REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
**BUREAU OF INTERNAL REVENUE**

**September 20, 2013**

# REVENUE REGULATIONS NO. 14-2013

SUBJECT: Amending Pertinent Provisions of Revenue Regulations No. 02-98, as Last Amended by Revenue Regulations No. 30-2003 and Revenue Regulations No. 17-2003

TO : All Internal Revenue Officials, Employees and Others Concerned

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SECTION 1. Scope. Pursuant to the provisions of Sections 244 and 245 of the National Internal Revenue Code of 1997, as amended, these Regulations are hereby promulgated to further amend certain provisions of Revenue Regulations (RR) No. 02-98, as last amended by RR Nos. 30-03 and 17-03.

SECTION 2. Amendment. Sec. 2.57.2 of Revenue Regulations No. 2-98, as amended, is hereby further amended to read as follows:

> "Sec. 2.57.2. Income payments subject to creditable withholding tax and rates prescribed thereon. — Except as herein otherwise provided, there shall be withheld a creditable income tax at the rates herein specified for each class of payee from the following items of income payments to persons residing in the Philippines:
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> (I) Professional fees paid to medical practitioners. — **Any amount collected for and paid to medical practitioners (includes doctors of medicine, doctors of veterinary science and dentists) by hospitals and clinics or paid directly to the medical practitioners by health maintenance organizations (HMOs) and/or similar establishments** — Fifteen percent (15%), if the income payments to the medical practitioner for the current year exceeds P720,000; and Ten percent (10%), if otherwise.
>
> **a) It shall be the duty and responsibility of the hospitals, clinics, HMOs and similar establishments to withhold and remit taxes due on the professional fees of their respective accredited medical practitioners, paid by patients who were admitted and confined to such hospitals and clinics. Hospitals, clinics, HMOs and similar**

**establishments must ensure that correct taxes due on the professional fees of their medical practitioners have been withheld and timely remitted to the Bureau of Internal Revenue (BIR). For this purpose, hospitals and clinics shall <u>not</u> allow their medical practitioners to receive payment of professional fees directly from patients who were admitted and confined to such hospital or clinic and, instead, must include the professional fees in the total medical bill of the patient which shall be payable directly to the hospital or clinic.**

b) Exception — The withholding tax herein prescribed shall not apply whenever there is proof that no professional fee has in fact been charged by the medical practitioner and paid by his patient. Provided, however, that this fact is shown in a sworn declaration jointly executed by the medical practitioner, and the patient or his duly authorized representative, in case the patient is a minor or otherwise incapacitated. This sworn declaration, to be executed in the form presented in Annex "A" of these Regulations, shall form part of the records of the hospital or clinic and shall constitute as part of its records and shall be made readily available to any duly authorized Revenue Officer for tax audit purpose. Provided, further, that the said administrator of the hospital or clinic shall inform the Revenue District Office having jurisdiction over such hospital or clinic about any medical practitioner who fails or refuses to execute the sworn statement herein prescribed, within ten (10) days from the occurrence of such event.

c) Hospitals and clinics shall submit the names and addresses of medical practitioners in the following classifications, every 15th day after the end of each calendar quarter, to the Collection Division of the Revenue Region for non-large taxpayers and at the Large Taxpayers Document Processing and Quality Assurance Division (LTDP&QAD) in the National Office or Large Taxpayers District Office (LTDO) in the Region for large taxpayers, where such hospital or clinic is registered, using the prescribed format.

    i. **Medical practitioners whose professional fee was paid by the patients directly to the hospital or clinic.**

**ii. Medical practitioners who did not charge any professional fee from their patients.**

d) For this purpose, the term 'medical practitioners' shall likewise include medical technologists, allied health workers (e.g., occupational therapists, physical therapists, speech therapists, nurses, etc.) and other medical practitioners who are not under an employer-employee relationship with the hospital, clinic or HMO and other similar establishments.

c) Hospitals and clinics shall be responsible for the accurate computation of taxes to be withheld on professional fees paid by patients thru the hospitals and clinics, in the same way that HMOs shall be responsible for the computation of taxes to be withheld from the professional fees paid by them to the medical practitioners, and timely remittance of the 10% or 15% expanded withholding tax, whichever is applicable.

The list of all income recipients-payees in this Subsection shall be included in the Alphalist of Payees Subject to Expanded Withholding Tax attached to BIR Form No. 1604-E (Annual Information Return of Creditable Income Taxes Withheld (Expanded)/Income Payments Exempt from Withholding Tax).

Likewise, the hospitals, clinics or HMOs shall issue a Certificate of Creditable Tax Withheld at Source (BIR Form No. 2307) to medical practitioners who are subjected to withholding, every 20th day following the close of the taxable quarter or upon request of the payee.

**All hospitals and clinics shall submit to the BIR (Collection Division of the Regional Office having jurisdiction over the place where the income earner is registered/Large Taxpayers Collection Division for large taxpayers in Metro Manila/LTDO for large taxpayers outside Metro Manila), in three (3) copies [two (2) copies for the BIR and one (1) copy for the taxpayer], a sworn statement executed by the president/managing partner of the corporation/company as to the complete and updated list of medical practitioners accredited with them.**

SECTION 3. Repealing Clause. — Any rules and regulations or parts thereof inconsistent with the provisions of these Regulations are hereby repealed, amended or modified accordingly.

SECTION 4. Effectivity. — The provisions of these Regulations shall take effect on October 1, 2013.

(Original Signed)
**CESAR V. PURISIMA**
Secretary of Finance

Recommending Approval:

(Original Signed)
**KIM S. JACINTO-HENARES**
Commissioner of Internal Revenue