CLARIFICATION ON THE EFFECTIVITY OF RULE VII, BOOK III OF THE RULES IMPLEMENTING THE LABOR CODE

Read online (full-text search, related cases, audio case brief): https://batas.org/library/ee3c8b3cb64e/

In the interest of the service, the following provisions of the original Rule VII, Book III of the Implementing Rules and Regulations of the Labor Code are hereby declared to be still in force and effect and shall henceforth be referred to as Rule VII-A of the same Book:

Rule VII-A
Wages
SECTION 1. Cash Wage — The minimum wage rates prescribed by law shall be basic cash wages without deducting therefrom whatever benefits, supplements, or allowances which the employees enjoy free of charge aside from the basic pay. An employer may provide subsidized meals and snacks to his employees provided that the subsidy shall not be less than 30% of the fair and reasonable value of such facilities. In such case, the employer may deduct from the wages of the employees not more than 70% of the value of the meals and snacks enjoyed by the employees, provided that such deduction is with the written authorization of the employees concerned.

SECTION 2. The term facilities as used in this Rule shall include articles or services for the benefit of the employee or his family but shall not include tools of the trade or articles or service primarily for the benefit of the employer or necessary to the conduct of the employer's business.

SECTION 3. Value of Facilities — The Department of Labor and Employment, may from time to time, fix in appropriate issuances the fair and reasonable value of board, lodging, and other facilities customarily furnished by an employer to his employees both in agricultural and non-agricultural enterprises.

The fair and reasonable value of facilities is hereby determined to be the cost of operation and maintenance, including adequate depreciation plus reasonable allowance (but not more than 5 1/2% interest on the depreciated amount of capital invested by the employer); Provided, That if the total so computed is more than the fair rental value (or the fair price of the commodities or facilities offered for sale), the fair rental value shall be reasonable cost of the operation and maintenance. The rate of depreciation and depreciated amount computed by the employer shall be those arrived at under good accounting practices.

The good accounting practices shall not include accounting practices which have been rejected by the Bureau of Internal Revenue for income tax purposes. The term depreciation shall include obsolescence.

SECTION 4. Acceptance of Facilities — In order that the cost of facilities furnished by the employer may be charged against an employee, his acceptance of such facilities must be voluntary.

SECTION 5. Payment By Results — (a) On petition of any interested party, or upon its initiative, the Department of Labor and Employment shall use all available measures, including the use of time and motion studies, an individual/collective bargaining agreement between the employer and its workers as approved by the Secretary and consultation with representatives of employers' and workers' organizations in tripartite conference called by the Secretary, to determine whether the employees in any industry or enterprise are being compensated in

accordance with the minimum wage requirements of the Rule on wages.

b.

The basis for the establishment of rates for piece, output, or contract work shall be the performance of an ordinary worker of minimum skill or ability.

c.

An ordinary worker of minimum skill or ability is the average worker of the lowest producing group representing 50% of the total number of employees engaged in similar employment in a particular establishment, excluding learners, apprentices, and handicapped workers employed therein.

d.

Where the output rates established by the employer do not conform with the standards prescribed herein, or with the rates prescribed by the Department of Labor and Employment in an appropriate order, the employees shall be entitled the difference between the amount to which they are entitled to receive under such prescribed standards or rates and that actually paid them by employer.

SECTION 6. Payment by Results in Government Projects — In government projects, payment of wages by results, such as payment on pakiao, task, or piece-work basis, may be used by employers; Provided, However, that the output rates shall be in accordance with the standards prescribed in the immediately preceding Section, whenever applicable, or with such rates as may be established by the Department of Labor and Employment.

The above Rule VII-A reflects the changes effected by recent legislations. It shall be implemented, whenever applicable, by concerned offices and agencies in the Department on matters officially brought before them.

For the information and guidance of all concerned.

Adopted: 4 Nov. 1992

(Sgd.) MA. NIEVES CONFESOR
Secretary

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at https://batas.org

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.