



Indonesia Tax Info June 2023

New regulation on tax collection procedures issued

To improve the existing tax collection regulations and carry out the Indonesian government's commitment to cross-border tax collection as stipulated under Law Number 7 of 2021 regarding Harmonization of Tax Regulations (please refer to [Tax Info October 2021](#) and [Tax Alert November 2021](#)), on 9 June 2023, the Minister of Finance (MoF) issued Regulation Number 61 of 2023 (PMK-61). PMK-61, which comes into effect as from 12 June 2023, revokes MoF Decision Letter Number 85/KMK.03/2002 (as amended by MoF Regulation Number 23/PMK.03/2006) and MoF Regulation Number 189/PMK.03/2020 (please refer to [Tax Info December 2020](#)).

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Assistance in cross-border tax collection

Under PMK-61, the Directorate General of Taxation (DGT) and a partner country/jurisdiction are able to assist each other with regard to tax collection, provided that these collection powers are specified in the relevant international agreements and the assistance is reciprocal.

The relevant international agreements include:

- Double taxation avoidance agreements;
- The Convention on Mutual Administrative Assistance in Tax Matters; or
- Bilateral or multilateral agreements between tax authorities;

The DGT may request the assistance from the competent authorities in a partner country/jurisdiction to collect Indonesian tax liability if the following criteria are fulfilled:

- Each request is in relation to only one tax bearer;
- The tax bearer is located or has an asset in the partner country/jurisdiction;
- The relevant tax liability is currently not under dispute with the DGT or has permanent legal force;
- The tax liability is still outstanding despite statutory collection efforts have been done; and
- The statute of limitation to collect the relevant tax liability has not elapsed.

On the other hand, the DGT may assist a partner country/jurisdiction to collect its taxpayer's tax due to that country/jurisdiction (Tax Claim) in Indonesia, if the following criteria are fulfilled:

- Each Tax Claim request is in relation to only one tax bearer;
- The tax bearer is currently located or has an asset in Indonesia, which can be used to settle the Tax Claim and is not used as a collateral for settlement of a tax liability in Indonesia;
- The Tax Claim is in Indonesian rupiah;
- The Tax Claim is signed by an authority in the partner country/jurisdiction;
- The Tax Claim is currently not under dispute with the tax authority in the partner country/jurisdiction or has permanent legal force;
- An effort to collect the relevant Tax Claim in the partner country/jurisdiction has been carried out; and
- The statute of limitation to collect the relevant Tax Claim has not elapsed.

The DGT has the preemptive right to collect the Indonesia's tax liability in the case the tax bearer, from which the partner country/jurisdiction requests assistance to collect the tax, also has a tax payable in Indonesia.

PMK-61 enlists the procedures for assistance in cross-border tax collection.

Supporting tax collection

To support the execution of tax collection:

- The DGT may recommend and/or request for a restriction or blocking to certain public services for a taxpayer that has outstanding tax payable and tax collection cost; and
- The relevant authorities (i.e., Director of Tax Audit and Collection, head of regional tax office, and/or head of tax office) may issue a letter confirming a tax bearer to be stated in a distress warrant if required by a third party.

Certain public services may be restricted or blocked if:

- The public services are provided by government institutions;
- A distress warrant has been notified to the tax bearer; and
- The action is based on a recommendation a relevant authority overseeing the tax collection procedures.

The restriction or blocking to the certain public services may be lifted if:

- The tax bearer has settled all the outstanding tax due and any relevant tax collection cost;
- A tax court verdict has been issued;
- The tax bearer's assets have been seized for an amount at least equal to the combined amount of the tax liability and relevant tax collection cost;
- The tax bearer has been granted with a tax installment payment plan;
- The statute of limitations for collection of the relevant tax due has elapsed; or
- There is a recommendation from relevant authorities overseeing the tax collection procedures to lift the restriction.

The DGT can recommend and/or request for a restriction or blocking to certain public services for a taxpayer that has outstanding tax payable and tax collection cost.

Customs Focus

Updates on procedures for imposition of import duty tariffs on imported goods based on the Japan – Indonesia Economic Partnership Agreement (JIEPA)

In connection with changes to operational procedures in the Japan – Indonesia Economic Partnership Agreement (JIEPA), MoF has issued Regulation Number 47 of 2023 (PMK-47) to provide legal certainty in customs, through the amendment to Regulation Number 73/PMK.04/2021 on Procedures for Imposition of Import Duty Tariffs on Imported Goods based on the Agreement between the Republic of Indonesia and Japan.

The salient points of PMK-47 are as follows

Changes in procedural provisions

- PMK-47 adds a procedural provision regarding the issuance and correction of JIEPA electronic forms (e-forms), which, in principle, are the same as the procedural provisions for the issuance of JIEPA forms manually.
- PMK-47 also underlines the provisions for determining the date of shipment or date of export for sea transportation modes in the event of a difference between the date of bill of lading and the date of departure/date of loading of goods, as follows:
 - The date of departure is determined as the date of shipment or date of export for air and land transportation modes;
 - The date of loading is determined as the date of shipment or date of export for sea transportation modes.
- PMK-47 changes the term related to invoice issuance in third countries (other than Member Countries) to become Non-Party Invoices, whereas in the previous regulation the term used was Third-Party Invoices.

PMK-47 states that, from 25 June 2023 onwards, the preferential tariffs can only be obtained through the use of JIEPA e-forms.

Provisions regarding the use of JIEPA e-forms

In the event of a disruption or failure in the Service Computer System (*Sistem Komputer Pelayanan* (SKP)), the Customs Officer can request a printout or scan of JIEPA e-forms to be submitted to the Customs Office.

Changes in Special Economic Zones (SEZ)

This regulation abolishes the term “SEZ Business Entities as well as SEZ Business Players”, which was one of the categories of business entities/business players in an SEZ. As such, only two categories of SEZ business entities/business players remain in this regulation:

- SEZ business entities; or
- SEZ business players.

Transition provisions

- From 25 June 2023 onwards, the Review on Origin of Goods to obtain JIEPA Preferential Tariffs can only be carried out using JIEPA e-forms. Nonetheless, in the event of unavailability, failure, or disruption in the SKP, this provision is waived.
- The Certificate of Origin (*Surat Keterangan Asal* (SKA)) of JIEPA forms issued prior to and on 25 June 2023 can still be used until the validity period of the SKA.

PMK-47 takes effect as from 1 May 2023.

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