

Indonesian Tax Info

July 2016 edition

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Tax ID Registration at the "One-Door Integrated Services Centre" at the Investment Coordinating Board

The Director General of Taxation ("DGT") has issued regulation number PER-5/PJ/2016 ("PER-5") dated 13 June 2016 to update the procedure for issuance of Taxpayer ID Numbers (NPWP) via the One-Door Integrated Services Centre at the Investment Coordinating Board ("BKPM"), which provides an 'express service' for business license issuance for certain investments in Indonesia.

PER-5/PJ/2016 reaffirms the following:

1. The Head of the Tax Office whose jurisdiction covers the domicile of the BKPM office ("Receiving Tax Office") is authorised to issue a Tax ID number immediately after verification of certain documents (e.g., ID Card/ passport, articles of association, Tax ID number of Indonesian board members and shareholders).
2. The Receiving Tax Office also has the right to decide at which tax office the taxpayer applicant should be administered, based on its verification of the applicant's domicile in the registration form. However, if it fails to be verified based on information in the application form, the applicant shall be registered and administered by the Receiving Tax Office regardless of its actual location. Such an applicant should furnish the domicile information within 30 days after it is registered; otherwise, the Receiving Tax Office can change the taxpayer's status to Non-Effective taxpayer.

PER-5 revokes the previous DGT regulation PER-38/PJ/2015 and is effective from 13 June 2016.

Nationwide Implementation of e-VAT Invoice (e-Faktur)

The DGT has issued an announcement (PENG-05/PJ.09/2016) dated 24 June 2016 as further implementation of DGT regulation number KEP-136/PJ/2014. It stipulates that VAT Entrepreneurs (PKPs) located in Sumatra, Kalimantan, Sulawesi, Nusa Tenggara, Papua, and Maluku are required to use the e-tax invoice (e-Faktur) system when issuing their tax invoices effective from 1 July 2016. This requirement has applied to the PKPs in Java and Bali since 1 July 2015; therefore, by 1 July 2016 all PKPs in Indonesia should already have implemented the e-Faktur system.

PENG-05 further stipulates the following important points:

1. The PKPs should register or activate their e-Faktur applications starting from 16 June 2016.
2. The PKPs should use their e-Faktur applications to prepare their VAT returns.
3. The PKPs should obtain the certificate of e-Faktur from the registered tax office.
4. PKPs that do not issue e-Faktur or do not issue their e-Faktur in line with the procedures shall be considered as PKP that do not issue tax invoices and will be subjected to an administrative sanction of 2% of the VAT base.
5. On the buyer side, the e-Faktur that they receive should be validated through the VAT input feature in the e-Faktur application or by scanning the barcode or QR code list as printed on the e-Faktur.
6. Any e-Faktur issued which is not in the form of e-Faktur or is in e-Faktur format but is issued not in accordance with the procedures, cannot be credited as Input VAT.

Amendment of Corporate Income Tax Reduction Facility

The Minister of Finance ("MoF") has issued a new regulation number 103/PMK.010/2016 ("PMK-103") to amend the previous MoF regulation number PMK No. 159/PMK.010/2015 with regard to the Corporate Income Tax Reduction facility in the framework of tax holiday.

Under this regulation, the processing industry constituting the main industry in a Special Economic Zone (KEK) is no longer considered a pioneer industry that is eligible for the tax facility.

PMK-103 is effective from 30 June 2016.

Income Tax Borne by the Government on Certain Income in 2016 State Budget

The MoF has issued regulation number 91/PMK.010/2016 ("PMK-91") which stipulates the following types of income for which the income tax is borne by the Indonesian Government in the 2016 State Budget:

1. Income in the form of interest or yield of state securities (including discount on state securities) which are issued in the international market (securities issued in foreign currency and outside the territory of Indonesia);
2. Income of third parties from their services to the Indonesian Government in issuance and/or buyback/redemption of state securities in the international market (securities issued in foreign currency and outside the territory of Indonesia). Such buyback/redemption shall be made before maturity date in cash or exchange offer. The third parties include, among others, sale agent, buying/exchanging agent, stock

exchange in a foreign country, fiscal agent, paying agent, rating agency, and international legal consultant, but exclude local legal consultants.

PMK-91 further clarifies that State Securities are defined as:

- a. Government bonds, namely commercial papers in the form of acknowledgment of indebtedness in foreign currency whose payment of interest and principal is guaranteed by the State of the Republic of Indonesia in accordance with the

period of validity, in accordance with Law Number 24 of 2002 regarding Government Bonds; and

- b. State Sharia securities or state sukuk, namely state securities which are issued based on sharia principles, as proof of a share of participation in assets of state sharia securities, in foreign currency, in accordance with Law Number 19 of 2008 regarding Sharia State Securities.

PMK-91 is effective retroactively from 1 January 2016.



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