

IMPLEMENTATION OF NEW CREDITABLE WITHHOLDING TAX SCHEME FOR ACCREDITED HEALTH CARE PROFESSIONALS

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Please be guided that in compliance with BIR Regulation 30-2003, payment of professional fees (PF) shall be subject to 10% or 15% withholding tax whichever is applicable. The procedure for determining the appropriate withholding tax shall be as follows:

1. Since January 1, 2004 the cumulative gross professional fee paid for each doctor being monitored until December 31, 2004 for the application of the following withholding tax:

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Deduct 15% withholding on PF if cumulative gross income for the current year exceeds P720,000.00

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Deduct 10% withholding on PF if otherwise.

2. Starting June 30 to July 22 of the current year, all accredited doctors are required to submit a copy of BIR received Affidavit or Sworn Declaration of Current Year's Gross Income to any of the following offices in order to determine the appropriate withholding tax to be applied:

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Head Office - Accreditation Department

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PhilHealth Regional Offices - Accreditation and Quality Assurance Division

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PhilHealth Service Office - Accreditation Unit

3. In the absence of said document, the 15% withholding tax shall be applied to all PF payments starting August 1, 2004 whether or not the cumulative P720,000.00 gross income in the database has been exceeded.
4. At any point in time, when the cumulative gross income for the current year exceeds P720,000.00, even if the Affidavit or Sworn Declaration of gross income below P720,000.00 has been submitted, the 15% withholding shall also apply.
5. The above procedures and schedule of implementation shall be applied annually covering the period January 1 - December 31 of each year.

Also, please note that PhilHealth shall abide by the provisions of RA 9238 and Revenue Regulation 7-2004. As such, reimbursements for professional fees shall no longer be subject to Withholding Value Added Tax (WVAT)/Percentage Tax effective for all claims currently in process with dates of admission beginning January 1, 2004.

For all PFs paid in 2004 where WVAT/Percentage Tax has already been deducted, the amount to be considered in monitoring the cumulative gross income (item No. 1 above) shall be the PF net or WVAT/Percentage Tax.

Considering that the VAT deducted from 2004 reimbursements for professional fees were already remitted to the BIR and credited as tax withheld from individual doctors, the professionals (doctors) are advised to coordinate with BIR for proper tax crediting.

Please be guided accordingly.

Adopted: 22 June 2004

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