WAIVER OF PENALTIES ON PERSONS ENGAGED IN THE PRACTICE OF PROFESSION OR CALLING AND PROFESSIONAL SERVICES RENDERED BY GENERAL PROFESSIONAL PARTNERSHIPS; SERVICES RENDERED BY ACT...

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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 and further, in view of the peculiar circumstances surrounding this particular instance, the administrative penalties imposable under Section 248 of the Code for failure to file tax returns on time are hereby waived.

Nonetheless, the tax returns/declarations due for filing and payments due on or before March 20, 2003 may be allowed to be filed and remitted, without penalty, only until April 20, 2003, in the case of percentage tax, and April 25, 2003, in the case of value-added tax, by filing one consolidated return reflecting therein all the transactions from January 1, 2003 to March 31, 2003.

All Accredited Agent Banks (AABs) and other Collection Agents are, therefore, directed to accept payments, without surcharge, interest or other penalties, for the January and February 2003 value-added tax or percentage tax liabilities of aforementioned categories of taxpayers until the above-stated dates.

All internal revenue officers and employees are hereby enjoined to give this Circular as wide a publicity as possible.

Adopted: 24 March 2003

(SGD.) GUILLERMO L. PARAYNO, JR.
Commissioner of Internal Revenue

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