



APRIL 20 – 24 ,2020

TOPIC: TAXABLE AND NONTAXABLE COMPENSATION AND BENEFITS

**A. Minimum Wage**

- Lowest mandated price that employers can legally pay workers
- May vary from region to region and may vary depending on the work field of a worker
- The updated Daily Minimum Wage per Region in the Philippines (as of March 2020) is as follows

REGION	NON-AGRICULTURE	AGRICULTURE	
		PLANTATION	NON-PLANTATION
NCR	500.00 - 537.00	500.00 - 537.00	500.00 - 537.00
CAR	340.00 - 350.00	340.00 - 350.00	340.00 - 350.00
I	282.00 - 340.00	282.00 - 340.00	282.00 - 340.00
II	370.00	370.00	370.00
III	369.00-420.00	369.00-420.00	369.00-420.00
IV-A	317.00 - 400.00	317.00 - 400.00	317.00 - 400.00
IV-B	294.00 - 320.00	294.00 - 320.00	294.00 - 320.00
V	310.00	310.00	310.00
VI	310.00 - 395.00	310.00 - 395.00	310.00 - 395.00
VII	356.00-404.00	356.00-404.00	356.00-404.00
VIII	315.00	315.00	315.00
IX	316.00	316.00	316.00
X	343.00 - 365.00	343.00 - 365.00	343.00 - 365.00
XI	396.00	396.00	396.00
XII	326.00	326.00	326.00
CARAGA	320.00	320.00	320.00
BARMM	300.00 - 325.00	300.00 - 325.00	300.00 - 325.00

Source: National Wages and Productivity Commission

## B. Overtime Pay During Regular Working Days

- According to the *Philippine Labor Code* the maximum number of working hours per day is **8 hours**.
- A wage earner that works beyond 8 hours is already working overtime.

### CONDITION/S

- If wage earners work overtime, they are entitled an **overtime pay** that is **125%** of their regular hourly wage times every hour in excess of the 8 hours.

### EXAMPLE #1

A clerk works for an excess of 5 hours during the day. If his daily rate is ₱500.00, how much should be the overtime pay?

#### A. Solving for Overtime Pay

**STEP 1.** Solve for the hourly rate first by dividing the daily rate by the minimum number of working hours which is 8 hours.

$$\text{Hourly Rate} = \frac{500}{8}$$

$$\text{Hourly Rate} = \text{₱}62.50$$

**STEP 2.** Solve for the overtime pay by multiplying the excess hours of work by the hourly rate.

$$\text{Overtime Pay} = 5 \times 62.50$$

$$\text{Overtime Pay} = 312.50$$

therefore the overtime pay should be ₱312.50

## C. Premium Pay During Rest Days and Special Holidays

- According to the *Philippine Labor Code* there should be at least one rest day per week for all wage earners, so the maximum number of working days is **6 days**.
- There are also four special holidays in the Philippines, where we follow the “*No Work No Pay*” principle, these dates are as follows
  - Ninoy Aquino Day Monday nearest to August 21
  - All Saints Day November 1
  - Fest of Immaculate Conception of Mary December 8
  - Last Day of the Year December 31

### CONDITION/S

- If a wage earners work on a scheduled rest day (ex. Sunday) or on one of the special holidays, they are entitled a **premium pay** that is **130%** of their regular daily wage.
- If a wage earners work on a scheduled rest day that also falls on one of the special holidays, they are entitled a **premium pay** that is **150%** of their regular daily wage.

### EXAMPLE #2.

A non-agriculture minimum wage earner from Region 2 works during All Saints Day which coincidentally falls on a Sunday which is a rest day. How much should the wage earner be paid for working during that day?

#### A. Solving for Premium Pay

**STEP 1.** Solve for the wage earner’s premium pay by multiplying the minimum wage for a non-agriculture worker in Region 2 which is ₱370.00 by 150%.

$$\text{Premium Pay} = 370 \times 1.50$$

$$\text{Premium Pay} = 555.00$$

therefore the wage earner should be paid **₱555.00**

#### D. Premium Pay During Regular Holidays

- Unlike in the case of special holidays where wage earners receive no payment if they do not work on that day, during regular holidays they are given their basic wage even if they do not work.
- As stated in the Republic Act 9849, there are twelve regular holidays (*unless otherwise modified by law, order, or proclamation*) which are as follows
  - New Year's Day January 1
  - Maundy Thursday Movable Date
  - Good Friday Movable Date
  - *Araw ng Kagitingan* Monday nearest April 9
  - Labor Day Monday nearest May 1
  - Independence Day Monday nearest June 12
  - National Heroes' Day Last Monday of August
  - Eidl Fitr Movable Date
  - Eidl Adha Movable Date
  - Bonifacio Day Monday nearest November 30
  - Christmas Day December 25
  - Rizal Day Monday nearest December 30

#### CONDITION/S

- If wage earners work on a regular holiday, they are entitled to a **holiday pay** that is **200%** of their regular daily wage
- If wage earners work on a scheduled rest day that also falls on one of the special holidays, they are entitled a **holiday pay** that is **230%** of their regular daily wage.

#### EXAMPLE #3.

You worked on a regular holiday which happens to be your rest day. Your daily wage is ₱600.00, how much should be your total pay during that day?

#### A. Solving for Holiday Pay

**STEP 1.** Solve for your holiday pay by multiplying your daily wage by 230%.

$$\text{Holiday Pay} = 600 \times 2.30$$

$\text{Holiday Pay} = 1,380.00$
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therefore your holiday pay should be **₱1,380.00**

#### E. Night Shift differential

- Night shift is considered to be work between 10:00 P.M. to 6:00 A.M.

#### CONDITION/S

- If wage earners work on a night shift, they are entitled to a **night shift differential** that is **110%** of their regular daily wage.

#### F. Service Charge

- Amount that hotels, restaurants, and other similar establishments received from their customers or clients as payment for performing certain services. (ex. Tips)
- According to the *Philippine Labor Code*, the service charge shall be equally distributed among employees and management

#### CONDITION/S

- If wage earners work for a company that collects service fee, they are entitled to a **service charge** that is **85%** of the service fees **divided equally among all wage earners**.
- The remaining 15% may be retained by the management to answer for losses, and breakages.

#### EXAMPLE #4.

A mechanic was asked to repair a truck and was given a service charge of ₱800.00. If there were 20 employees, how much of the service charge will the mechanic receive?

#### A. Solving for Holiday Pay

**STEP 1.** Solve for the total service charge the employees can get by multiplying the service charge by 85%.

$$\text{Total Service Charge} = 800 \times 0.85$$

$$\text{Total Service Charge} = \text{₱680.00}$$

**STEP 2.** Solve for the mechanic's service charge by dividing the total service charge with the number of employees.

$$\text{Individual Service Charge} = \frac{680}{20}$$

$$\text{Individual Service Charge} = 34.00$$

therefore the service charge the mechanic should receive is **₱34.00**

#### G. Service Incentive Leave

- Every wage earner who has rendered at least one year of service is given a Service Incentive Leave of **five days with pay**.
- The phrase "one year of service" of wage earner means service with 12 months, whether it is continuous or broken. It is reckoned from the starting day of work of the wage earner.

#### CONDITION/S

- If wage earners work for one year without using their **Service Incentive Leaves**, they are entitled to receive **additional daily wage** based on the **number of incentive leaves** they have **not used**. This is given at the end of the year or once they resigned at their work.

#### EXAMPLE #5.

If an employee who earns a daily wage of ₱500.00 works for the whole year and uses only 2 of his Service Incentive Leaves, how much bonus should he receive at the end of the year for not using all of his Service Incentive Leaves?

#### A. Solving for Service Incentive Bonus

**STEP 1.** Solve for the service incentive bonus by multiplying the daily wage with the total number of unused service incentive leave which is 3 days

$$\text{Service Incentive Bonus} = 500 \times 3$$

$$\text{Service Incentive Bonus} = 1,500.00$$

therefore the employee should receive a bonus of **₱1,500.00**

#### H. Maternity, Paternity, and Paternal Leave

- Every pregnant wage earner, whether married or unmarried, is entitled to maternity leave benefits.
- Pregnant wage earners must be an SSS members and must give the required notification to the SSS through their employers before the date of the contingency in order to be granted the said benefits.
- Paternity leave benefit is granted to all married wage earner to support their wives during their period of recovery in nursing their newborn child. It is applied only to the first four deliveries of their wives with whom they are cohabiting.
- Solo Parents are granted paternal leave in order to perform paternal duties and responsibilities where physical presence is required.
- The solo parents must have rendered at least one year of service and must have a solo parent ID card in order to be granted the said benefits.

#### CONDITION/S

- If wage earners are pregnant, they are entitled to **maternity leave** of
  - **sixty (60) days** in case of a normal delivery or miscarriage,
  - or **seventy-eight (78) days** in case of Caesarian section delivery,with benefits that is **100%** of the **average daily salary credit** of the wage earner.

- If wage earners have wives that are pregnant, they are entitled to **paternity leave** for **seven (7) days** with **full pay**. It is non-convertible to cash unlike the service incentive leave.
- If wage earners are solo parents, they are entitled to paternal leave for **seven (7) days** with **full pay**. It is non-convertible to cash unlike the service incentive leave.

### I. 13<sup>th</sup> Month Pay

- Wage earners must be given 13<sup>th</sup> month pay, provided that they worked for at least one month during the calendar year.
- The 13<sup>th</sup> month pay should be given by the employees not later than December 24 every year.

#### CONDITION/S

- If wage earners work for at least one month, they are entitled to a **13<sup>th</sup> month pay** that is their **average basic salary** during that year.

### EXAMPLE #6.

A cashier works for 5 months during the year. She received a total salary of ₱60,480.00 for the whole year. How much should be her 13<sup>th</sup> month pay?

#### A. Solving for 13<sup>th</sup> Month Pay

**STEP 1.** Solve for the 13<sup>th</sup> month pay by dividing her total salary for the year by the total number of months in a year which is 12 months

$$13^{\text{th}} \text{ Month Pay} = \frac{60,480}{12}$$

$13^{\text{th}} \text{ Month Pay} = 5,040.00$
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therefore the cashier should receive a 13<sup>th</sup> month pay of **₱5,040.00**

### J. Separation Pay

- Wage earners are given separation pay depending on the reason or ground for their termination.
- If wage earners are terminated for a just cause (ex. Gross neglect of duty, fraud, or commission of crime), they are not entitled to separation pay.

#### CONDITION/S

- If wage earners are fired for
  - Retrenchment to prevent losses,
  - Closure of operation of an establishment not due to serious losses or financial reverses,
  - Suffering from a disease not curable within a period of six months and their continued employment is prejudice to the health of their co-employees, or
  - Lack of service assignment for a continuous period of six months (for security guards)

they are entitled to a **Separation Pay** that is their **Half Month Pay for every year of service** they rendered.

A fraction of six months or more is considered as one whole year for this computation.

- If wage earners are fired for
  - Installation by employer of labor-saving devices,
  - Redundancy or when a certain position has been found to be excessive or unnecessary,
  - Impossible reinstatement of the employee to his former position or to a substantially equivalent position which is not attributable to the fault of the employer,
  - Lack of service assignment due to age (for security guards)

they are entitled to a **Separation Pay** that is their **Full Month Pay for every year of service** they rendered.

A fraction of six months or more is considered as one whole year for this computation.

### K. Retirement Pay

- Wage earners shall retire upon reaching the age of sixty years or more but not beyond sixty-five years.
- Government employees and companies having not more than ten employees are not part of this benefit.
- Voluntary retirement age is from 60 years to 64 years, while 65 years is as the considered compulsory retirement age

## CONDITION/S

- If wage earners retired from their work, they are entitled to **Retirement Pay** that is their **Half Month Pay for every year of service** they rendered. A fraction of six months or more is considered as one whole year for this computation.

## REFERENCE:

- Bacani J.B., & Soriano J.M. (2017). *Business Mathematics for Senior High*. Quezon City: C & E Publishing, Inc.
- Cacnio, F.C., (2017). *The Price Effect of Minimum Wage: Evidence from the Philippines*. Retrieved from [www.bsp.gov.ph > publicationsPDF The Price Effect of Minimum Wage: Evidence from the Philippines – BSP](http://www.bsp.gov.ph/publicationsPDF/The%20Price%20Effect%20of%20Minimum%20Wage%20Evidence%20from%20the%20Philippines%20BSP)
- Department of Labor and Employment. National Wages and Productivity Commission. (2020) *Summary of Current Regional Daily Minimum Wage Rates by Region, Non-Agriculture and Agriculture (as of March 2020)*. Retrieved from <https://nwpc.dole.gov.ph/stats/summary-of-current-regional-daily-minimum-wage-rates-by-region-non-agriculture-and-agriculture/>
- Department of Labor and Employment. Bureau of Working Conditions. (2019). *Handbook on Workers' Statutory Monetary Benefits*. Retrieved from [www.ble.dole.gov.ph > 2019...PDF 2019 Edition of Handbook on Workers... - Bureau of Local Employment – DOLE](http://www.ble.dole.gov.ph/2019...PDF/2019%20Edition%20of%20Handbook%20on%20Workers...-Bureau%20of%20Local%20Employment-%20DOLE)
- Labor Code of the Philippines. Presidential Decree No. 442 of 1974.

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APRIL 20 – 22 ,2020

**Directions:** Copy the questions and answer the following on a **ONE WHOLE SHEET OF YELLOW PAPER**.

Show your complete solution and box your final answers.

1. A hotel receptionist earns ₱725.00 per day. During a certain month, she was assigned to the night shift for 8 days. If she worked for 22 days during that month, how much should she earn?
2. A wage earner works for 8 hours a day and is paid ₱80.75 per hour. On a certain day, he works for 12 hours. How much is his overtime pay?
3. A client gave a service charge of ₱2,500.00 in a restaurant. If the restaurant has 18 crew members, how much will be each one's share in the said service charge?
4. A factory worker works at a daily wage of ₱620.00. He works on a Good Friday. How much is his total pay that day?
5. A bank teller has been working on his job for 5 years now. From January to April, she received a basic salary of ₱20,000 monthly, while from May to December, she received a basic salary of ₱21,200 monthly. How much should her 13<sup>th</sup> month pay be?

APRIL 23 – 24 ,2020

**Directions:** Answer the following and write your answers at the back of your paper or on a new sheet of paper if there is not enough space.

1. Given the following conditions, how much should be the pay for the following?

EXAMPLE: Regular Shift during Rest Day

ANSWER: **130% of regular daily rate**

- a. Regular Shift During Special Holidays
- b. Regular Shift During Special Holidays on Rest Days
- c. Regular Shift During Regular Holidays
- d. Regular Shift During Regular Holidays on Rest Days
- e. Night Shift Differential During Rest Days
- f. Night Shift Differential During Special Holidays
- g. Night Shift Differential During Special Holidays on Rest Days
- h. Night Shift Differential During Regular Holidays
- i. Night Shift Differential During Regular Holidays on Rest Days

EXAMPLE: Overtime pay During Rest Days

ANS:  $\underline{130\%} \times \underline{130\%} = 169\%$  times number of OT hours

- a. Overtime pay During Special Holidays
- b. Overtime pay During Special Holidays on Rest Days
- c. Overtime pay During Regular Holidays
- d. Overtime pay During Regular Holidays on Rest Days
- e. Overtime pay on a Night Shift During Rest Days
- f. Overtime pay on a Night Shift During Special Holidays
- g. Overtime pay on a Night Shift During Special Holidays on Rest Days
- h. Overtime pay on a Night Shift During Regular Holidays
- i. Overtime pay on a Night Shift During Regular Holidays on Rest Days

2. What are the benefits under the following programs?

- a. PhilHealth (R.A. 7875)
- b. Social Security System (R.A. 8282)
- c. Pag-IBIG (R.A. 9679)

APRIL 17 ,2020

I. **Directions:** Read about and find the most recent table of contribution for the following

1. PhilHealth (R.A. 7875)
2. Social Security System (R.A. 8282)
3. Pag-IBIG (R.A. 9679)