REVENUE MEMORANDUM CIRCULAR NO. 18-2010 issued on March 8, 2010 clarifies the coverage and taxability of amusement places under Section 125(b) of the National Internal Revenue Code (NIRC) of 1997, as amended.

Amusement places, which offer the same pleasurable diversion entertainment and function (like night and day clubs and cabarets), now include videoke bars, karaoke bars, karaoke televisions, karaoke boxes and music lounges. As such, the proprietors, lessees or operators of the said establishments are deemed also subject to the 18% amusement tax under Section 125(b) of the NIRC of 1997, as amended, and not to the 12% VAT on gross receipts.