

**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relative to the herein subject matter which are inconsistent with the views expressed herein are hereby modified and/or repealed accordingly.”**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

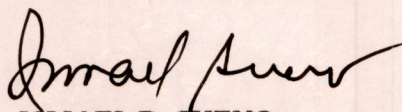
9.0 Repealing Clause

All DILG Memorandum Circulars inconsistent herewith in part or in full, are hereby modified, revoked, or repealed accordingly.

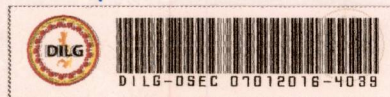
10.0 Effectivity

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 blgpcmd@gmail.com.