



*Republic of the Philippines*  
**PHILIPPINE HEALTH INSURANCE CORPORATION**  
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**PHILHEALTH CIRCULAR**

No. 16, s-2006

**TO : ALL ACCREDITED HEALTH CARE PROVIDERS AND ALL  
OTHERS CONCERNED**

**SUBJECT : Reformed Value Added Tax (RVAT) Implementation on PhilHealth  
Reimbursements for Professional Fees**

Pursuant to Republic Act No. 9337 and Bureau of Internal Revenue Memorandum Circular No. 16-2005, professional fees (PF) of doctors are covered in the application of RVAT. Doctors earning an annual income of more than 1.5 Million shall be subjected to RVAT while those whose annual income does not exceed 1.5 Million shall be VAT-exempt. In the implementation of RVAT, PhilHealth shall use the Copy of the BIR updated Certificate of Registration (COR) - whether VAT registered or VAT exempt, as basis for the application of the withholding taxes as follows:

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

In line with this, all accredited doctors are advised to submit a copy of their updated BIR Certificate of Registration to the Accreditation Department (Central Office) or any PhilHealth Office (Regional, Branch or Service Offices) **on or before July 31, 2006**. In the absence of a COR, the professionals/doctors shall be considered VAT registered and the 5% final tax shall be withheld on their PF starting **August 1, 2006** until the submission of COR.

Submission of COR, however, does not preclude the requirement of the annual (June to July) submission of Affidavit/Sworn Declaration (A/SD) of Current Year's Gross Income which will be the basis for the implementation of Expanded Withholding Tax (EWT) on income. In the absence of A/SD, the 15% withholding tax shall be applied on all PF payments starting August 1, 2006 and thereafter, until the submission of an A/SD on or before December 31 of the current year.

This circular shall be applicable to all benefit reimbursements of PF effective August 1, 2006. All other issuances consistent with this remain in effect.

Please be guided accordingly.

**(Sgd.) LORNA O. FAJARDO, CESO III**  
Acting President and CEO