



## Indonesia Tax Alert July 2021

### Update on regulations providing tax incentives in response to the COVID-19 pandemic

Since the COVID-19 pandemic has not subsided, the Minister of Finance (MoF) issued Regulations Number 82/PMK.03/2021 (PMK-82) and 83/PMK.03/2021 (PMK-83) on 1 July 2021, amending and clarifying the application of various tax incentives to help support businesses and individuals through the pandemic.

#### PMK-82

PMK-82 updates the MoF Regulation Number 9/PMK.03/2021 (PMK-9) that expired on 30 June 2021 (please refer to [Tax Info February 2021](#)).

The major changes made by PMK-82 are as follows:

- The incentives under PMK-9 are extended until 31 December 2021;
- The number of business classifications (*Klasifikasi Lapangan Usaha* (KLUs)) eligible for the following incentives are reduced as the DGT is now more selective in providing tax incentives to certain prioritized business sectors: exemption from Article 22 income tax on imports for eligible taxpayers (from

PMK-82 and PMK-83 are issued to update and extend tax incentives during COVID-19 that are expired on 30 June 2021.

730 KLU to 132 KLU), 50% reduction in Article 25 income tax (monthly tax installments) for eligible taxpayers (from 1,018 KLU to 216 KLU), and preliminary refund of Value Added Tax (VAT) overpayments for eligible VATable entrepreneurs (PKPs) meeting certain conditions (from 725 KLU to 132 KLU). Taxpayers that have been granted an Import Facility for Export (*Kemudahan Impor Tujuan Ekspor* (KITE)) facility (i.e., a relaxation of conditions for importation of goods for export purposes) and taxpayers that have obtained bonded zone (*kawasan berikat*) licenses, are no longer eligible to apply for the incentives; and

- For taxpayers that have enjoyed incentives for Article 21 employee income tax, monthly tax installment, and exemption from Article 22 income tax on imports under previous regulations, they have to renotify/resubmit the application to the Directorate General of Taxation (DGT) via [www.pajak.go.id](http://www.pajak.go.id) if they want to access the same incentives. To apply for the incentives for Article 21 employee income tax and monthly tax installment incentives as from July 2021, the taxpayers must submit the notification by 15 August 2021.

Taxpayers seeking to apply for incentives under PMK-82 should review this regulation to verify their eligibility for the incentives.

### PMK-83

On 30 December 2020, the MoF issued Regulation Number 239/PMK.03/2020 (PMK-239) to extend the application of tax reliefs introduced via MoF Regulation Number 28/PMK.03/2020 (subsequently replaced by MoF Regulation Number 143/PMK.03/2020) until 31 December 2021, and the reliefs originally introduced via Government Regulation Number 29 of 2020 (PP-29) until 30 June 2021. Since the reliefs under PP-29 are still necessary, the MoF issues PMK-83 to extend the reliefs until 31 December 2021 (please refer to [Tax Alert June 2020](#) and [Tax Info January 2021](#)).

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