



Philippine Medical Association

Theme: One PMA, One Health, One Nation

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Co-Founder : Confederation of Medical Association in Asia and Oceania (CMAAO)
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MEMORANDUM CIRCULAR NO. 2015-07-15-006

TO : PMA NATIONAL OFFICERS, BOARD OF GOVERNORS, COMPONENT
OFFICERS, SPECIALTY DIVISIONS, SPECIALTY AND AFFILIATE SOCIETIES

SUBJECT : PROFESSIONAL TAXES AND MAYOR'S PERMIT FEES RELATIVE TO
THE PRACTICE OF THE MEDICAL PROFESSION

DATE : JULY 16, 2015

Greetings!

This is in connection with the controversy surrounding the assessment of business taxes/Mayor's Permits fees imposed or being required from physicians for the practice of the medical profession.

Please be advised that physicians (and other professionals who have passed government licensure examinations) are not required to pay business taxes for the exercise of the profession nor do they need to pay Mayor's Permit Fees for the practice of the profession pursuant to Section 139 of the Local Government Code which provides as follows:

Sec. 139. Professional Tax. - (a) The province may levy an annual professional tax on each person engaged in the exercise or practice of his profession requiring government examination at such amount and reasonable classification as the sangguniang panlalawigan may determine but shall in no case exceed Three hundred pesos (300.00)

(b) Every person legally authorized to practice his profession shall pay the professional tax to the province where he practices his profession or where he maintains his principal office in case he practices his profession in several places; Provided, however, That such person who has

paid the corresponding professional tax shall be entitled to practice his profession in any part of the Philippines, without being subjected to any other national or local tax, license, or fee for the practice of such profession.

The above provision is quite clear. As long as a physician has secured and paid the professional tax, he can practice his profession without being subjected to any other tax, license or fee for the practice of the medical profession. Any imposition of business taxes would be illegal and will contravene the above provision. If there is an ordinance requiring doctors to pay the business tax, such ordinance is null and void as the same will contravene the Local Government Code. Between the Local Government Code and a local ordinance, the provisions of the Local Government Code will prevail.

The above provision of law was clarified by the then Secretary of Finance, the Honorable Edgardo Espiritu in his opinion dated December 6, 1999. The opinion was sought by a dentist. We quote below the pertinent provisions of his opinion letter to wit:

“However, a person engaged in the practice of a profession requiring government examination such as a dentist, is, by express provision of the Local Government Code, exempt from this requirement. The code instead provides for a professional tax on professionals belonging to this class. Such professional who has paid the corresponding professional tax to the province where he practices his profession shall be entitled to practice his profession in any part of the Philippines without being subjected to any other national or local tax, license or fee, including the Mayor’s Permit or license fee, for the practice of such profession.”

As to dental clinics, they are established as a direct consequence of the practice of the dental profession. They are necessarily, for the exercise of such a profession.

Therefore, to impose a graduated tax on a dental clinic on the premise that it is a "business establishment rendering or offering to render professional services" would be to impose a local tax on the practice of a profession. This would be in contravention of the Local Government Code.

Attached is a copy of the opinion of Secretary Espiritu.

In view of the above, a physician does not need to pay a business tax or pay Mayor's Permit fees for the practice of the medical profession for a medical clinic as the same is a mere extension of a practice of medicine provided you have paid the corresponding Professional Tax. However, if the doctor's clinic is likewise used for other purposes such as a laboratory or pharmacy, you have to pay the Mayor's Permit fees and/or pay business taxes.

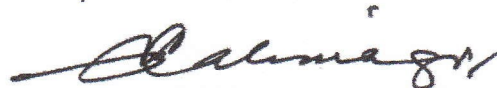
Please note that Section 139 of the Local Government Code only applies to fees related to the practice of the profession. If a local government unit will impose fees such as sanitary fees, signage fees and others, you still have to pay the same as they are imposed not for the practice of the profession.

The association will coordinate with the Department of Local Government so that the necessary circulars addressed to local government units will be issued.

Very truly yours,

PHILIPPINE MEDICAL ASSOCIATION

By:



MARIA MINERVA P. CALIMAG, M.D.
President



Republic of the Philippines
DEPARTMENT OF FINANCE
Roxas Boulevard Corner Vito Cruz Street
Manila 1004



6 December 1999

Dr. FLOR S. ENRIQUEZ
Philippine Dental Association
Ayala Ave. cor. Kamagong St.
Makati City

**Re: Request for Opinion Regarding the Mayor's
Permit and the Professional Tax**

Dear Dr. Enriquez:

This refers to your letter dated January 20, 1999, requesting an opinion on whether cities or municipalities may validly require dentists to secure a Mayor's Permit before they can practice their profession and whether a dental clinic may be taxed as a business establishment.

In reply, please be informed that a city or municipality is authorized under the Local Government Code to require that a person first secure a license or Mayor's Permit before such person can engage in any business or activity within its territorial jurisdiction.¹ The municipality is likewise authorized to impose fees therefor.²

However, a person engaged in the practice of a profession requiring government examination such as a dentist, is, by express provision of the Local Government Code, exempt from this requirement.³ The Code instead provides for a professional tax on professionals belonging to this class. Such professional who has paid the corresponding professional tax to the province where he practices his profession shall be entitled to practice his profession in any part of the Philippines without being subjected to any other national or local tax, license or fee, including the Mayor's Permit or license fee, for the practice of such profession.⁴

¹ Republic Act No. 7160, Section 147.

² *Ibid.*

³ *Ibid.*

⁴ *Ibid.*, Section 139.

Dr. Flor S. Enriquez
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Therefore, to impose a graduated tax on a dental clinic on the premise that it is a "business establishment rendering or offering to render professional services" would be to impose a local tax on the practice of a profession. This would be in contravention of the Local Government Code.

For your information and guidance.

Very truly yours,


EDGARDO B. ESPIRITU
Secretary

cc: Ms. Luz R. Yamane
City Treasurer
Makati City Hall
Makati City