
Any amount collected for and paid to medical practitioners (which include 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 shall be subject to creditable withholding tax of 15%, if the income payments to the medical practitioner for the current year exceeds ₱720,000.00; and 10%, if otherwise.

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 not 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.

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 said withholding tax 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 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 prescribed sworn statement within 10 days from the occurrence of such event.

Hospitals and clinics shall submit to the BIR the names and addresses of medical practitioners in the following classifications, every 15th day after the end of each calendar quarter:

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.

All hospitals and clinics shall likewise 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/LTD for large taxpayers outside Metro Manila) 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.

The provisions of these Regulations shall take effect on October 1, 2013.