March 18, 2021

BIR RULING NO. VAT-074-21

Sec. 109 (1) (G), NIRC; BIR Ruling No. 784-19

Physixare Adtek Solutions, Inc.
210 Mckinley Park Residences
3rd Ave. cor. 31st Street
Bonifacio Global City, Fort Bonifacio
Taguig City

Attention: *AAA*

Gentlemen :

This refers to your letter dated December 17, 2019 requesting on behalf of **PHYSIXARE ADTEK SOLUTIONS, INC.** ("PASI") for a ruling that PASI is exempt from value-added tax (VAT) pursuant to Section 109 of the National Internal Revenue Code of 1997, as amended (Tax Code).

Documents show that PASI, with Tax Identification No. (TIN) 000-000-000-00000, is a health facility providing medical service through physical therapy and rehabilitation services under Rule V.B.2.d.7 of Administrative Order No. 2012-0012 dated July 18, 2012. [1] It is a domestic corporation duly organized under the laws of the Philippines and registered with the Securities and Exchange Commission (SEC) under Registration No. CS201603106 issued on February 15, 2016. The primary purpose of PASI as provided in its Articles of Incorporation is "to provide easy access to cost effective and efficient Physical Therapy, Rehabilitation and Wellness products and services utilizing the latest technology and evidence based clinical practice."

In reply, please be informed that Section 109 (1) (G) of the Tax Code, expressly enumerates those transactions that are exempt from VAT, to wit:

> *"SEC. 109. Exempt Transactions. — (1) Subject to the provisions of Subsection (2) hereof, the following transactions shall be exempt from the value-added tax:*

Copyright 2021 CD Technologies Asia, Inc.

xxx xxx xxx

G. Medical, dental, hospital and veterinary services except those rendered by professionals;

xxx xxx xxx"

Relative thereto, Section 4.109-1 (B) (1) (g) of Revenue Regulations (RR) No. 16-2005, states that:

"SEC. 4.109-1. VAT-Exempt Transactions. —

xxx xxx xxx

(B) Exempt Transactions. — (1) Subject to the provisions of Subsection (2) hereof, the following transactions shall be exempt from the value-added tax.

xxx xxx xxx

g. Medical, dental, hospital and veterinary services except those rendered by professionals; . . ."

Based on the foregoing, it is plain and clear that medical services are considered transactions exempt from VAT.

In view thereof, this Office is of the opinion as it hereby holds that the medical services of PASI in the form of physical therapy and rehabilitation services, except those rendered by independent professionals, are exempt from VAT pursuant to Section 109 (1) (G) of the Tax Code, and Section 4.109-1 (B) (1) (g) of RR No. 16-2005.

This ruling is being issued on the basis of the foregoing facts as represented. However, if upon investigation, it will be ascertained that the facts are different, then this ruling shall be considered null and void.

Very truly yours,

(SGD.) CAESAR R. DULAY
Commissioner of Internal Revenue

Footnotes

1. As certified by the Health Facilities and Services Regulatory Bureau issued on January 8, 2020.

Copyright 2021 CD Technologies Asia, Inc.

Copyright 2021 CD Technologies Asia, Inc.