



No. 07-03-2006

Application of R-VAT on Reimbursements for Professional Fees

In line with the implementation of the Reform Value-Added Tax (RVAT) by virtue of Republic Act 9337, and in accordance with BIR Memorandum Circular No. 16-2005 and PhilHealth Circular 16, s-2006, accredited doctors with an annual income of P1.5M or more will be subjected to VAT while those earning below this amount will be exempted. The application of the R-VAT will be based on:

The copy of BIR-updated Certificate of Registration (whether VAT-registered or VAT-exempt). Application of withholding tax shall be:

- 3% tax for VAT-exempt doctors
- 5% final tax for VAT-registered doctors

All accredited doctors are advised to submit a copy of an updated BIR Certificate of Registration to the Accreditation Department (Central Office) or to any of the PhilHealth Regional or Service Offices nationwide **on or before August 1, 2006**. After the said period, any change in the application of R-VAT will take effect and will be reflected on reimbursements within one week or five (5) working days from the date of submission of COR to PhilHealth.

Exempted from the application of withholding tax on PF are reimbursements being pooled and made payable to the Chief of Hospital in government facilities. The institution, however, shall be responsible for withholding the appropriate tax on individual income, inclusive of the income received from the distribution of the pooled funds.

For inquiries pertaining to this advisory, please visit or call the nearest PhilHealth Regional or Service Offices in your locality.

