

GUIDELINES ON THE IMPLEMENTATION OF VALUE-ADDED TAX (VAT) ON SALE OF SERVICES BY PERSONS ENGAGED IN THE PRACTICE OF PROFESSION OR CALLING AND PROFESSIONAL SERVICES RENDERED BY G...

PHIC PHILHEALTH CIRCULAR NO. 23, S. 2003, June 25, 2003

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The provisions of Sections 244 and 108 of Republic Act No. 8424, otherwise known as Tax Reform Act of 1997 and other pertinent provisions of the National Internal Revenue Code of 1997 as amended by Republic Act 9010 imposed and implemented the Value-Added Tax (VAT) on sale of services by persons engaged in the practice of profession or calling and professional services rendered by general professional partnerships, etc.

As Government Owned and Controlled Corporation, PhilHealth is mandated to implement the withholding of applicable creditable Value-Added Tax and the Percentage tax as the case may be pursuant to Sections 114 and 116 of R.A. 8424 and pertinent BIR rules and regulations.

Following are the guidelines for the implementation of Value Added Tax:

- All claims for services rendered by a VAT-registered person starting January 1, 2003 admissions and onwards shall be subject to the 6% deduction as creditable withholding VAT while non-VAT-registered person shall be subject to a 3% deduction as creditable percentage tax. In both cases, however, the 10% withholding tax on income shall also be deducted.

SAMPLE COMPUTATIONS:

VAT TAXPAYER

NON-VAT TAXPAYER

Professional Fee

P16,000.00

P16,000.00

Withholding VAT (16,000 x 10/11 x 6%)

(872.73)

.00

Withholding percentage (16,000 x 3%)

(480.00)

Withholding on Income:

(16,000 x 10/11 x 10%)

(1,454.55)

[16,000 - (16,000 x 3%)] x 10%

(1,552.00)

Net Amount

P13,672.72

P13,968.00

- All claims paid on January 1, 2003 to June 30, 2003 with admission date January 1, 2003 onwards without corresponding withholding of VAT or percentage tax therefrom, withholding of taxes shall be computed accordingly and deducted from the future claims of the health care professionals. Deduction shall be made until the full amount has been paid.

- Professional fees for services rendered by salaried health care professionals being claimed by health care institutions purposely for pooling and distribution among health personnel or for other institutional purposes paid to the Chief of Hospital shall be subject to deduction of six percent (6%) creditable VAT in addition to the 10% withholding tax on income.

- Only duly approved/updated Certificate of Registration (COR) dated 2003 will be considered by PHIC for purposes of classification whether a health care professional is VAT or Non-VAT Percentage taxpayer. If during the year, the classification of the health care provider/professional changes from VAT to Non-VAT or vice-versa, he/she shall submit to the Accreditation Department the new Certificate of Registration for corresponding update in the system. Date of receipt by PhilHealth shall be the effective date of adjustment for admissions on the same date.
- All PhilHealth accredited professionals are considered VAT taxpayers subject to 6% deduction as creditable VAT effective January 1, 2003 unless a non-VAT certification duly approved by the BIR is submitted to the Corporation.
- Systems application integrating the new tax computation shall be ready for implementation effective July 1, 2003.
- A Certificate of Creditable Tax Withheld at Source (BIR Form No. 2307) shall be issued quarterly to all health care providers/professionals to support their creditable tax payments.

For compliance.

Adopted: 25 June 2003

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