December 13, 2019

BIR RULING NO. 784-19

Sec. 109 (1) (G), NIRC of 1997, as amended; Sec. 4.109-1 (B) (1) (g), RR No. 16-2005; BIR RULING NO. 533-17

Medical Executive Check-Up Center, Inc.
No. 270 N. Domingo St., Pasadena, San Juan City

Attention: *AAA*

Gentlemen :

This refers to your letter dated July 10, 2018 requesting for value-added tax (VAT) exemption in favor of MEDICAL EXECUTIVE CHECK-UP CENTER, INC.

Based on your representation, Medical Executive Check-up Center, Inc. is a corporation duly organized and existing under the Philippine law with Securities and Exchange Commission (SEC) registration number ASO96-003728; that it is likewise registered with the Department of Health (DOH) with License to Operate No. 13-0078-19-CL-2; that it is doing business under the name and style of Medex Laboratories; that it is engaged in purely laboratory services and does not in any way sell any form of drugs, pharmaceutical and/or medical products.

In reply, please be informed that Section 109 (1) (G) of the National Internal Revenue Code (NIRC) of 1997, as amended, 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:*
>
> 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:

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"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:

Laboratory services are exempted. x x x."

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

In view thereof, this Office is of the opinion as it hereby holds that laboratory services of Medical Executive Check-up Center, Inc., except those rendered by independent professionals, are exempt from VAT pursuant to Section 109 (1) (G) of the National Internal Revenue Code of 1997, as amended, 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 disclosed 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

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