Rate (ADR)} \times 393.50 \text{ days}}{12} = \text{EEMR}$$

where 393.50 days =	298.00 days	ordinary working days
	67.60 days	52 rest days x 130%
	24.00 days	12 regular holidays x 200%
	3.90 days	3 special days x 130%
	393.50 days	Total equivalent no. of days in a year

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

$$\frac{\text{Applicable Daily Rate} \times 313}{12} = \text{EEMR}$$

where 313 days/year =	298	ordinary working days
	12	regular holidays
	3	special days
	313	Total equivalent no. of days in a year

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

$$\frac{\text{Applicable Daily Rate} \times 261}{12} = \text{EEMR}$$

where 261 days/year =	246	ordinary working days
	12	regular holidays
	3	special days
	261	Total equivalent no. of days in a year

**SECTION 7. WORKERS PAID BY RESULTS:**

All workers paid by results, including those who are paid on piecework, *takay*, *pakyaw*, or task basis, shall receive not less than the adjusted amount prescribed by the Order for the normal working hours which may not exceed eight (8) hours per day or a proportion thereof for working less than eight (8) hours.

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

$$\frac{\text{Amount of increase in AMW}^*}{\text{Previous AMW}} \times 100 = \% \text{ increase;}$$

\*Where AMW is the applicable minimum wage rate.

(2) Existing rate/piece x % increase = Increase in rate/piece;

(3) Existing rate/piece + Increase in rate/piece = Adjusted rate/piece.

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

**SECTION 8. WAGES OF SPECIAL GROUPS OF WORKERS AND EMPLOYEES:**

Persons employed under Apprenticeship or Learnership Agreement shall be entitled to not less than Seventy Five Percent (75%) of the new minimum wage rate under this Order.

All Learnership and Apprenticeship Agreements entered into before the effectivity of this Order shall be 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:**

All Private Educational Institutions shall implement this Order starting School Year 2018-2019.

The share in the tuition fee increases of covered workers and employees for School Year 2018-2019 shall be considered as compliance with this Order, however, payment of any shortfall shall be given starting School Year 2019-2020.

Private Educational Institutions which have not increased their tuition fees for the School Year 2018-2019, may defer compliance with the provisions of this Order until School Year 2019-2020.

**SECTION 10. APPLICATION TO CONTRACTORS:**

In the case of contracts for construction projects and for security, janitorial and similar services, the prescribed increase shall be borne by the principals or clients of the construction/service contractors and the contracts shall be deemed amended accordingly. In the event, however, that the principals or clients fail to pay the prescribed increase, the construction/service contractors shall be jointly and severally liable with their principals or clients.

**SECTION 11. MOBILE AND BRANCH WORKERS/ EMPLOYEES:**

The minimum wage rates of workers and employees, who by the nature of their work have to travel, shall be those applicable in the domicile or head office of the employer.

The minimum wage rates of workers and employees working in branches or agencies of establishments within or outside the region shall be those applicable in the place where they are stationed.

**SECTION 12. TRANSFER OF WORKERS AND EMPLOYEES:**

The transfer of workers and employees from one region to another shall not diminish the wage rates being enjoyed by them prior to such transfer. The workers and employees transferred to other regions with higher wage rates shall be entitled to the minimum wage rate applicable therein.



**SECTION 13. APPEAL TO THE COMMISSION:**

Any party aggrieved by this Order may file a verified appeal with the Commission through the Board within ten (10) calendar days from the publication of this Order.



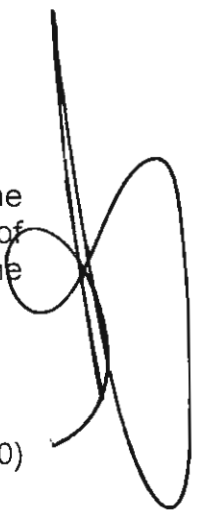
**SECTION 14. EFFECT OF FILING OF APPEAL:**

The filing of the appeal does not operate to stay this 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 for covered workers and employees in the event this Order is affirmed.

**RULE III – EXEMPTIONS**

**SECTION 1. EXEMPTED ESTABLISHMENTS**

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 (NWPC Amended Rules on Exemption), the following may be exempted from the applicability of this Order:



- 1. Distressed Establishments;
- 2. New Business Establishments;
- 3. Retail/Service Establishments regularly Employing Not More Than Ten (10) Workers; and
- 4. Establishments Adversely Affected by calamities such as Natural and/or Human Induced Disasters

**SECTION 2. CRITERIA FOR EXEMPTION**

The following criteria shall be used to determine whether the applicant-establishment is qualified for exemption:


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*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% 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


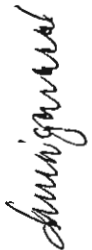
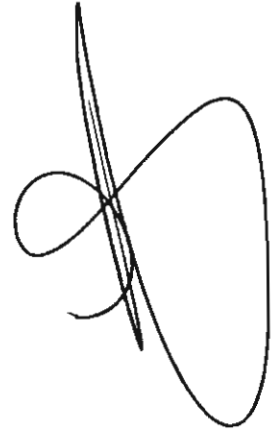
- a.1 When the accumulated net losses for the last two (2) full accounting periods immediately preceding the effectivity of the Order amounts to 20% or more of the fund balance/members' contribution at the beginning of the period; or
- a.2 When an establishment registers capital deficiency i.e., negative fund balance/members' contribution as of the 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:

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 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 3A of the New Rules for Exemption.

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), as amended by Section 7, Rule III of the Rules of Procedure on Corporate Rehabilitation.

B. New Business Establishments

Exemption may be granted to New Business Establishments located outside the National Capital Region (NCR) and Export Processing Zones and established within two (2) years from effectivity of the Order, classified under any of the following:

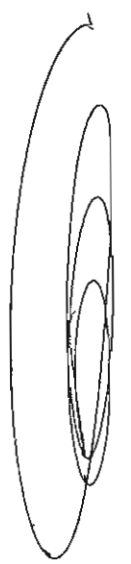
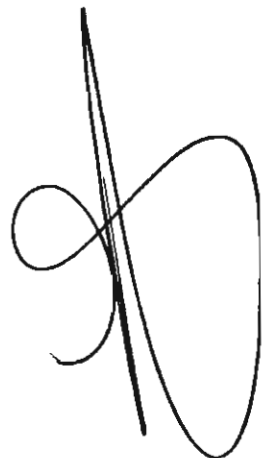
1. Agricultural establishments whether plantation or non-plantation.
2. Establishments with total assets after financing of five million pesos (P5,000,000.00) and below.

C. Retail/Service Establishments Regularly Employing Not more than Ten (10) Workers

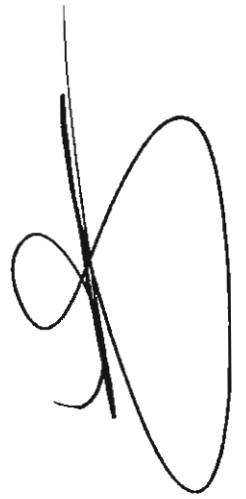
Exemption may be granted to a retail/service establishment when:

1. It is engaged in the retail sale of goods and/or services to end users for personal or household use; and
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.

D. Establishments Adversely Affected by Calamities such as Natural and Human-Induced Disaster:



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 this 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 proprietorship 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 service of experts to validate the extent of damages suffered.



**SECTION 3. DOCUMENTS REQUIRED TO SUPPORT THE APPLICATION FOR EXEMPTION:**

The following supporting documents shall be submitted together with the application:

*FOR ALL APPLICANT ESTABLISHMENTS:*

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 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 proprietorship, partnership, 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 preceding the effectivity of the Order filed with and stamped "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 the establishment 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:


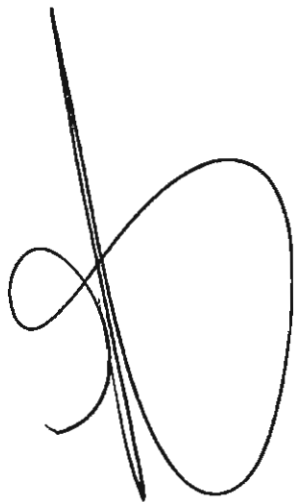
- a. It is a retail/service establishment.
- b. It is regularly employing not more than ten (10) workers for at least six months in any calendar year.

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

C. For Establishments Adversely Affected by Calamities such as Natural 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; and
- 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; and
- 4. Audited financial statements for the last full accounting period preceding the effectivity of the Order stamped received by the appropriate government agency.

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The Board may further require the submission of other supporting documents pertinent to the determination of applicant's eligibility for exemption.

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.

**SECTION 4. PROCEDURES ON EXEMPTION**

**A. Filing an Application:**

An application under oath in three (3) legible copies may be filed by the owner/manager or duly authorized representative of an establishment, in person or by registered mail with the Board or with the Regional, District or Provincial Offices of the Department not later than *seventy five (75) days* from publication of this Rules

The date of mailing shall be deemed as the date of filing.

In the case of New Business Enterprises, applications shall be filed not later than sixty (60) days after date of registration. 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.

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**B. For Filing of Opposition:**

Any worker/employee or, if unionized, the union in the applicant establishment, may file with the Board within fifteen (15) days from receipt of the notice of 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 No. 1.

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.

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

A full exemption of one (1) year shall be granted to all establishments that meet the applicable criteria for exemption, in accordance with the provisions of Section 2, Rule III of this Rules.

However, partial exemption of 50% with respect to the amount or period of exemption shall be granted only in the case of distressed establishments.

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**SECTION 6. EFFECT OF APPLICATION FOR EXEMPTION**

An application for exemption duly filed shall have the effect of deferring any action on any complaint for non-compliance with the Order until resolution of the application by the Board.

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In case the application for exemption is not approved, covered workers and employees of the applicant-establishment shall be paid the prescribed minimum wage rates under this Order plus one percent (1%) simple interest per month retroactive to the effectivity of this Order.

**SECTION 7. APPLICATION FOR PROJECT/ BRANCH/DIVISION**

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.

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**SECTION 8. DISTRESSED PRINCIPAL**

Exemption granted to a distressed principal shall not extend to its contractor in

case of contract(s) for construction, security, janitorial and/or similar services with respect to the employees of the latter assigned to the former.

**RULE IV - CREDITABLE INCREASE**

**SECTION 1. ESTABLISHMENTS WITH AND WITHOUT COLLECTIVE BARGAINING AGREEMENTS**

Wage increases granted by an employer within three (3) months prior to the effectivity of this Wage Order by virtue of Collective Bargaining Agreement in unionized establishments and those of the non-unionized sectors setting equal or greater than the minimum wage rates herein provided shall be considered compliance herewith; and

Anniversary wage increases, merit wage increases and those resulting from their regularizations or promotion of employees shall not be credited as compliance.

**RULE V - SPECIAL PROVISIONS**

**SECTION 1. EFFECT ON EXISTING WAGE STRUCTURE**

Should any dispute arise as a result of wage distortion, the employer and the union shall negotiate to correct the distortion 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 was referred for voluntary arbitration.

In cases where there are no Collective Bargaining Agreements or recognized labor unions, the employers and workers/employees 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 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 a wage distortion shall not in any way delay the applicability of any wage adjustment prescribed by the Order.

Previous Minimum Wage (Wage Order RB1-15)	Prescribed			
-----	x Increases	=	Amount of wage adjustment due to distortion	
Actual Salary				

**SECTION 2. COMPLAINTS FOR NON-COMPLIANCE**

Complaints for non-compliance with the wage increase prescribed under the Order shall be filed with the Department of Labor and Employment - Regional Office No. I and shall be the subject of enforcement proceedings under Articles 128 and 129 of the Labor Code, as amended.

**SECTION 3. NON-DIMINUTION OF BENEFITS**

Nothing in the Order and in this Rules shall be construed as authorizing the reduction of any existing wage rates, allowances and benefits of any form under existing

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*[Handwritten signature]*

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laws, decrees, issuances, executive orders, and/or under any contract or agreement between workers and employers or employer practices and policies.

**SECTION 4. FREEDOM TO BARGAIN**

This Order shall not be construed to prevent workers/employees in particular firms or enterprises or industries from bargaining for higher wages and flexible working arrangements with their respective employers.

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**SECTION 5. REPORTORIAL REQUIREMENT**

Any person, company, corporation, partnership or any entity engaged in business shall submit annually a verified itemized listing of their labor component to the Board not later than January 31, 2019 and every year thereafter in accordance with Section 3 of RA 6727 in relation to Art. 124 of the Labor Code as amended, and the form as prescribed by the Commission.

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**SECTION 6. 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 7. PENAL PROVISION**

Any person, corporation, trust, firm, partnership, association or entity which refuses or fails to pay the prescribed wage rate under the Order shall be punished by a fine not less than Twenty Five Thousand Pesos (P25,000) nor more than One Hundred Thousand Pesos (P100,000) 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 pursuant to the provision of Section 12 of R. A. 6727, as amended by R. A. 8188.

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.

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**SECTION 8. SEPARABILITY CLAUSE**

If, for any reason, any section or provision of this Rules is declared unconstitutional, or in contrast with existing laws, the other provisions or parts thereof shall remain valid.

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**SECTION 9. EFFECTIVITY**

This Rules shall take effect 15 days after its publication in a newspaper of general circulation.

Approved this 19<sup>th</sup> day of March 2019 in the City of San Fernando, La Union.

ATTESTED BY:

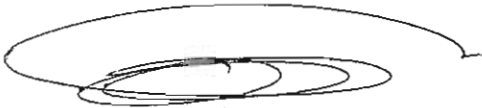
*Handwritten signature of Romina E. Boado-Cabrillos*  
**ATTY. ROMINA E. BOADO-CABRILLOS**  
Board Secretary VI

*Large handwritten flourish*

APPROVED:

**JERRY V. PARLAN**  
Employers' Representative  
(On Sick Leave)

  
**CATHERINE Q. PANGAN**  
Workers' Representative

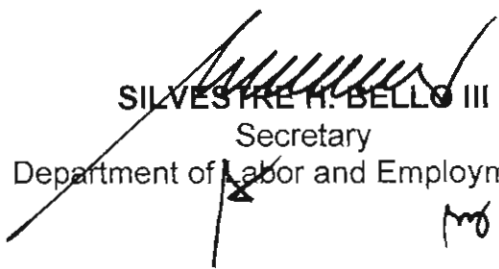
  
**SALVADOR R. POSERIO**  
Employers' Representative

  
**NESTOR G. RILLON**  
Vice-Chairperson

  
**DARIA R. MINGARACAL**  
Vice-Chairperson

  
**NATHANIEL V. LACAMBRA**  
Chairperson

Approved this 12<sup>th</sup> day of April, 2019.

  
**SILVESTRE H. BELLO III**  
Secretary  
Department of Labor and Employment

Dept. of Labor & Employment  
Office of the Secretary



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