

**[ BWC (DOLE) MEMORANDUM CIRCULAR NO. 3,  
November 04, 1992 ]**

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

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.