



# PHILIPPINE MEDICAL ASSOCIATION

THEME: "NAGKAKAISANG PMA PARA SA KALUSUGAN NG SAMBAYANAN"

Member : World Medical Association  
Co-Founder : Confederation of Medical Associations in Asia and Oceania (CMAAO)  
Medical Association of South East Asian Nations (MASEAN)  
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## MEMORANDUM CIRCULAR NO: 2022-10-24-020

**TO : COMPONENT OFFICERS, SPECIALTY DIVISIONS  
SPECIALTY AND AFFILIATE SOCIETIES**

**CC : PMA NATIONAL OFFICERS, BOARD OF GOVERNORS**

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

**DATE : OCTOBER 24, 2022**

Warmest Greetings!

This is in connection with the assessment of Mayor's/Business Permit fees imposed or being required from physicians for the practice of the medical profession.


Please be informed that professionals, such as doctors, are exempted from the payment of the 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 that concerned medical professionals pay the corresponding professional tax to the province or city where he practices his profession. However, the local government may require the Mayor's Permit or business permit for clinics which have established shops for the purpose of generating income and are engaged in the sale of products (i.e. medicines, in the case of a medical clinic, etc.)

For your ready reference please find attached DILG Memorandum Circular No. 2016-170 dated November 28, 2016 : Exemption of Medical and Dental from Mayor's Permit or Business Permit requirement and Department of Finance Circular No. 001.2019 : Guideline on the Imposition and Collection of Local Taxes, Fees and Charges on Professionals.

Yours truly,

  
**MARIANNE L. ORDOÑEZ - DOBLES, MD**  
Secretary General

Noted:

  
**MARIA MINERVA P. CALIMAG, MD**  
President

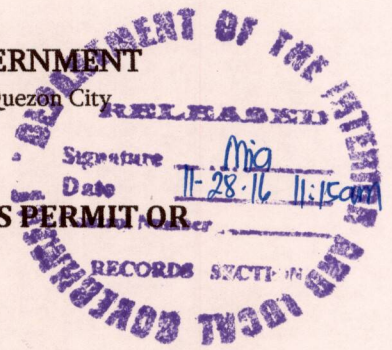


Republic of the Philippines

DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT

DILG-NAPOLCOM Center, EDSA corner Quezon Avenue, West Triangle, Quezon City

<http://www.dilg.gov.ph>



## EXEMPTION OF MEDICAL AND DENTAL CLINICS FROM MAYOR'S PERMIT OR BUSINESS PERMIT REQUIREMENT

Memorandum Circular No. 2016-170  
November 28, 2016

### 1.0 Background

- 1.1. It has been reported that some local government units require medical and/or dental clinics within their jurisdictions to secure business permits or Mayor's permits for the operation of said clinics.
- 1.2. In view of the foregoing, Local Chief Executives are hereby advised on the laws and policies relative to the requirement of a Mayor's Permit or Business Permit for the operation of medical and/or dental clinics.

### 2.0 Purpose

The purpose of this policy is to provide clarification to all local government units on the exemption of persons engaged in the practice of their professions in the requirement of a Mayor's Permit or Business Permit.

### 3.0 Legal Compliance

- 3.1. Section 139 (b) of the the Local Government Code provides, quote:

*"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".*

- 3.2. Relative thereto, the **Bureau of Local Government Finance (BLGF)**, in their Opinion signed by then DOF Secretary Edgardo B. Espiritu dated December 6, 1999, opines that "professions requiring government examination, like dentists or doctors, are **required to pay professional tax to the province where they are practicing but are exempted from paying Mayor's permit or license fee for the practice of such profession**. Medical clinics, as a direct consequence of the practice of such profession, cannot be imposed with a graduated tax on the premise that it is a business establishment offering to render professional service".

3.3. BLGF Opinion dated February 25, 2015 addressed to Dr. Anthony Asis of Trece Martires City reiterates the above stand, and also states: **“xxx all previous rulings and/or opinions issued by this Bureau relative to the herein subject matter which are inconsistent with the views expressed herein are hereby modified and/or repealed accordingly.”**

3.4. **A court decision of the Regional Trial Court of Ilocos Norte, First Judicial Region, Branch 15, Laoag City** also maintains the same stand as that of the BLGF, in this case, for an optometric clinic, and reads in part, quote:

*“However, petitioner’s “establishment” is an optometric clinic which petitioner uses in the practice of his profession. Petitioner’s clinic is an indispensable part or ingredient of the practice of his profession as an optometrist and therefore to tax petitioner’s clinic is to tax the practice of his profession. xxx”*

#### **4.0 Scope/Coverage**

All Provincial Governors, City and Municipal Mayors, DILG Regional Directors, ARMM Regional Governor, and all others concerned

#### **5.0 Definitions**

For purposes of this Memorandum Circular, the following terms shall be defined as:

5.1. *Practice of Profession*- refers to the act of persons (i.e. doctors or dentists) engaging in an activity or business relative to their being medical practitioners.

5.2. *Mayor’s Permit/ Business Permit*- refers to a local license required for a business or company to operate in the local government.

#### **6.0 Policy Content and Guidelines**

6.1. Considering the foregoing legal bases, and as a result of a series of consultations with the BLGF, Local Chief Executives are hereby advised to observe the exemption of medical and/or dental clinics used for the conduct of medical or dental check-ups from the Mayor’s Permit or Business Permit requirement.

6.2. Medical and/or dental clinics used for the conduct of medical or dental check-ups and procedures are taken to be established as a direct consequence of the practice of the medical profession and are exempt from being subjected to any other national or local tax, license or fee, including the Mayor’s Permit or business permit, provided that concerned medical professionals pay the corresponding professional tax to the province where he practices his profession, or to the city in the case of Independent Component Cities and Highly Urbanized Cities.

6.3. The local government, however, may require the Mayor's Permit or business permit for clinics which have established shops for the purpose of generating income and are engaged in the sale of products (i.e. medicines, in the case of a medical clinic; glasses, in the case of an optometric clinic; toothpaste, toothbrush or other such products in the case of a dental clinic).

6.4. All DILG Regional Directors and the ARMM Regional Governor are hereby directed to cause the immediate and widest dissemination of this Memorandum Circular to all local government units within their respective regional jurisdictions.

## 7.0 Penal Provisions

Non-compliance with this Memorandum Circular shall be dealt with in accordance with pertinent laws, rules and regulations.

## 8.0 References

- 8.1. Court Decision of the Regional Trial Court of Ilocos Norte, First Judicial Region, Branch 15, Laoag City
- 8.2. BLGF Opinion dated December 6, 1999
- 8.3. BLGF Opinion dated December 3, 2015
- 8.4. BLGF Opinion dated February 25, 2015

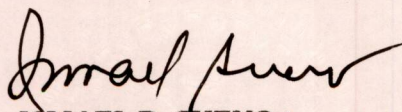
## 9.0 Repealing Clause

All DILG Memorandum Circulars inconsistent herewith in part or in full, are hereby modified, revoked, or repealed accordingly.

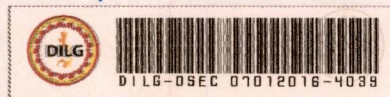
## 10.0 Effectivity

This Memorandum Circular shall take effect immediately.

## 11.0 Approving Authority

  
**ISMAEL D. SUENO**  
Secretary

## 12.0 Feedback



For related queries, kindly contact the Policy Compliance Monitoring Division of the Bureau of Local Government Supervision at Tel Nos. (02) 928 9181 or (02) 925 0351 or at email address at blgspcmd@gmail.com.



Republic of the Philippines  
**DEPARTMENT OF FINANCE**

Roxas Boulevard Corner Pablo Ocampo, St. Street  
Manila 1004



**LOCAL FINANCE CIRCULAR NO. 001.2019**

**TO :** ALL BLGF CENTRAL AND REGIONAL DIRECTORS; ALL LOCAL CHIEF EXECUTIVES, LOCAL LEGISLATIVE BODIES, AND LOCAL TREASURERS OF PROVINCES, CITIES AND MUNICIPALITIES; AND OTHERS CONCERNED

**SUBJECT :** GUIDELINES ON THE IMPOSITION AND COLLECTION OF LOCAL TAXES, FEES AND CHARGES ON PROFESSIONALS

**SECTION 1. LEGAL BASES.** This Circular is issued on the following legal bases:

- 1.1. Section 139<sup>1</sup> of Republic Act (R.A.) No. 7160, otherwise known as the "Local Government Code (LGC) of 1991", provides for the legal basis for provinces to impose and collect professional tax on each person engaged in the exercise or practice of his/her profession;
- 1.2. Cities are also authorized to impose professional tax under Section 151 of the LGC, which provides that a city may levy the taxes, fees, and charges which a province or municipality may impose;
- 1.3. The lone municipality within the Metropolitan Manila Area (MMA) may also levy and collect professional tax pursuant to Article 236(b)<sup>2</sup> of the Implementing Rules and Regulations (IRR) of the LGC;
- 1.4. Section 147 of the LGC provides that municipalities may impose and collect such reasonable fees and charges on business and occupation and, except as reserved to the province under Section 139 of this Code, on the practice of any profession or calling, commensurate with the cost of regulation, inspection and licensing before any person may engage in such business or occupation, or practice such profession or calling; and

<sup>1</sup> 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 (Php300.00).

(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.

(c) Any individual or corporation employing a person subject to professional tax shall require payment by that person of the tax on his profession before employment and annually thereafter.

(d) The professional tax shall be payable annually, on or before the thirty-first (31<sup>st</sup>) day of January. Any person first beginning to practice a profession after the month of January must, however, pay the full tax before engaging therein. A line of profession does not become exempt even if conducted with some other profession for which the tax has been paid. Professionals exclusively employed in the government shall be exempt from the payment of this tax.

(e) Any person subject to the professional tax shall write in deeds, receipts, prescriptions, reports, books of account, plans and designs, surveys and maps, as the case may be, the number of the official receipt issued to him.

<sup>2</sup> Art. 236. Rates of Tax in Municipalities Within the Metropolitan Manila Area - xxx... (b) The said municipalities within MMA, pursuant to Article 275 of this Rule, may levy and collect the taxes which may be imposed by the province under Article 225, 226, 227, 228, 229, 230 and 231 of this Rule at rates not exceeding those prescribed therein.

Unless covered under Section 7 of this Circular, a professional who has paid his/her professional tax shall be exempt from the payment of business permit fee in the operation of his/her clinic or office. However, a professional shall still be required to secure a business permit, at no cost, from the concerned LGU during the registration of office/clinic and renewal thereof, subject to a duly enacted local ordinance.

**SECTION 7. APPLICABILITY OF LOCAL BUSINESS TAX ON PROFESSIONALS.** If, upon verification, a professional is actually engaged in selling, trading or distributing of any articles of commerce of whatever kind, or involved in the function of trade, or undertake any business activity that does not constitute the practice of profession, pursuant to applicable law/s governing the practice of such profession, he/she shall be liable to pay the annual local business tax (LBT) to the city or municipality concerned, pursuant to the applicable rates provided under Sections 143 and 146 of the LGC, and as may be provided under a duly enacted local ordinance.

The professional concerned shall likewise be subject to the payment of business permit fee during the registration of the office/clinic and the renewal thereof. A separate recording of the transactions under this Section shall be maintained by said professional.

**SECTION 8. PAYMENT OF SERVICE FEES AND CHARGES.** LGUs may impose and collect other applicable fees and charges (*i.e.* garbage fee, sanitary inspection fee, occupancy permit fee, etc.), the amount of which shall be reasonably commensurate to the cost of regulation or provision of service, as may be provided under a duly enacted local ordinance; *provided*, however, that no service charge shall be based on capital investments or gross sales or receipts of the persons or business liable therefor.<sup>24</sup>


**SECTION 9. COMPLIANCE MONITORING.** All LGUs concerned are enjoined to properly, efficiently and strictly comply with the provisions of this Circular in their respective jurisdictions. The Bureau of Local Government Finance (BLGF) shall monitor the compliance of the concerned LGUs and provide the necessary technical assistance to local governments for the purpose.

**SECTION 10. SEPARABILITY CLAUSE.** If any provision, section or part of this Circular shall be suspended, revoked or declared invalid by competent authority, all other provisions, sections, or parts hereof not affected thereby shall continue to be in full force and effect.

**SECTION 11. REPEALING CLAUSE.** All opinions, rulings and issuances that are contrary to or inconsistent herewith are hereby repealed or modified accordingly.

**SECTION 12. EFFECTIVITY.** This Circular shall take effect fifteen (15) days after its publication in the Official Gazette or a newspaper of national circulation.

The Office of the National Administrative Register (ONAR) of the UP Law Center shall be provided three (3) certified copies of this Circular.

  
CARLOS G. DOMINGUE  
Secretary  
JUN 12 2019



<sup>24</sup> Art. 244 (a) of the LGC IRR

- 1.5. Article 287 of the IRR of the LGC authorizes the Secretary of Finance to formulate and prescribe procedures and guidelines under Rule XXX (Local Taxation), and Section 2, paragraph 3 of Executive Order (E.O.) No. 292 mandates the Department of Finance to supervise the revenue operations of all local government units (LGUs).

**SECTION 2. RATIONALE AND OBJECTIVES.** This Circular is issued to address reports and complaints on the improper imposition and collection of taxes, fees and charges on professionals by LGUs under the pretext of the general welfare clause of the LGC, and to clarify the circumstances when professionals may avail certain local tax exemptions.

The objectives of this Circular are (1) to ensure fair, uniform and proper implementation of the provisions of the LGC governing the taxability of professionals relative to the practice of their profession, and (2) to complement efforts in streamlining and facilitating government transactions, pursuant to the provisions of R.A. No. 11032 or the "Ease of Doing Business and Efficient Government Service Delivery Act of 2018".

**SECTION 3. COVERAGE.** This Circular prescribes the guidelines governing the taxing powers of provinces, cities and municipalities within their respective jurisdictions relative to the practice of profession, pursuant to Section 139 of the LGC, in relation to Sections 147<sup>3</sup> and 153<sup>4</sup> thereof.

**SECTION 4. DEFINITION OF TERMS.** For purposes of this Circular, the following terms are defined accordingly:

- 4.1. *Business* means trade or commercial activity regularly engaged in as a means of livelihood or with a view to profit;<sup>5</sup>
- 4.2. *Charges* refers to pecuniary liability, such as rents or fees against persons or property;<sup>6</sup>
- 4.3. *Clinic* refers to a place in which patients avail of medical consultations or treatments on an out-patient basis<sup>7</sup>, which includes other clinics of similar nature, such as dental clinics, optical clinics, veterinary clinics, derma clinics, etc., privately provided or owned by an individual or an independent commercial company rather than the state;
- 4.4. *Corporation* includes partnerships, no matter how created or organized, joint-stock companies, joint accounts (*cuentas en participacion*), associations or insurance companies but does not include general professional partnerships and a joint venture or consortium formed for the purpose of undertaking construction projects or engaging in petroleum, coal, geothermal, and other energy operations pursuant to an operating or consortium agreement under a service contract with the government;<sup>8</sup>
- 4.5. *Fee* means a charge fixed by law or ordinance for the regulation or inspection of a business or activity;<sup>9</sup>

<sup>3</sup> Section 147. Fees and Charges. - The municipality may impose and collect such reasonable fees and charges on business and occupation and, except as reserved to the province in Section 139 of this Code, on the practice of any profession or calling, commensurate with the cost of regulation, inspection and licensing before any person may engage in such business or occupation, or practice such profession or calling.

<sup>4</sup> Section 153. Service Fees and Charges. - Local government units may impose and collect such reasonable fees and charges for services rendered.

<sup>5</sup> Section 131(d), LGC

<sup>6</sup> Section 131(g), LGC

<sup>7</sup> Section 2 (d), RA No. 4226

<sup>8</sup> Section 131(i), LGC

<sup>9</sup> Section 131(f), LGC



- 4.6. *General Professional Partnerships (GPPs)* are partnerships formed by persons for the sole purpose of exercising their common profession, no part of the income of which is derived from engaging in any trade or business.<sup>10</sup>
- 4.7. *Government Office* refers to any major functional unit of a department or bureau, including regional offices, within the framework of the governmental organization. It also refers to any position held or occupied by individual persons, whose functions are defined by law or regulation.<sup>11</sup>
- 4.8. *Mayor's permit*, also known as *business permit*, is issued for the purpose of regulating any business or undertaking within the jurisdiction of the LGU, which is essentially an exercise of the police power of the State within the contemplation of the general welfare clause of the LGC.<sup>12</sup>
- 4.9. *Professionals* refer to persons engaged in the exercise or practice of his profession, such as but not limited to: lawyers; certified public accountants; doctors of medicine; architects; civil, electrical, chemical, mechanical, structural, industrial, mining, sanitary, metallurgical and geodetic engineers; marine surveyors; doctors of veterinary science; dentist; professional appraisers; connoisseurs of tobacco; actuaries; interior decorators, designers, real estate service practitioners (RESP), insurance agents and actuaries, and all other professions requiring government licensure examinations regulated by the Professional Regulations Commission, Supreme Court, etc.<sup>13</sup>

**SECTION 5. TAXABILITY OF PROFESSIONALS.** The following local taxes shall be annually paid by an individual legally authorized to practice his/her profession:

**5.1. Professional Tax**

- a. *Who May Impose:* Provinces, cities and the lone municipality within the MMA.
- b. *Amount of Tax:* Not to exceed Php300.00, or the rate provided under a duly enacted local ordinance, subject to adjustment not exceeding ten percent (10%) every five (5) years.<sup>14</sup>
- c. *Where:* The payment shall be made to the province, city or the lone municipality within MMA where one practices his/her profession or where his/her principal office is maintained, in case one practices his/her profession in several places: *Provided, however,* that such person who has paid the corresponding professional tax shall be entitled to practice his/her 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.<sup>15</sup>

<sup>10</sup> Section 1339a, LGC

<sup>11</sup> Section 276, Administrative Code of 1987

<sup>12</sup> *Ambato-Optimal vs. CAIG R. No. 200152, dated 31 March 2006*

<sup>13</sup> Section 139, LGC, Revenue Regulations 21 2006

<sup>14</sup> Section 191, Authority of Local Government Units to Adjust Part of Tax Ordinances. - Local government units shall have the authority to adjust the tax rates as prescribed herein not oftener than once every five (5) years, but in no case shall such adjustment exceed ten percent (10%) of the rates fixed under this Code.

<sup>15</sup> Section 139 (a), LGC

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- d. *When:* The professional tax shall be payable annually on or before the 31<sup>st</sup> day of January. Any person first beginning to practice a profession after the month of January must, however, pay the full tax before engaging therein. The *Sanggunian* concerned may, for a justifiable reason or cause, extend the time of payment of such taxes, fees, or charges without surcharges or penalties, but only for a period not exceeding six (6) months.<sup>16</sup>
- e. *Payment by Employed Professionals.* Any individual or corporation employing a person subject to professional tax shall require payment by that person of the tax on his/her profession before employment and annually thereafter,<sup>17</sup> as may be provided under a duly enacted local ordinance. Professionals exclusively employed in the government shall be exempt from the payment of this tax,<sup>18</sup> unless he/she has been duly authorized to practice the profession outside of his/her official functions.
- f. *Conditions for Multiple Practice of Profession.* A line of profession does not become exempt even if conducted with some other profession for which the professional tax has been paid.<sup>19</sup> Thus, a lawyer who is also a Certified Public Accountant (CPA) must pay the professional tax imposed on for each profession, if he is to practice both professions.<sup>20</sup>
- g. *Presentation of Current Year Annual Registration Cards or Valid Professional License.* For the purpose of collecting the tax, the provincial treasurer or his duly authorized representative shall require from such professionals their current annual registration cards issued by competent authority before accepting payment of their professional tax for the current year. The Professional Regulation Commission (PRC) shall likewise require the professionals presentation of proof of payment before registration of professionals or renewal of their licenses.<sup>21</sup>

## 5.2. Community Tax<sup>22</sup>

- a. *Who May Impose:* Cities and municipalities.
- b. *Amount of Tax:* Php5.00, plus Php1.00 for every Php1,000.00 of income from the exercise of profession, which in no case shall exceed Php5,000.00.
- c. *Where:* The community tax shall be paid in the place of residence of the individual.
- d. *When:* The community tax shall accrue on the 1<sup>st</sup> day of January of each year, which shall be paid not later than the last day of February of each year.<sup>23</sup>

**SECTION 6. EXEMPTION FROM PAYMENT OF BUSINESS PERMIT.** A business permit is issued primarily to regulate the conduct of business or trade. However, an LGU cannot, through the issuance of such permit regulate the practice of a profession, which is within the exclusive domain of the agency or office specifically empowered by law to supervise and regulate the profession.

<sup>16</sup> Section 167, LGC

<sup>17</sup> Section 139(c), LGC

<sup>18</sup> Section 139(d), LGC

<sup>19</sup> *Ibid.*

<sup>20</sup> Art. 228(f), IRR of the LGC

<sup>21</sup> *Ibid.*; Local Finance Circular No. 06-94

<sup>22</sup> In accordance with Article VI, Title I, Book II of the LGC

<sup>23</sup> Section 161(a), LGC