



Minister of Finance Regulation number 191/PMK.010/2015 Revaluation of Assets for Fiscal Purposes which is applied in 2015 and 2016

The Ministry of Finance has recently issued a new regulation on fixed asset revaluation for tax purposes as a new special tax incentive to taxpayers. Fixed asset revaluation is previously regulated by Minister of Finance regulation number 79/PMK.03/2008, whereby any additional value of fixed assets gained from revaluation is subject to 10% final income tax. Under this new special tax regulation, taxpayers who submit an application for fixed asset revaluation in 2015 and 2016 are granted a special tax treatment, i.e. reduction of the final tax rate. The tax rate reduction will depend on the timing of the taxpayer's application for asset revaluation, as follows:

Date of Submission and Settlement of Income Tax	Final Income Tax Rate
Up to 31 December 2015	3%
1 January 2016 to 30 June 2016	4%
1 July 2016 to 31 December 2016	6%
1 January 2017 onwards	10%

The new regulation can be applied by Corporate Taxpayers, Individual Taxpayers who maintain bookkeeping, and also Permanent Establishments, including taxpayers that maintain USD bookkeeping and those that have performed assets revaluation under the previous number 79/PMK.03/2008 within the last five years. As this special tax treatment is intended to boost the collection of the State's tax revenues, the regulation requires that any tax payable due to this revaluation must be settled prior to the submission of the application to the tax office.

In the event that the revalued asset is transferred or sold:

- Before the end of the new useful life for assets category 1 and 2; or
- Within 10 years from revaluation for assets category 3, 4, and land/building,

there will be additional tax that must be paid.

Under certain specific conditions, transfer of revalued assets is still permissible:

- Force majeure as decided by a government policy or court decision
- Merger, consolidation, or spin off, which is approved by the Directorate General of Taxation
- Removal from use due to significant or irreparable damage

Additional value of fixed asset gain from revaluation can be converted into share capital with exemption from income tax, only up to the difference between net tax book value against revalued asset or net accounting book value against the revalued asset, whichever is lower

This regulation is effective starting from 20 October 2015. As this special tax treatment is applicable only for a limited time, it is suggested that companies analyze the potential benefits of this new special tax regulation. We encourage clients to contact their usual Deloitte contact person to discuss further details of this new tax incentive program.



Contact Persons

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