

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

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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 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

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