

[REPUBLIC ACT NO. 9504, June 17, 2008]

**ANA CT AMENDING SECTION 22, 24, 34, 35, 51, AND 79 OF
REPUBLIC ACT NO. 8424, AS AMENDED OTHERWISE KNOWN AS
THE NATIONAL INTERNAL REVENUE OF 1997**

Be it enacted by the Senate and House of Representative of the Philippines in Congress assembled:

SECTION 1. Section 22 of Republic Act No. 8424, as amended, otherwise known as the National Internal Revenue Code of 1997, is hereby further amended by adding the following definition after Subsection (FF) to read as follows:

"SEC. 22. *Definitions.* — when used in this Title:

"(A) x x x.

"x x x

"(FF) x x x.

"(GG) the term 'statutory minimum wage' earner shall refer to a worker in the private sector paid the statutory minimum wage, or to an employee in the public sector with compensation income of not more than the statutory minimum wage in the non-agricultural sector where he/she is assigned."

SEC. 2. Section 24(A) of Republic Act No. 8424, as amended, otherwise known as the National Internal Revenue Code of 1997, is hereby further amended to read as follows:

"SEC. 24. *Income Tax Rates.* —

"(A) *Rates of Income Tax on Individual Citizen and Individual Resident Alien of the Philippines.* —

"(1) x x x:

"x x x; and

"(c) On the taxable income defined in Section 31 of this code, other than income subject to tax under Subsections (B), (C) and (D) of this Section, derived for each taxable year from all sources within the Philippines by an individual alien who is a resident of the Philippines.

"(2) *Rates of Tax on Taxable Income of Individuals.* — The tax shall be computed in accordance with and at the rates established in the following

schedule:

"Not over P10,0005%
"Over P10,000 but not over P30,000.....P500+10% of the excess over P10,000
"Over P30,000 but not over P70,000.....P2,500+15% of the excess over P30,000
"Over P70,000 but not over P140,000.....P8,500+20% of the excess over P70,000
"Over P140,000 but not over P250,000.....P22,500+25% of the excess over P140,000
"Over P250,000 but not over P500,000.....P50,000+30% of the excess over P250,000
"Over P500,000.....P125,000+32% of the excess over P500,000

"For married individuals, the husband and wife, subject to the provision of Section 51 (D) hereof, shall compute separately their individual income tax based on their respective total taxable income: *Provided*, that if any income cannot be definitely attributed to or identified as income exclusively earned or realized by either of the spouses, the same shall be divided equally between the spouses for the purpose of determining their respective taxable income.

"*Provided*, That minimum wage earners as defined in Section 22 (HH) of this Code shall be exempt from the payment of income tax on their taxable income: *Provided, further*, That the holiday pay, overtime pay, night shift differential pay and hazard pay received by such minimum wage earners shall likewise be exempt from income tax.

SEC. 3. Section 34(L) of Republic Act No. 8424, as amended, otherwise known as the National Internal Revenue Code of 1997, is hereby amended to read as follows:

"SEC. 34. *Deductions from Gross Income.* — Except for taxpayers earning compensation income arising from personal services rendered under an employer-employee relationship where no deductions shall be allowed under this Section other than under Subsection (M) hereof, in computing taxable income subject to income tax under Sections 24(A); 25(A); 26; 27(A), (B), (C); and 28(A)(1), there shall be allowed the following deductions from the gross income:

"(A) *Expenses.* —

"x x x.

"(L) *Optional Standard Deduction.* - In lieu of the deductions allowed under the preceding Subsections, an individual subject to tax under Section 24, other than a nonresident alien, may elect a standard deduction in an amount not exceeding forty percent (40%) of his gross sales or gross receipts, as the case may be. In the case of a corporation subject to tax under section 27(A) and 28(A)(1), it may elect a standard deduction in an amount not exceeding forty percent (40%) of its gross