



Indonesian Tax Info June 2015 edition

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Reduction or Waiver of Tax Sanction – Sunset Policy Part II

The Ministry of Finance (“MoF”) has issued a new Regulation, number 91/PMK.03/2015 (“PMK-91”), which stipulates that a taxpayer can enjoy reduction or waiver of the administrative sanctions for late reporting of tax returns, amendment of tax returns, and late settlement of tax underpayment in the form of administrative sanctions as mentioned in article 36 (1) of Law number 6 of 1983 concerning General Provisions and Procedures for Taxation (“KUP Law”) as amended most recently by Law number 16 of 2009. These administrative sanctions are the sanctions as stipulated in a Tax Collection Letter (“STP”) issued in connection with

articles in the KUP Law governing late tax payment, late tax reporting, amendment of tax returns, tax underpayment, and non-compliance in tax invoice issuance.

The reduction or waiver of the administrative sanctions as provided in PMK-91 is only given for sanctions on action caused by taxpayers’ negligence or caused by a mistake not made by the taxpayer, and limited to the following cases:

1. Late reporting of FY2014 Corporate Income Tax Return and/or Monthly Tax Return of December 2014 and earlier;
2. Late settlement of Corporate Income Tax underpayment for FY2014 and earlier;

3. Late settlement of tax underpayment as stated in monthly tax return of December 2014 and earlier; and/or
4. Tax underpayment caused by amendment from the taxpayer on his/her own initiative, of the Corporate Income Tax return for FY2014 and earlier and/or of monthly tax returns of December 2014 and earlier.

The Director General of Taxation (“DGT”), upon request of the taxpayer, may reduce or waive the administrative sanctions as long as the application request and process is done within this year, 2015. The taxpayer can submit an application request a maximum of two times for the same case. The second application request can only be filed after the DGT’s decision on the first application has been issued. Once an application request is submitted to the Indonesia Tax Office, the tax collection process is postponed.

With PMK-91, the Government expects its tax collection revenue to be increased and taxpayers to be more compliant. PMK-91 is effective as of 4 May 2015.

The DGT has also issued circular letter No. SE-40/PJ/2015 dated 3 June 2015 as an implementation regulation of PMK-91.

Update on Article 22 Withholding Income Tax on Luxury Goods

The MoF has issued Regulation number 90/PMK.03/2015 dated and signed 30 April 2015 (“PMK-90”) to update the criteria of goods subject to Article 22 income tax (income tax on Luxury Goods). PMK-90 amends the earlier MoF Regulation number 253/PMK.03/2008 (“PMK-253”).

The comparison between PMK-253 and PMK-90 with regard to the updates is summarized in the table below:

Description	PMK 253	PMK 90
Private airplane	With selling price greater than IDR 20 billion	No threshold
Yacht and the like	With selling price greater than IDR 10 billion	No threshold
House along with the land	With selling price or transfer price greater than IDR 10 billion and building area greater than 500 m ²	With selling price or transfer price above IDR 5 billion or building area greater than 400 m ²
Apartment, condominium, and the like	With selling price or transfer price greater than IDR 10 billion and/or building area greater than 400 m ²	With selling price or transfer price above IDR 5 billion or building area greater than 150 m ²
Four-wheeled motor vehicle for carrying less than 10 persons in the form of sedan, jeep, sport utility vehicle (SUV), multi-purpose vehicle (MPV), minibus and the like	With selling price greater than IDR 5 billion and cylinder capacity greater than 3000 cc	With selling price greater than IDR 2 billion or cylinder capacity greater than 3000 cc
Two/three-wheeled motor vehicle	-	With selling price greater than IDR 300 million or cylinder capacity greater than 250 cc

PMK-90 is effective 30 days after the signing date.

The DGT has issued the implementation regulation of PMK-90, i.e., PER-19/PJ/2015 (“PER-19”) effective from 30 May 2015, which covers the procedures for collecting Article 22 income tax. PER-19 also clarifies the definition on “selling price”, “time of selling”, and procedures of application for tax exemption. The summary is as follows:

Description	Selling Price	Time of Selling
Private airplane	Goods price including VAT and Luxury Goods Sales Tax	Follows the withholder’s bookkeeping method
Yacht and the like	Goods price including VAT and Luxury Goods Sales Tax	Follows the withholder’s bookkeeping method
House along with the land	Cash price including VAT and Luxury Goods Sales Tax	Signing of sale/purchase commitment agreement
Apartment, condominium, and the like	Cash price including VAT and Luxury Goods Sales Tax	Signing of sale/purchase commitment agreement
Four-wheeled motor vehicle for carrying less than 10 persons in the form of sedan, jeep, sport utility vehicle (SUV), multi-purpose vehicle (MPV), minibus and the like	Goods price including VAT and Luxury Goods Sales Tax	Follows the withholder’s bookkeeping method
Two/three-wheeled motor vehicle	Goods price including VAT and Luxury Goods Sales Tax	Follows the withholder’s bookkeeping method

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