REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

December 4, 2007

REVENUE MEMORANDUM CIRCULAR NO. 81-2007

SUBJECT : Circularizing the Full Text of Unnumbered Memorandum Dated December 4, 2007 Regarding "**Table Audit of Health Maintenance Organizations**"

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, quoted hereunder is the full text of Unnumbered Memorandum dated December 4, 2007 regarding "Table Audit of Health Maintenance Organizations (HMO)", as follows:

"MEMORANDUM

TO : **Assistant Commissioner / Head Revenue Executive Assistants of the Large Taxpayers Service, Regional Directors, Revenue District Officers and Others Concerned**

(Signed)
FROM : **LILIAN B. HEFTI**
Commissioner

SUBJECT : **Table Audit of Health Maintenance Organizations (HMOs)**

DATE : **December 4, 2007**

It has come to the attention of the undersigned that, for purposes of computing Value-Added Tax (VAT), most of the HMOs are using as their taxable base not their actual or constructive gross receipts.

It is hereby clarified that the taxable base of HMOs for VAT purposes shall be the gross receipts without any deduction. The said tax treatments have already been clarified and reiterated under Revenue Regulations (RR) No. 16-2005, as amended.

In view thereof, you are hereby directed to pre-audit the returns of HMOs to ensure that they are using the correct tax base/gross receipts for purposes of computing the VAT. Companies who will be found to have used incorrect tax base shall immediately be issued Assessment Notice.

Please be guided accordingly."

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

(Original Signed)
LILIAN B. HEFTI
Commissioner of Internal Revenue