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**Electronic Tax Return Service Provider**

In anticipation of more types of Electronic Tax Return being introduced in the future to facilitate taxpayers in easier submission of their tax returns, the Directorate General of Taxation (“DGT”) issued Regulation number PER 05/PJ/2015 (“PER-05”) on 13 February 2015. PER-05 governs procedures for companies that wish to become Electronic Tax Return service providers (“Provider”) for taxpayers and the DGT.

To become a Provider, the candidate company must submit an application to the DGT and meet all the following requirements:

a. is a legal entity;

b. is domiciled in Indonesia;

c. has a Tax Identification Number (NPWP);

d. has submitted its annual income tax returns for the past three years and does not have tax payable for any types of taxes, unless it has permission to pay in installments/ to defer the payment;
e. has never been convicted of a criminal act in the field of taxation or criminal offenses in the field of information technology;
f. one of the company’s management should be an Indonesian citizen.

PER-05 is effective from 13 February 2015.

**Land and Building Tax Calculation for Upstream Oil and Gas, Mining and Geothermal for 2015 Fiscal Year**

The DGT has issued Decision number KEP-17/PJ/2015 (“KEP-17”) to determine the following:

1. Land value per square meter for Offshore earth surface used to calculate assessed property value (“NJOP”) for the upstream oil and gas and coal and mineral mining sectors;
2. Land value per square meter for Subsurface earth and capitalization figures used to calculate the NJOP for exploration upstream oil and gas, geothermal and mining sector;
3. Steam and electricity prices used to calculate the NJOP for the geothermal sector.

Also stipulated in KEP-17:

- Land value per square meter for Offshore earth surface for oil and gas, and mining sector is IDR 11,458.
- Land value per square meter for Subsurface earth for exploration phase upstream oil and gas, geothermal, and mining sector is IDR 140.
- Capitalization Figure for:
  a. Oil & gas and geothermal sector is set at 10.04;
  b. Mineral mining sector is set at 8.2;
  c. Coal mining sector is set at 10.25.
- Steam and electricity prices for the geothermal sector are determined based on the following:
  a. Average steam price at IDR 568 per kWh; and
  b. Average electricity price at IDR 862 per kWh.

KEP-17, which is effective for fiscal year 2015, serves as the implementing regulation of DGT Regulation number PER-32/PJ/2012 and PER-45/PJ/2013, the land and building tax calculation guidelines for coal and mineral mining; and geothermal, oil and gas mining sector, respectively.

**Further Clarification on Hotel Services Not Subject to VAT**

The Minister of Finance recently issued a new Regulation number 43/PMK.010/2015 (“PMK-43”) stipulating the types of hotel services that are not subject to VAT. PMK-43 is part of the implementation of Government Regulation No.1 of 2012, which serves as an implementing regulation of the VAT Law. One of the objectives is to make a clear distinction between the imposition of VAT versus the Hotel and Restaurant Tax which is payable to the Local Government.

The hotel services that are not subject to VAT under PMK-43 are:

a. Room rental, including all “additional services” provided in hotels, lodgings, motels, inns, and hostels, as well as “facilities” associated with hotel activities for staying guests.

b. Room rental for meetings or other activities at hotels, lodgings, motels, inns, and hostels.

The “additional services” referred to in point a are those directly related to room rental services, such as room service, air conditioning, laundry and dry cleaning, extra bed, furniture and fixtures,
telephone, safety box, internet, satellite/cable television, and minibar.

The “facilities” referred to in point a are hotel activities for staying guests that are directly related to the room rental services and solely reserved for staying guests, such as sports and entertainment, photocopying, telex, fax, and hotel transportation (shuttle vehicles).

The types of hotel services that are subject to VAT are as follows:

a. Room rental services other than for meetings or other events, such as space rental for automated teller machines (ATMs), offices, banking, restaurants, places of entertainment, karaoke, pharmacies, retail stores, and clinics;

b. Rental services for units and/or space, including enhancements, in apartments, condominiums, and the like, as well as other related support facilities;

c. Tour and travel services organized by hotel services management.

PMK-43 is effective from 9 March 2015.
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