

Republic of the Philippines
PHILIPPINE HEALTH INSURANCE CORPORATION
Citystate Centre 709 Shaw Boulevard, Pasig City
Healthline 637-9999 www.philhealth.gov.ph

July 14, 2005

PHILHEALTH CIRCULAR

No. 14, s-2005

TO

: **ALL ACCREDITED GOVERNMENT HOSPITALS
AND PROFESSIONALS, ASSISTANT VICE
PRESIDENTS, MANAGERS-NCR PHILHEALTH
OFFICES, AND ALL OTHERS CONCERNED**

SUBJECT

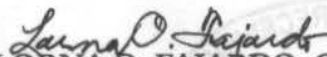
: **Implementation of Bureau of Internal Revenue
Memorandum Circular No. 21-2005**

Pursuant to Bureau of Internal Revenue Memorandum Circular No. 21-2005, all PhilHealth reimbursements for professional fees payable to the "Chief of Hospital" for pooling and distribution among health personnel in a government hospital shall no longer be subject to 10% expanded withholding tax. Instead, the Corporation through its Regional Offices shall issue a Certificate of Income Payment not Subject to Withholding Tax (BIR Form No. 2304) to be included in the submission of the Annual Information Return to BIR.

The accredited government hospital, on the other hand, "*upon distribution of their share from PhilHealth to their medical and non-medical personnel shall be responsible for the withholding of tax on compensation, the issuance of Employer's Certificate of Compensation Payment/Tax Withheld (BIR Form No. 2316) and the submission of Annual Information Return. Such share from PhilHealth shall form part of compensation income for the taxable year subject to appropriate withholding tax rate.*"

This shall be applied to payments of professional fees of salaried physicians payable to "Chief of Hospital" for claims received by the Corporation effective **August 1, 2005**.

Please be guided accordingly.


LORNA O. FAJARDO, CESO III
Officer-In-Charge
President and Chief Executive Officer

Date Signed: _____

4/27/05
noted
File

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

May 3, 2005

REVENUE MEMORANDUM CIRCULAR NO. 21-2005

SUBJECT: Guidelines and Policies for Sourcing, Pooling and Distribution of Philhealth "Common Fund" in Department of Health (DOH) Hospitals and other Government Clinics and Hospitals

TO: All Withholding Agents, Government Clinics and Hospital officials and employees, Philhealth Officials and employees, Internal Revenue Officers and Others Concerned.

Background:

For the proper implementation Item N, Section 52, Rule VIII of the Implementing Rules and Regulations of Republic Act 7875 entitled "National Insurance Act of 1995" that provides professional fees for services rendered by salaried public health providers may be retained by the health care institution in which services are rendered for pooling and distribution among health personnel. The manner of distributing the profession fees is left to the discretion of the health care institution and the funds are kept on a trust account

The professional fees for services rendered by the medical staff which are billed to and released by the Philippine Health Insurance Corporation, net of the 10% withholding tax is in the name of the Office of the Chief Hospital though they are not intended for his account but for distribution to all hospital personnel as honorarium and other usage. The issue is anchored that the income and credits are not claimed accordingly.

POLICIES AND GUIDELINES:

1. Professional fees from services rendered by salaried public health service providers paid by Philhealth kept in "common fund" shall not be subjected to 10% expanded withholding tax considering that the payer of income is a government entity and the recipient of income is also a government entity without proprietary function, and that such gross income payment shall be in the name of the public health institution. Philhealth shall issue a Certificate of Income Payment not Subject to Withholding Tax (BIR Form No. 2304) and included in submission of the Annual Information Return to BIR.

PHILHEALTH - NCR - NORTH
Office of the Manager

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By: _____
Time: _____

- The Public Health Institution upon the distribution of their share from Philhealth to their medical and non-medical personnel shall be responsible for the withholding of tax on compensation, the issuance of Employer's Certificate of Compensation Payment/Tax Withheld (BIR Form No. 2316) and the submission of Annual Information Return. Such share from Philhealth shall form part of compensation income for the taxable year subject to appropriate withholding tax rate. They shall ensure that tax due is equal to tax withheld following the year-end adjustment procedure.
- Disbursements of funds from Philhealth other than the distribution of additional compensation to public health workers shall be subjected to expanded all withholding tax under Section 257.2(N) of Revenue Regulations No. 2-98 as amended, on purchases by government from local/resident suppliers on purchases of goods at 1% and on purchase of services other than those covered by other withholding tax rates at 2%.

All internal revenue officers and employees and others concerned are enjoined to give this Circular as wide a publicity as possible.

Background:

For the purpose of...
 implementing...
 Insurance Act of 1995...
 selected public health providers...
 which services are...
 The manner of distribution...
 health care institutions and the tax...

(Original Signed)
GUILLERMO L. PARAYNO, JR.
 Commissioner of Internal Revenue

The professional fees for...
 billed to and released by the...
 10% withholding tax is...
 they are not intended for...
 as honorarium and...
 credits are not...
 1042
 BRAYSON

date of publication
 newspaper published

TE 929 72 79

Tax Info

920 9351

920 9347

POLICIES AND GUIDELINES

- Professional fees from...
 providers paid by Philhealth...
 to 10% expanded withholding...
 government entity and...
 without proprietary...
 be in the name of the...
 Certificate of Income Payment...
 No. 2304) and included...

