

COST OF DOING BUSINESS

MANPOWER COSTS

I. Manpower Resources (Labor):

The laws on labor standards and employment relations are consolidated in the Labor Code of the Philippines. The salient points of employment conditions and employee benefits under the Philippine labor laws are as follows:

Hours of Work. Eight (8) hours per day or 48 hours per week. Rest periods of short duration during work hours shall be counted as hours worked.

Meal periods. Every employer shall give his employees not less than sixty (60) minutes time-off for their regular meals.

Night shift differential. Every employee is entitled to a night shift differential of not less than ten percent (10%) of his regular wage for each hour of work performed between ten o'clock in the evening and six o'clock in the morning.

Work Day. A day is the 24-hour period which commences from the time the employee regularly starts to work.

Overtime work. An additional compensation equivalent to an employee's regular wage plus at least twenty-five percent (25%) shall be given if the employee does overtime work. Work performed beyond eight hours on a holiday or rest day shall be paid an additional compensation equivalent to the rate of the first eight hours on a holiday or rest day plus at least thirty percent (30%) thereof.

Minimum Wage (Manufacturing Sector). The minimum wage rate for agricultural and non-agricultural workers in every region are determined by the Regional Tripartite Wages and Productivity Board.

Fringe Benefits. This refers to goods, services, or other benefits furnished by an employer in cash or kind, in addition to basic salaries; to managerial or supervisory employees such as but not limited to the following:

- Housing
- Expense Account
- Vehicle of Any Kind
- Household personnel, such as maid, driver and others
- Interest on loans at less than market rate to the extent of the difference between the market rate and actual rate granted;
- Membership fees, dues and other expenses borne by the employer for the employee in social and athletic clubs or other similar organizations;
- Holiday and vacation expenses
- Educational assistance to the employee or his dependents; and
- Life or health insurance and other non-life insurance premiums or similar amounts in excess of what the law allows

Managerial employees refer to those who are given powers or prerogatives to lay down and execute managerial policies and or to hire, transfer, suspend, lay-off, recall, discharge, assign or discipline employees. Supervisory employees are those who effectively recommend such managerial actions if the exercise of such authority is not merely routinary or clerical in nature but requires the use of independent judgment.

Overtime (OT) Remuneration. Overtime premium is allotted for work exceeding the maximum prescribed period. Every employee who is entitled to premium pay is likewise entitled to the benefit of overtime pay

Computation of Wages.

Computing Overtime:

In Ordinary Days

Plus 25% of the hourly rate multiplied by the number of hours.

On a Rest Day, Special Day or Regular Holiday

Plus 30% of the hourly rate on said days multiplied by the number of hours.

Computing pay for work done on:

A Special Day (130% x basic pay)

A Special Day, which is also a scheduled Rest Day (150% x basic pay)

A Regular Holiday (200% x basic pay)

A Regular Holiday, which is also a scheduled Rest Day (260% x basic pay)

Computing Night Shift Premium where Night Shift is a Regular Work:

On Ordinary Day (110% x basic hourly rate)

On a Rest Day, Special Day, Regular Holiday (110% of regular hourly rate for Rest Day, Special Day, Regular Holiday)

Computing Overtime on Night Shift:

On Ordinary Day (110% x overtime hourly rate)

On Rest Day, Special Day or Regular Holiday (110% x overtime hourly rate for Rest Days, Special Days, Regular Holidays)

Computing 13th Month Pay:

Total basic salary earned for the year exclusive of overtime, holiday, and night shift differential pay divided by 12 = 13th month pay.

Source: Bureau of Working Conditions

Department of Labor and Employment

<http://www.bwc.dole.gov.ph/faq.php?page=2>

DAILY MINIMUM WAGE RATES **National Capital Region (NCR) ^{a/}** **Per Wage Order No. NCR-15 ^{b/}** **Effective 01 July 2010**

Sector/ Industry	Minimum Wage under Wage Order No. NCR 14	Basic Wage Increase Under W.O. No. NCR 15	Cost of Living Allowance under W.O. NCR 15*	New Minimum Wage Rates
Non-Agriculture	P382.00	P22.00	P 10.00	P 404.00
Agriculture (Plantation and Non Plantation)	P 345.00	P22.00	P 10.00	P 367.00
Private Hospitals with bed capacity of 100 or less	P 345.00	P22.00	P 10.00	P 367.00

Retail/Service Establishments employing 15 workers or less	P 345.00	P22.00	P 10.00	P 367.00
Manufacturing Establishments regularly employing less than 10 workers	P 345.00	P22.00	P 10.00	P 367.00

*To be integrated into the basic wage

a/ *Covers the Cities of Caloocan, Las Pinas, Makati, Malabon, Mandaluyong, Manila, Marikina, Muntinlupa, Navotas, Paranaque, Pasay, Pasig, Quezon, San Juan, Taguig and Valenzuela and the Municipalities of Pateros.*

b/ *Grants a P22.00 per day basic wage increase to all minimum wage workers in the private sector in the region.*

W.O. issued 07 June 2010, published at Philippine Star on 16 June 2010.

Source: National Wages and Productivity Commission Department of Labor and Employment
http://www.nwpc.dole.gov.ph/pages/ncr/cmwr_table.html

SUMMARY OF CURRENT REGIONAL DAILY MINIMUM WAGE RATES

Non-Agriculture, Agriculture

As of August 2010

(In pesos)

REGION	WO No./ DATE OF EFFECTIVITY	NON- AGRICULTURE	AGRICULTURE	
			Plantation	Non-Plantation
NCR a/	WO 15/July 01, 2010	P 404.00	P 367.00	P 367.00
CAR b/	WO 13/June 16, 2008	243.00 - 260.00	226.00 - 242.00	226.00 - 242.00
I c/	WO 13/June 22, 2008	220.00 - 240.00	220.00	195.00
II d/	WO 13/June 15, 2008	227.00 - 235.00	215.00 - 223.00	215.00 - 223.00
III e/	WO 14/June 16, 2008	251.00 - 302.00	236.00 - 272.00	216.00 - 256.00
IV-A f/	WO 13/June 01, 2008	236.00 - 320.00	216.00 - 295.00	196.00 - 275.00
IV-B g/	WO 04/June 19, 2008	240.00 - 252.00	198.00 - 207.00	178.00 - 187.00
V h/	WO 13/ July 1, 2008	196.00 - 239.00	207.00 - 217.00	187.00 - 197.00
VI i/	WO 18/ August 12,2010	223.00 - 265.00	233.00	223.00
VII j/	WO14/June 16, 2008	222.00 - 267.00	202.00 - 249.00	202.00 - 249.00
VIII k/	WO 15/June16, 2008	238.00	219.00	219.00
IX l/	WO 15/ July 3, 2008	240.00	215.00	195.00
X m/	WO 15/August 22, 2010	241.00 - 256.00	229.00 - 244.00	229.00 - 244.00

XI n/	WO 15/June 16, 2008	265.00	255.00	255.00
XII o/	WO 15/June 16, 2008	245.00	225.00	220.00
XIII p/	WO 10/August 25, 2010	243.00	233.00	213.00
ARMM q/	WO 11/ June 29, 2008	210.00	210.00	210.00

- a/ Granted a P 22.00/day wage increase to all minimum wage workers in the private sector in the region.
b/ Granted P P10.00 & 15.00 COLA per day depending on the area and industry classification.
c/ Granted P 10.00 COLA.
d/ Granted P 12.00 wage increase and integrated P8.00 COLA under WO No. RTWPB-II-09 into the basic wage.
e/ Granted P 15.00 increase consisting of P5 basic wage & P10 COLA; integrated the P9 COLA under WO No. RB III-13 into the basic wage.
f/ Granted P 12-20 wage increase as follows: P 16-P20 (Growth Corridor Area) P14 (Emerging Growth Area) P12(Resource Based Area)
g/ Granted P 10 wage increase to all minimum wage workers & P5 COLA to non-agriculture sector only.
h/ Granted P 13 COLA, the P6 from P13 COLA shall be integrated in the basic wage on January 1, 2009.
i/ Granted P15.00 wage increase
j/ Granted P P17.00 wage increase
k/ Granted P10 COLA
l/ Granted P 15 wage increase consisting of P5 basic wage and P10 COLA for a period of three months; thereafter, P5 out of the P10 COLA under WO No. IX-14 shall be integrated into the basic wage.
m/ Integrated the P12 COLA under WO # 14 into the basic pay effective August 22, 2010 & granted P13.00 wage increase that will effect on October 1, 2010
n/ Granted P15 COLA & integrated the P16 COLA under WO No. RTWPB XI-13 into the basic wage. The P10 COLA under WO No. RX-14 shall be integrated into the basic wage on September 16, 2008.
o/ Granted P 7-10.50 wage increase & P3-5 COLA.
p/ Granted P10 wage increase and integrated into the P10 COLA under WO No. RXIII-09
q/ Granted P 10.00 wage increase.

Source: National Wages and Productivity Commission Department of Labor and Employment
http://www.nwpc.dole.gov.ph/pages/statistics/stat_current_regional.html

II. Mandatory Employment Contribution

13th Month Pay. Employers are required to give its employees a 13th month pay equivalent to at least one (1) month salary. 13th month pay should be given not later than December 24 of every calendar year.**

** Date Last Reviewed: 2009-12-21 12:00:18

Contribution to Home Development and Mutual Fund (HDMF). Companies/employers are also required to contribute at least P100.00 per month to HDMF for employee benefits. Companies/employers remit this contribution plus that of the employee's which will be deducted from their payroll, in accordance with the periodic remittance schedule provided by HDMF.

Contribution to National Health Insurance Program (NHIP). As mandated by Republic Act 7835 on Medicare Program which is administered by the Philippine Health Insurance Corporation (Philhealth), both employers and employees are to contribute for the medical insurance/benefits of the employees in accordance with the schedule provided by Philhealth. Premium Contribution Schedule - For the Employed Sector - Effective January 1, 2007 (pdf file)

Source: Philippine Health Insurance Corporation
http://www.philhealth.gov.ph/members/employed/contri_tbl.htm

Contributions. As Mandated by law, both employer and employees are to contribute for the social security benefits of the employees in accordance with the new schedule provided by SSS. SSS Contribution Schedule - Effective January 1, 2007

SSS Contribution Schedule

RANGE OF COMPENSATION	MONTHLY SALARY CREDIT*	EMPLOYER-EMPLOYEE							SE / VM / OFW
		SOCIAL SECURITY			EC	TOTAL CONTRIBUTION			TOTAL CONTRIBUTION
		ER	EE	Total	ER	ER	EE	Total	
1,000 - 1,249.99	1,000	70.70	33.30	104	10	80.70	33.30	114	104
1,250 - 1,749.99	1,500	106.00	50.00	156	10	116.00	50.00	166	156
1,750 - 2,249.99	2,000	141.30	66.70	208	10	151.30	66.70	218	208
2,250 - 2,749.99	2,500	176.70	83.30	260	10	186.70	83.30	270	260
2,750 - 3,249.99	3,000	212.00	100.00	312	10	222.00	100.00	322	312
3,250 - 3,749.99	3,500	247.30	116.70	364	10	257.30	116.70	374	364
3,750 - 4,249.99	4,000	282.70	133.30	416	10	292.70	133.30	426	416
4,250 - 4,749.99	4,500	318.00	150.00	468	10	328.00	150.00	478	468
4,750 - 5,249.99	5,000	353.30	166.70	520	10	363.30	166.70	530	520
5,250 - 5,749.99	5,500	388.70	183.30	572	10	398.70	183.30	582	572
5,750 - 6,249.99	6,000	424.00	200.00	624	10	434.00	200.00	634	624
6,250 - 6,749.99	6,500	459.30	216.70	676	10	469.30	216.70	686	676
6,750 - 7,249.99	7,000	494.70	233.30	728	10	504.70	233.30	738	728
7,250 - 7,749.99	7,500	530.00	250.00	780	10	540.00	250.00	790	780
7,750 - 8,249.99	8,000	565.30	266.70	832	10	575.30	266.70	842	832
8,250 - 8,749.99	8,500	600.70	283.30	884	10	610.70	283.30	894	884
8,750 - 9,249.99	9,000	636.00	300.00	936	10	646.00	300.00	946	936
9,250 - 9,749.99	9,500	671.30	316.70	988	10	681.30	316.70	998	988
9,750 - 10,249.99	10,000	706.70	333.30	1,040	10	716.70	333.30	1,050	1,040
10,250 - 10,749.99	10,500	742.00	350.00	1,092	10	752.00	350.00	1,102	1,092
10,750 - 11,249.99	11,000	777.30	366.70	1,144	10	787.30	366.70	1,154	1,144
11,250 - 11,749.99	11,500	812.70	383.30	1,196	10	822.70	383.30	1,206	1,196
11,750 - 12,249.99	12,000	848.00	400.00	1,248	10	858.00	400.00	1,258	1,248
12,250 - 12,749.99	12,500	883.30	416.70	1,300	10	893.30	416.70	1,310	1,300
12,750 - 13,249.99	13,000	918.70	433.30	1,352	10	928.70	433.30	1,362	1,352
13,250 - 13,749.99	13,500	954.00	450.00	1,404	10	964.00	450.00	1,414	1,404
13,750 - 14,249.99	14,000	989.30	466.70	1,456	10	999.30	466.70	1,466	1,456
14,250 - 14,749.99	14,500	1,024.70	483.30	1,508	10	1,034.70	483.30	1,518	1,508
14,750 - over	15,000	1,060.00	500.00	1,560	30	1,090.00	500.00	1,590	1,560

Source: Social Security System

http://www.sss.gov.ph/sss/printversion.jsp?id=111&file=regi_contrib_table.html