REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

January 27 ,2009

REVENUE MEMORANDUM CIRCULAR NO. 6-2009

SUBJECT: Circularizing Revocation of all Other BIR Rulings Similar to BIR Ruling No. DA (VAT-054) 529-2008 and Clarifying the VATability of HMOs

TO : All Internal Revenue Officials, Employees and Others Concerned

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For the information and guidance of all internal revenue officials, employees and others concerned, please be informed that the undersigned issued Revenue Memorandum Circular (RMC) No. 2-2009 revoking BIR Ruling No. **DA (VAT-054) 529-2008** issued in favor of **MEDICard Philippines, Inc.**

Similarly, BIR Rulings Nos. **DA (VAT-019) 121** dated August 8, 2008 issued in favor of **Health Maintenance, Inc. DA (C-032) 122-2008** also dated August 8, 2008 issued in favor of **Asalus Corporation,** and, **DA (VAT-026) 375-2008** dated October 31, 2008 issued in favor of **Maxicare Health Corporation** are likewise herein being revoked.

On this regard, all internal revenue officials, employees and others concerned are being reminded that BIR Ruling 018-98 is still controlling which states that **HMOs are subject to VAT and the basis for computing the VAT shall be the membership fees received from the members undiminished by any amount paid or payable to owners/operators of hospitals, clinics and medical and dental practitioners.**

This has already been elucidated in Revenue Regulations No. 16-2005 which categorically mentioned that **HMO's gross receipts shall be the total amount of money or its equivalent representing the service fee actually or constructively received during the taxable period for the services performed or to be performed for another person, excluding the value added tax. The compensation for their services representing their service fee, is presumed to be the total amount received as enrollment from their members plus other charges received.**

ALL OTHER EXISTING RULINGS INCONSISTENT HEREWITH ARE LIKEWISE CONSIDERED REVOKED.

All concerned are hereby enjoined to be guided accordingly and give this circular as wide a publicity as possible.

(Original Signed)
SIXTO S. ESQUIVIAS, IV
Commissioner of Internal Revenue