



Indonesia Tax Info

Implementing Guidelines on Calculation of Tax Installment for Certain Taxpayers

The Directorate General of Taxation (“DGT”) has recently issued Circular Letter Number 25 Year 2019 (“SE-25”) to implement Minister of Finance (“MoF”) Regulation Number 215 Year 2018 (“PMK-215”; Please refer to our [Indonesia Tax Info March 2019](#) edition). It provides a more detailed guidance in calculating the amount of tax installment in the current year for certain taxpayers who are required to submit periodic financial statements, i.e., new taxpayers, banks, State-Owned/Regional Government-Owned companies, listed companies and other certain taxpayers.

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Additional key changes governing the basis of tax installment calculation are summarized and underlined in the following table:

Type of Taxpayer	Basis of Tax Installment
New Taxpayers except for banks, State-Owned/Regional Government-Owned Companies, listed companies, other taxpayers	<ul style="list-style-type: none"> • Nil tax installment for new taxpayer <u>is valid for the first year since tax registration.</u>
Banks	<ul style="list-style-type: none"> • Net commercial income based on <u>monthly</u> financial statements reported to Otoritas Jasa Keuangan ("OJK"), less available tax losses compensation.
State-Owned/Regional Government-Owned Companies	<ul style="list-style-type: none"> • Profit/loss based on approved Work Plan and Revenue Budget, <u>after fiscal adjustments, including calculating losses that can be compensated.</u>
Listed companies and other taxpayers	<ul style="list-style-type: none"> • Net commercial income based on financial statements reported <u>on quarterly basis, for taxpayers who has obligation to report quarterly financial statements.</u> • <u>tax installment for the tax period January to March in the current tax year, is the same as tax installment in the last month of the previous tax year for taxpayers who have no obligation to report quarterly financial statements to Indonesia Stock Exchange (IDX) / OJK.</u>
Other certain taxpayers	0.75% from gross turnover from each place of business activity including place of business activity <u>located in the residence of Other Certain Taxpayer.</u>

SE-25 also highlights further guidance for the following taxpayers:

1. Listed taxpayers having obtained tax facility pursuant to Article 17 paragraph (2b) of Income Tax Law ("ITL") shall apply the previous year's tariff to calculate its tax installment amount;
2. Taxpayers having obtained tax allowance based on Article 31A of ITL shall; refers to the net income subtracted with the amount of facility received by the Taxpayer, when determining the basis for tax installment calculation; and
3. Definition of gross turnover for 50% rate reduction of taxpayers with gross turnover up to IDR 50 billion, refers to all incomes received from business activity and non-business activity including with income subject to final tax, income not subject to final tax and income not subject to tax.

Tax installment calculation based on PMK-215, shall come into effect starting from tax period January 2019 (retroactive). On the transition period, any penalty incurred on the tax period of January to March 2019 will be waived.

SE-25 is stipulated on 24 September 2019, and revokes Circular Letter Number SE-77/PJ/2010.

Additional Type of Production under Digital Economy, Eligible to Obtain Tax Holiday Facility

The Capital Investment Coordinating Board (BKPM) has issued Regulation Number 6/2019 ("BKPM-6") as amendment to BKPM Regulation Number 1/ 2019 ("BKPM-1"), in order to expand the type of pioneer industry's production under digital economy eligible to obtain tax holiday facility.

The additional production type eligible for this facility is provided in the table below:

Type/Industry of Taxpayer	BKPM-1		BKPM-6 (Amended)	
	KBLI	Type of Production	KBLI	Type of Production
Digital economy which includes data processing, hosting, and activities related to it	-	-	61300	Satellite telecommunications activity

BKPM-6 was stipulated and effective on 13 September 2019.

Updates on Guidelines for Taxable Retail Shop Entrepreneur who Participate in VAT Refund Scheme

The DGT Regulation Number 17/PJ/2019 ("PER-17") on Procedures for Registration and Obligation of Taxable Retail Shop Entrepreneurs ("PKP Retail Shop") who Participate in Value Added Tax ("VAT") Refund Scheme for Foreign Tourists, was issued on 25 September 2019. PER-17 serves as implementing regulation of MoF Regulation Number 120/PMK.03/2019 ("PMK-120") and it revokes PER-28/PJ/2013 (PER-28).

Important changes under PER-17 related to the PKP Retail Shop obligations are as follows:

- Shall change the sign "VAT REFUND" into "TAX FREE SHOP" on its PKP Retail shop;
- Shall provide information on VAT refund scheme to Foreign Tourist in printed form or information on social media, including information at the airport VAT Refund Implementation Unit/ UPRPPN Bandara marked with "TAX REFUND FOR TOURISTS" sign. Previously under PER-28, such information is only required to be placed in a brochure or announcement board;
- Shall provide explanation to Tax Office (if requested) on the validity of data stipulated in the Special VAT Invoice (used under VAT Refund Scheme for Foreign Tourist) issued for a transaction. As reiteration of previous stipulation under PMK-120, Special VAT Invoice must be issued for eligible transaction under the scheme, with VAT Amount at a minimum of Rp50,000; and
- Shall state the cash register number, payment receipt, or invoice in the Special VAT invoice.

PER-17 is effective from 1 October 2019.

Customs Focus

Updates on Temporary Import

MoF has issued Regulation Number 106/PMK.04/2019 ("PMK-106") as amendment to Regulation Number 178/PMK.04/2017 ("PMK-174") concerning Temporary Import, which constitutes facility granted by the Government for imported goods with intention for re-export in certain period.

The key changes are as follows:

- Several types of imported goods previously granted with import duty exemption under PMK-174 are **no longer** entitled to the facility under PMK-106:
 - Goods for professionals or experts, either brought together with them or not, and used personally or under the supervision of professionals or experts not directly related to manufacturing or infrastructure project purposes;
 - Goods for research and scientific purposes for the improvement or development of an invention in science or technology field, and for national education and cultural purposes, without any commercial element;
 - Sample or model goods;
 - Vehicles or means of transportation used by foreign nationals by themselves;
 - Vehicles or means of transportation entering via national border and used irregularly;
 - Goods imported by the Government.
- The time limit for temporary import is changed with the provisions as follows:

Key Changes	178/PMK.04/2017	106/PMK.04/2019
Time limit for temporary import	2 (two) years with 1 (one) year extension	Temporary import of goods for exhibition, seminar, conference, and the likes shall only be granted 1 (one) year without any extension Temporary import of goods for purposes other than mentioned above shall be granted 1 (one) year with 2 (two) years extension.
Special treatment with respect of time limit for four-wheeled vehicle with engine capacity of minimum 3000cc, not including buses, trucks, or two-wheeled vehicle with engine capacity of minimum 500cc for exhibition purposes.	2 (two) years with 1 (one) year extension In the event of exhibition is held at different times within two-month period, use of dedicated place for goods storage is not permitted.	2 (two) months without any extension In the event of exhibition is held at different times within two-month period, the imported goods must be temporarily stored in dedicated place under supervision from Directorate General of Customs and Excise ("DGCE"). The location of this place must be notified during the application for temporary import.

With PMK-106, it is expected that importers who use temporary import facility would be more careful and thorough in planning and reviewing whether the goods to be imported will be entitled to the facility. The importers must also determine if they need to procure dedicated place under DGCE supervision or not.

PMK-106 is effective 15 days after 29 July 2019.

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