REVENUE MEMORANDUM CIRCULAR NO. 137-2022 issued on October 14, 2022 further clarifies the guidelines on the availment of VAT Zero Rate (0%) on Health Maintenance Organization (HMO) Plans acquired by Registered Export Enterprises (REEs) and prescribes the uniform template of 'Detailed Information' thereof.

In Q and A No. 14 of Revenue Memorandum Circular No. 24-2022 on cost items that fall under "other expenditures" which are indispensable to the project or activity, there were examples provided.

The list provided in the said RMC is not "exclusive", hence, expenditures not listed therein may be allowed VAT zero-rating, provided the same can be attributed directly to the registered activity of the REEs. This is true in the case of HMO Plans acquired by REEs for employees directly involved in the operations of their registered projects or activities and forming part of their compensation package, for their health maintenance. However, the VAT zero-rating shall not extend to HMO Plans procured for employees' dependents, as well as HMO Plans for employees **not** directly involved in the operations of the registered projects or activities of the REEs.

All REEs availing of the VAT zero-rate on their acquisition of HMO Plans for employees directly involved in their registered project or activity shall provide their suppliers a detailed information on the HMO Plans acquired using the format in Annex "A" of the Circular to ensure that only HMO expenses for qualified employees are given VAT zero-rating. This shall also be part of the documents to be submitted by the suppliers in filing the application for VAT zero-rate.