

Clarification on Taxation Requirements and Adjustments for the PhilHealth GAMOT Benefit Program

All accredited PhilHealth GAMOT Facilities are hereby guided on the implementation of tax requirements and system adjustments for outpatient medicine claims to ensure proper compliance with national taxation laws and to facilitate the accurate processing of benefit payments.

I. SUBMISSION OF BIR TAX DOCUMENTS

All accredited **private, non-VAT Registered GAMOT Facilities** shall be required to submit copies of their BIR Certificate of Registration (COR) and valid Sales Invoice indicating non-VAT Registration to their respective PhilHealth Regional Office (PRO) on or before July 31, 2026 (Friday).

II. TAX PARAMETERS FOR MEDICATIONS

As the GAMOT benefit covers goods (medicines), the withholding tax rates will be configured based on the facility's tax status and the specific classification of the drug product. The standard system parameters are established as follows:

- A. Expanded Withholding Tax (EWT): 1%; **and**
- B. Value-Added Tax (VAT) **or** Percentage Tax:
 - 1. For VAT Registered Facilities
 - 1.1. VATable Medicines: 5% Creditable Withholding VAT
 - 1.2. VAT-Exempt Medicines: No VAT shall be withheld for qualified essential drugs in reference to Bureau of Internal Revenue (BIR) Revenue Memorandum Circular (RMC) No. 27-2026 and its subsequent provisions.
 - 2. For non-VAT Registered Facilities: 3% Percentage Tax

III. GUIDELINES FOR DELAYED COR SUBMISSIONS

- A. Default Rate: All Private non-VAT Registered GAMOT Facilities that have not yet submitted their COR and Sales Invoice will be subjected to a default 1% EWT and 5% withholding on VATable medicines in the interim.
- B. Delayed Submissions and Tax Credits: In cases where a GAMOT facility is subsequently verified to be non-VAT registered, any VAT previously withheld shall be treated as **erroneously withheld VAT** and shall not be applied against other internal revenue taxes. The concerned facility may file for refund or issuance of a Tax Credit Certificate (TCC) in accordance with BIR rules.

The GAMOT Facility shall likewise be responsible for complying with applicable percentage tax requirements.

- C. Previous Transactions: For previously processed transactions where 2% EWT on services was withheld, any excess over the applicable 1% EWT on goods may be claimed by GAMOT Facilities as a tax credit within the same taxable year, subject to BIR rules.

Compliance with VAT and percentage tax requirements shall remain the responsibility of the concerned GAMOT Facilities.

IV. TRANSITION PERIOD AND SYSTEM CUT-OFF

Please be guided by the official timeline for the automation of these tax adjustments within the PhilHealth systems:

A. Effectivity of Tax Adjustments: August 01, 2026 onwards

All claims filed on August 01, 2026 onwards shall automatically be subjected, strictly to the new taxation adjustments.

Facilities are urged to expedite the submission of their documents to their respective PROs before the transition date to avoid any complications with their reimbursement payouts.

For queries and clarifications, please coordinate directly with your respective PRO Accreditation and Quality Assurance Section (AQAS) or the Finance Division.

For strict compliance.

(Sgd.) **EDWIN M. MERCADO, MD, MHA, MMSc**

President and Chief Executive Officer

Date signed: July 21, 2026