

**[PHIC PHILHEALTH CIRCULAR NO. 23, S. 2003,
June 25, 2003]**

**GUIDELINES ON THE IMPLEMENTATION OF VALUE-ADDED TAX
(VAT) ON SALE OF SERVICES BY PERSONS ENGAGED IN THE
PRACTICE OF PROFESSION OR CALLING AND PROFESSIONAL
SERVICES RENDERED BY GENERAL PROFESSIONAL
PARTNERSHIPS, ETC.**

The provisions of Sections 244 and 108 of Republic Act No. 8424, otherwise known as Tax Reform Act of 1997 and other pertinent provisions of the National Internal Revenue Code of 1997 as amended by Republic Act 9010 imposed and implemented the Value-Added Tax (VAT) on sale of services by persons engaged in the practice of profession or calling and professional services rendered by general professional partnerships, etc.

As Government Owned and Controlled Corporation, PhilHealth is mandated to implement the withholding of applicable creditable Value-Added Tax and the Percentage tax as the case may be pursuant to Sections 114 and 116 of R.A. 8424 and pertinent BIR rules and regulations.

Following are the guidelines for the implementation of Value Added Tax:

1. All claims for services rendered by a VAT-registered person starting January 1, 2003 admissions and onwards shall be subject to the 6% deduction as creditable withholding VAT while non-VAT-registered person shall be subject to a 3% deduction as creditable percentage tax. In both cases, however, the 10% withholding tax on income shall also be deducted.

SAMPLE COMPUTATIONS:

	<u>VAT TAXPAYER</u>	<u>NON-VAT TAXPAYER</u>
Professional Fee	P16,000.00	P16,000.00
Withholding VAT (16,000 x 10/11 x 6%)	(872.73)	.00
Withholding percentage (16,000 x 3%)		(480.00)
Withholding on Income: (16,000 x 10/11 x 10%)	(1,454.55)	
[16,000 - (16,000 x 3%)] x 10%		(1,552.00)
Net Amount	P13,672.72	P13,968.00