NATIONAL ADMINISTRATIVE REGISTER · AUGUST 14, 1998

AMENDING SEC. 2.57.2 OF REVENUE REGULATIONS NO. 2-98

BIR REGULATIONS NO. 12-98, August 14, 1998

Read online (full-text search, related cases, audio case brief): https://batas.org/library/54f8908865e9/

SECTION 1. Scope — Pursuant to the provisions of Section 244, in relation to Section 57 (B) of the National Internal Revenue Code of 1997, these regulations are hereby promulgated in order to streamline and make more efficient the collection of the creditable withholding tax on income payments to medical practitioners.

SECTION 2. Amendment — Section 2.57.2, Sub-section (I) of Revenue Regulations No. 2-98, is hereby amended to read as follows:

> "Sec. 2.57.2. Income payments subject to creditable withholding tax and rates prescribed thereon. — Except as herein otherwise provided, there shall be withheld a creditable income tax at the rates herein specified for each class of payee from the following items of income payments to persons residing in the Philippines:
>
> "xxx xxx xxx
>
> "(I) Professional fees paid to medical practitioners — Any amount collected for and paid to medical practitioners by hospitals and clinics or paid by patients to the medical practitioners through the hospital or clinic — Ten Percent (10%).
>
> "(a) It shall be the duty and responsibility of the hospital or clinic to collect from any patient admitted by such hospital or clinic, the professional fee of the attending medical practitioner and to withhold the tax herein prescribed. It is the intent of these Regulations that the hospital or clinic shall, at all times, collect the professional fee for and in behalf of the medical practitioner and to withhold therefrom the tax herein prescribed.
> "(i) In general — It shall be presumed that the hospital or clinic has collected the professional fee of the said medical practitioner and shall, accordingly, be liable for the withholding of the tax vis-a-vis each and every patient admitted into the hospital or clinic under the care of the said medical practitioner.
>
> "(ii) Exception — The withholding tax herein prescribed shall not apply whenever there is proof that no professional fee has in fact been charged by the medical practitioner and paid by his patient, Provided, however, that this fact is shown in a sworn declaration (ANNEX A hereof) jointly executed by the medical practitioner, the patient or his duly authorized representative, and the administrator of the hospital or clinic. This sworn declaration shall form part of the records of the hospital or clinic and shall constitute as part of its records and shall be made readily available to any duly authorized Revenue Officer for tax audit purpose, Provided, further, that the said administrator of the hospital or clinic shall inform the Revenue District Office having jurisdiction over such hospital or clinic about any medical practitioner who fails or refuses to execute the sworn statement herein prescribed, within ten (10) days from the occurrence of such event.

"(b) The rules herein prescribed shall likewise apply to rendering of medical services by medical practitioners through a duly registered professional partnership for the practice of the medical profession provided, however, that the rate of the withholding tax to be imposed shall be at five percent (5%), pursuant to the provisions of Sub-section (B) of this Section."

SECTION 3. Repealing Clause — All rules and regulations or any part thereof inconsistent with the provisions of

Turn this case into an audio lecture - facts, issues, ruling and doctrine - at batas.org

these Regulations are hereby amended or repealed accordingly.

SECTION 4. Effectivity — These Regulations shall take effect fifteen (15) days after publication in the official gazette or in a newspaper of general circulation.

Adopted: 14 Aug. 1998

(SGD.) EDGARDO B. ESPIRITU
Secretary of Finance

RECOMMENDING APPROVAL:

(SGD.) BEETHOVEN L. RUALO
Commissioner of Internal Revenue

"ANNEX A"

SWORN DECLARATION

Date _____

WE, _____ (name of patient/authorized representative); _____ (name of Medical Practitioner); and _____ (name of hospital/clinic administrator), do hereby certify that the said patient was admitted to _____ (name of hospital/clinic) for the period _____ under the care of the said Medical Practitioner for medical care treatment and that the said Medical Practitioner did not charge from the said patient any professional fee.

WE DECLARE UNDER THE PENALTIES OF PERJURY THAT THIS CERTIFICATE HAS BEEN MADE IN GOOD FAITH, VERIFIED BY US, AND TO THE BEST OF OUR KNOWLEDGE AND BELIEF, IS TRUE AND CORRECT, PURSUANT TO THE PROVISIONS OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, AND THE REGULATIONS ISSUED UNDER AUTHORITY THEREOF.

_____ _____
Name of Patient Name of Medical Practitioner

_____

Name of Hospital/Clinic
Administrator

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at https://batas.org

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.