

FURTHER AMENDING SECTION 2 OF REVENUE REGULATIONS NO. 12-98

BIR REVENUE REGULATIONS NO. 3-99, January 22, 1999

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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 (NIRC) of 1997, these regulations further amends Section 2 of Revenue Regulations No. 12-98 to streamline and make more efficient the collection of the creditable withholding tax on income payments to medical practitioners.

SECTION 2. Amendments. — Section 2 of Revenue Regulations No. 12-98, is hereby further amended to read as follows:

"SECTION 2. Amendment. — Income payments subject to creditable withholding tax and rates prescribed thereon. — Except as 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

"1. Professional fees paid to medical practitioners. — Any amount collected for and paid to medical practitioners by hospitals and clinics or paid directly to the medical practitioners by patients who were admitted and confined to such Hospitals or Clinics.

"a) It shall be the duty and responsibility of the hospital or clinic to remit taxes withheld from the following:

"1. Professional fees paid directly to Hospitals or Clinics by patients.

"2. Professional fees paid by patients directly to medical practitioners where the 10% expanded withholding tax shall in turn be given by medical practitioners directly to the Accounting Office of the Hospitals or Clinics.

"b)

Exception — The withholding tax herein prescribed shall not apply whenever no professional fee has been charged by the medical practitioner and paid by his patient.

"c)

Hospitals and Clinics shall submit the names and addresses of medical practitioners in the following classifications, every 15th day after the end of each calendar quarter, to the Collection Division of the Revenue Region where such Hospital or Clinic is located, using "Annex A":

"i. Medical Practitioners whose professional fee was paid by patients directly to the hospital or clinic.

"ii. Medical Practitioners whose professional fee was paid to them directly by the patients and the 10% withholding tax was given by such practitioner to the Accounting Office of the Hospital or Clinic.

"iii. Medical Practitioners whose professional fee was paid to them directly by the patients but the 10% withholding tax was not given by such practitioners to the Accounting Office of the Hospital or Clinic.

"iv. Medical Practitioners who did not charge any professional fee from their patients.

"d)

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 this Section."

"e)

Hospitals or clinics shall be responsible for the accurate computation of professional fees paid directly to hospitals and clinic and timely remittance of the 10% expanded withholding taxes. The deadline of the remittance of the withholding tax collected whether paid directly to hospitals or clinic or directly to medical practitioners is on or before the 10th day of the following month from January to November and January 25th for the month of December, to the accredited agent Bank (AAB) of the Bureau of Internal Revenue. Failure to remit the same at the prescribed dates shall be subjected to penalties prescribed by the NIRC.

Likewise, the hospitals or clinics shall issue a Certificate of Creditable Tax Withheld at Source (BIR Form No. 2307), to medical practitioners who were subjected to withholding, every 20th day following the close of the taxable quarter. The names of medical practitioners shall be included in the Alphabetical List of Income Recipients attached to the Annual Information Return (BIR Form No. 1604).

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: 22 Jan. 1999

(SGD.) EDGARDO B. ESPIRITU
Secretary of Finance

RECOMMENDING APPROVAL:

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

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