



No. 07-02-2006

Application of Withholding Taxes on Reimbursements for Professional Fees

In accordance with BIR Memorandum Circular No. 30-2003 and PhilHealth Circular 13, s-2004, the 10% and 15% withholding tax on professional fees (PF) of accredited doctors will be based on:

1. The cumulative gross PF of individual doctors monitored from beginning to end of each calendar year where the following deductions will be made:

- 10% withholding tax if the cumulative gross income is P720,000.00 or less
- 15% withholding tax if cumulative gross income exceeds P720,000.00

2. Copy of BIR-received Affidavit or Sworn Declaration of Current Year's Gross Income - this should be submitted to any PhilHealth Accreditation Department/Division/Unit from June 30 to July 22, 2006. The income declared in the affidavit will be the basis for the application of the withholding tax, as stated in Item No. 1.

In the absence of the Affidavit/Sworn Declaration of Current Year's Gross Income, the 15% withholding tax shall be applied on all PF payments starting August 1, 2006 and thereafter until submission of affidavit or until December 31 of the current year.

