

[PHILHEALTH CIRCULAR NO. 14, S. 2005, July 14, 2005]

**IMPLEMENTATION OF BUREAU OF INTERNAL REVENUE
MEMORANDUM CIRCULAR NO. 21-2005**

Pursuant to Bureau of Internal Revenue Memorandum Circular No. 21-2005, all PhilHealth reimbursements for professional fees payable to the "Chief of Hospital" for pooling and distribution among health personnel in a government hospital shall no longer be subject to 10% expanded withholding tax. Instead, the Corporation through its Regional Offices shall issue a Certificate of Income Payment not Subject to Withholding Tax (BIR Form No. 2304) to be included in the submission of the Annual Information Return to BIR.

The accredited government hospital, on the other hand, "upon distribution of their share from PhilHealth to their medical and non-medical personnel shall be responsible for the withholding of tax on compensation, the issuance of Employer's Certificate of Compensation Payment/Tax Withheld (BIR Form No. 2316) and the submission of Annual Information Return. Such share from PhilHealth shall form part of compensation income for the taxable year subject to appropriate withholding tax rate."

This shall be applied to payments of professional fees of salaried physicians payable to "Chief of Hospital" for claims received by the Corporation effective August 1, 2005.

Please be guided accordingly.

Adopted: 14 July 2005

(SGD.) LORNA O. FAJARDO, CESO III
Officer-in-Charge
President and Chief Executive Officer



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