

**[ BIR REVENUE MEMORANDUM CIRCULAR NO. 14-2003, March 24, 2003 ]**

**WAIVER OF PENALTIES ON PERSONS ENGAGED IN THE PRACTICE OF PROFESSION OR CALLING AND PROFESSIONAL SERVICES RENDERED BY GENERAL PROFESSIONAL PARTNERSHIPS; SERVICES RENDERED BY ACTORS, ACTRESSES, TALENTS, SINGERS AND EMCEES, RADIO AND TELEVISION BROADCASTERS AND CHOREOGRAPHERS, MUSICAL, RADIO, MOVIE, TELEVISION AND STAGE DIRECTORS, AND PROFESSIONAL ATHLETES; AND, SERVICES RENDERED BY CUSTOMS, REAL ESTATE, STOCK, IMMIGRATION AND COMMERCIAL BROKERS BECOMING LIABLE TO VAT OR PERCENTAGE TAX, WHICHEVER IS APPLICABLE, BEGINNING JANUARY 1, 2003 WHO FAILED TO FILE THEIR VAT/PERCENTAGE TAX RETURNS FOR THE MONTHS OF JANUARY AND FEBRUARY ON THE DUE DATES SPECIFIED UNDER REVENUE REGULATIONS NO. 1-2003, AS AMENDED BY REVENUE REGULATIONS NOS. 3-2003 AND 11-2003.**

Revenue Regulations No. 1-2003, as amended by Revenue Regulations Nos. 3-2003 and 11-2003 provide that "VAT Declarations or Percentage Tax Returns covering January and February 2003 transactions of persons engaged in the practice of profession or calling and professional services rendered by general professional partnerships; services rendered by actors, actresses, talents, singers and emcees, radio and television broadcasters and choreographers, musical, radio, movie, television and stage directors, and professional athletes; and, services rendered by customs, real estate, stock, immigration and commercial brokers becoming liable to VAT/Percentage Tax starting January 1, 2003 must be filed and paid not later than March 20, 2003, without penalty, for regular taxpayers and the prescribed due dates under the Electronic Filing and Payment System (EFPS) rules for those who would file electronically." In the same Revenue Regulations, the deadline for the registration, without penalty, of the aforesaid group of taxpayers was, likewise, extended up to March 19, 2003. Such extension, however, created confusion such that many of the taxpayers who have just registered on March 19, 2003 were not able to file their initial VAT Declarations/Monthly Percentage Tax Returns on March 20, 2003, the deadline set for payment of such taxes (VAT or Percentage Tax).

Section 204(B) of the Tax Code of 1997, in relation to Section 4 of the same Code, as implemented by Revenue Regulation No. 13-2001, provides that the Commissioner may abate penalties and/or interest imposed on the taxpayers on the ground that the imposition thereof is unjust or excessive, such as in a situation where the tax is paid late under meritorious circumstances. In a situation where the deadline for filing of the tax returns is just one day after the deadline for registration, there is a great probability that many taxpayers would fail to file the tax returns on time for lack of material time to prepare said returns. In view thereof