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DGT's Trial Monitoring of New Taxpayers through "Triple One" Program

The Directorate General of Tax ("DGT") has started to implement "Triple One", a new coaching program for newly registered tax payers, by issuing DGT decision No. KEP-167/PJ/2014. This is still a trial and is only being conducted by certain designated tax offices. "Triple One" is one of the DGT's tax intensification programs and is intended to provide new taxpayers with tax counseling sessions after they have registered with the tax office. It will be implemented at three stages:

1. One week after the taxpayers register:
To survey the quality of DGT service when the taxpayers registered for their tax IDs, to ensure the taxpayers know their tax right and obligations, and to provide tax counseling to the new taxpayers.
2. One month after the taxpayers register:
To ensure the taxpayers have received their tax IDs, to ask whether they are facing difficulties in fulfilling their tax rights and obligations, and to provide more tax counseling.

3. One year after the taxpayers register:
To check on the progress and monitor the taxpayers in fulfilling their tax rights and obligations.

Triple One is one of several actions being undertaken by the DGT and is aimed at improving the quality of its services to taxpayers. Through this program, it can be seen that the government, through the DGT, is making a serious effort to serve taxpayers in the hope that the taxpayers will better understand and comply with their tax obligations and, conversely, also know their rights for the tax that they have paid.

The implementation of the Triple One trial will run from 18 August 2014 until 15 August 2015, and ten small tax offices have been appointed to implement this program.

Procedures for VAT and Luxury Goods Sales Tax Exemption on Importation and Delivery of Taxable Goods and/or Services to Representatives of Foreign Countries and International Agencies

On 14 August 2014, the Minister of Finance ("MoF") released a number of regulations for the implementation of Government Regulation No. 47 of 2013 ("GR-47"). GR-47 itself stipulated the exemption of VAT and Luxury Goods Sales Tax on the importation and delivery of taxable goods and/or services to the representatives of foreign countries and international agencies, as well as their officials.

These regulations aim to create a clear and detailed procedure for how these parties can obtain the facility. Three related regulations have been issued, as follows:

- a. MoF Regulation No. 162/PMK.03/2014, which stipulates the requirements and procedure for the representatives of foreign countries and international agencies, as well as their officials, to obtain the certificate of exemption from VAT and sales tax on luxury goods;
- b. MoF Regulation No. 161/PMK.03/2014, which stipulates the procedure for requesting refund of

VAT and sales tax on luxury goods if the taxes have already been collected by suppliers;

- c. MoF Regulation No. 160/PMK.03/2014, which stipulates the conditions and procedure to repay the VAT and sales tax on luxury goods if the taxable goods and/or services are transferred to other parties.

In order to receive the exemption certificate or refund of VAT and sales tax of luxury goods, the relevant parties should meet certain conditions as stipulated in the regulations and submit the application letter to the Ministry of Foreign Affairs or the Ministry of State Secretariat, which then will forward it to the Foreign Corporate and Individual ("Badora") Tax Office, once it has passed the requirements. The decision to approve or reject the application letter should be issued within 30 days by the Badora Tax Office; otherwise, the application letter is automatically approved.

Ratification of Tax Information Exchange Agreements

Through Presidential Regulations No. 91 of 2014 ("Perpres-91"), No. 92 of 2014 ("Perpres-92"), No. 93 of 2014 ("Perpres-93") and No. 95 of 2014 ("Perpres-95"), the President of the Republic of Indonesia has ratified four Tax Information Exchange Agreements ("TIEA") between the government of Indonesia and the following jurisdictions:

- a. Government of Jersey (in Perpres-91)
- b. Government of Guernsey (in Perpres-92)
- c. Government of the Isle of Man (in Perpres-93)
- d. Government of Bermuda (in Perpres-95)

The agreements were signed by the representatives of the governments concerned in 2011. However, they will become effective only when the governments of the jurisdictions above have also ratified the agreements.

A TIEA is a bilateral agreement which allows governments to exchange any information related to tax matters in their domestic tax law on a request basis. It is basically a tool created to establish effective exchange of information and to

improve the transparency of taxpayers' financial arrangements for tax purposes. It also aims to address and overcome tax evasion issues involving cross-border jurisdictions.

Update on Stamp Duty Regulation

As a continuation from MoF Regulation No. 70/PMK.03/2014 related to later payment of stamp duty (“Pemeteraian Kemudian”), previously covered in our June 2014 Tax Info, the DGT has released a regulation to accommodate tax offices in collecting the outstanding stamp duty liability from taxpayers. Based on the regulation on later payment of stamp duty, the underpayment of stamp duty will be

imposed through a tax assessment letter, and the related penalty will be imposed through a tax collection letter.

DGT regulation PER-23/PJ/2014 regarding the format and content of tax computation memos, tax assessment letters and tax collection letters was issued on 14 August 2014 to amend the previous DGT regulation No. PER-27/PJ/2012. This amendment is basically to introduce a new form of tax computation memo, tax assessment letter and tax collection letter for the outstanding stamp duty liability, which did not exist in the previous regulation.

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