

DGT 2020-2024 STRATEGIC PLAN AND EXTENSION PERIOD OF SEVERAL TAX INCENTIVES TO CONTAIN THE IMPACT OF COVID-19 PANDEMIC



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ABOUT DDTC Newsletter

Published every two weeks, DDTC Newsletter provides a summary of key tax law changes, both the current modifications and changes in taxation regulations, particularly those pertaining to domestic policies.

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DGT 2020-2024 Strategic Plan

The Directorate General of Taxes (DGT) has prepared a strategic plan (*Rencana Strategis/Renstra*) for 2020 to 2024. DGT 2020-2024 Strategic Plan is outlined in the Director General of Taxes Decree No. KEP-389/PJ/2020 concerning the 2020-2024 Strategic Plan of the Directorate General of Taxes ([KEP-389/2020](#)). This regulation has been issued to implement the provisions of Article 4 paragraph (1) of the Minister of Finance Regulation No. 77/PMK.01/2020.

DGT 2020-2024 Strategic Plan constitutes a medium-term strategic planning document for five years starting from 2020 to 2024 as stated in the [Appendix](#), which is an integral part of this regulation. DGT Strategic Plan is prepared based on several regulations.

First, the National Medium-Term Development Plan (*Rencana Pembangunan Jangka Menengah Nasional/RPJM*). *Second*, the Ministry of Finance 2020-2024 Strategic Plan (MoF Reg. 77/2020). *Third*, the systematic writing of the Organizational Unit Strategic Plan (Minister of Finance Circular No. SE-28/MK.1/2020). DGT Strategic Plan serves as a reference for a period of 5 years for the preparation of DGT strategy maps, DGT work plans, and strategic plans of organizational units within the DGT. All echelon II organizational units within the DGT Head Office must compile the 2020-2024 Strategic Plan.

DGT 2020-2024 Strategic Plan covers several noteworthy DGT policy directions. *First*, the establishment of new units in the DGT Head Office as a result of adjustments to the dynamics of internal and external business processes, related regulations, inherent functions, and levels of risk. One unit has been established to carry out the supervisory function of trade through electronic systems (*Perdagangan Melalui Sistem Elektronik/PMSE*) providers as per the mandate of Law No. 2 of 2020. With the growing variety and volume of e-commerce transactions, a special unit is required to handle these transactions.

Second, the DGT plans to improve business climate and promote investment through the formulation of the Taxation Omnibus Law which regulates Income Tax, VAT, taxes, and regional levies, general tax provisions, improved business ease ratings, and the establishment of an electronically integrated business licensing system.

Third, the DGT will carry out fiscal reforms by reforming the core tax system, intensifying and extensifying both tax objects and subjects, expanding goods subject to excise, and strengthening state revenue institutions.

Fourth, the formulation of a draft law (*Rancangan Undang-Undang/RUU*) on general provisions and tax procedures. Changes in the regulation are intended to promote tax compliance as a continuation of the post-tax amnesty policy. On another note, the new regulation will subsequently increase state revenues from the taxation sector through the implementation of the principles of convenient, uncostly, time-efficient, technology and information-based implementation of tax rights and obligations.

Fifth, the establishment of a draft law on income tax to encourage more sustainable sources of state revenues through broadening the tax base and increasing tax compliance and taxation on cross-jurisdictional transactions. As such, this will lead to increased economic growth and improved business climate with simpler, fairer, and legally certain tax regulations.

Sixth, the formulation of a draft law on taxes on goods and services. This regulation will replace Law No. 8 of 1983 as amended by Law No. 42 of 2009 concerning Value Added Tax and Sales Tax on Luxury Goods. This regulation is of high urgency to improve VAT compliance in Indonesia, expand the tax base to increase VAT revenues, and restipulate tax treatment on goods and services that further limit the granting of facilities and rearrangement of the threshold of taxable persons for VAT Purposes.

Seventh, the formulation of a draft law on land and building taxes. Land-and-building-tax-related regulations should be altered to increase state revenues from this sector. Efforts to increase revenues are performed through increasing the tax base, tariff flexibility, and transforming the tax collection system from an official-assessment system to a self-assessment system.

Eighth, realizing agile, effective, and efficient bureaucracy and services. *Ninth*, establishing expansive and consolidative fiscal policies to render conditions for sound and sustainable fiscal management.

Tenth, optimizing state revenues from the tax sector. Optimization is realized by providing legal certainty and convenience for taxpayers in exercising their rights and/or fulfilling their obligations, increasing compliance, and taxation on trade through electronic systems (*Perdagangan Melalui Sistem Elektronik/PMSE*) transactions, developing electronic-based tax services.

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Additional Incentives and Extension of Facilities to Address Covid-19

The government provides several additional incentives to address Covid-19 and extends the validity period of these incentives. This policy is outlined in the Minister of Finance Regulation No. 143/PMK.03/2020 concerning the Granting of Tax Facilities for Goods and Services Required in the Context of Addressing the Corona Virus Disease 2019 Pandemic and the Extension of Income Tax Facilities Based on Government Regulation No. 29 of 2020 concerning Income Tax Facilities in the Context of Addressing Corona Virus Disease 2019 ([MoF Reg. 143/2020](#)).

The VAT incentives are given to three parties. *First*, certain parties for imports or acquisition of taxable goods (*Barang Kena Pajak/BKP*), acquisition of taxable services (*Jasa Kena Pajak/JKP*), and/or JKP utilization from outside the customs area within the customs area. Said certain parties include government bodies or agencies, hospitals, or other parties.

Second, the pharmaceutical industry producing vaccines and/or medicine for the imports or acquisition of vaccine and/or medicine raw materials to address Covid-19. *Third*, taxpayers that obtain vaccines and/or medicine to address Covid-19 from the pharmaceutical industry producing vaccines and/or medicine as referred to in point two.

BKP required to address the Covid-19 pandemic includes medicine, vaccines, laboratory equipment, detection equipment, personal protective equipment, equipment for patient care, and/or other supporting equipment declared required to address Covid-19 by certain parties. In contrast, JKP provided with VAT incentives includes construction services, consulting services, technical services, management services, rental services, and/or other supporting services declared required to address Covid-19 by certain parties. Next, this regulation stipulates the non-imposition of VAT payable or it shall be borne by the government (*Ditanggung Pemerintah/DTP*) on the following.

- (i) Imports of BKP by certain parties shall not be imposed with VAT as per statutory regulations;
- (ii) Supplies of BKP and JKP by Taxable Persons for VAT Purposes (*Pengusaha Kena Pajak/PKP*) to certain parties are borne by the Government. These supplies include supplies in the form of free gifts.

- (iii) The utilization of JKP from outside the customs area within the customs area by certain parties is borne by the government;
- (iv) Imports of raw materials for the production of vaccines and/or medicine to address Covid-19 by the pharmaceutical industry for vaccine products and/or medicine DTP;
- (v) Supplies of raw materials for the production of vaccines and/or medicine to address Covid-19 by PKP to the pharmaceutical industry for producing vaccines and/or medicine are borne by the government;
- (vi) Supplies of vaccines and/or medicine to address Covid-19 by the pharmaceutical industry producing vaccines and/or medicine are borne by the government.

In the event that certain parties import BKP which are used for JKP utilization activities from outside the customs area within the customs area, BKP imports are not subject to VAT insofar as the particular party has the certificate of taxable services utilization from outside the customs area within the customs area (*Surat Keterangan Pemanfaatan Jasa Kena Pajak dari luar Daerah Pabean di dalam Daerah Pabean/SKJLN*) prior to importing. The VAT incentives referred to in points (ii) and (iii) are granted if the acquisition of BKP, JKP, and/or utilization of JKP from outside the customs area within the customs area is supplied to government bodies/agencies and/or hospitals to address Covid-19 without being compensated.

Although the acquisition of BKP, JKP, and/or the utilization of JKP from outside the customs area is not for own use, incentives will also be granted. The VAT incentives in points (iv) and (v) are granted after the pharmaceutical industry producing the vaccine and/or medicine obtains a recommendation letter from the National Disaster Management Authority (*Badan Nasional Penanggulangan Bencana/BNPB*). The recommendation letter shall be valid until 31 December 2020. PKP performing the abovementioned supply and the pharmaceutical industry producing vaccines and/or medicine is required to prepare tax invoices/certain documents which are equivalent to tax invoices or prepare tax payment slips and are also obliged to file a report on the realization of VAT DTP. DTP realization reports are to be prepared every tax period.

Next, the government also provides exemptions from Article 22 Import Income Tax and/or Article

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22 Income Tax on certain goods to address Covid-19. The rates of the Article 22 Import Tax and/or Article 22 Income Tax are in accordance with the Minister of Finance Regulation concerning the collection of Article 22 Income Tax in connection with the payment for the supply of goods and businesses in the import sector, or businesses in other fields. Said items include medicine, vaccines, laboratory equipment, detection equipment, personal protective equipment, equipment for patient care, and/or other supporting equipment to address Covid-19.

Exemptions from Article 22 Import Income Tax and/or Article 22 Income Tax are granted to three parties. *First*, certain parties that import and/or purchase goods required to address Covid-19. *Second*, third parties that sell items required to address Covid-19 to certain parties. *Third*, the pharmaceutical industry producing vaccine and/or medicine that imports and/or purchases raw materials to produce vaccines and/or medicine to address Covid-19.

For the pharmaceutical industry producing vaccine and/or medicine, exemptions are granted after obtaining a recommendation from BNPB. Exemptions from Article 22 Import Income Tax are granted from the October 2020 tax period to the December 2020 tax period. Exemptions from Article 22 Import Income Tax and/or Article 22 Income Tax are granted through the Article 22 Import Income Tax exemption certificate and/or Article 22 Income Tax exemption certificate.

To obtain said certificates, an application must be submitted by filling out a form through certain channels on the webpage www.pajak.go.id. Parties that have obtained Article 22 Import Income Tax and/or Article 22 Income Tax exemptions must submit a realization report. The report on the realization of Article 22 Import Income Tax and/or Article 22 Income Tax exemptions must be submitted through certain channels on the webpage www.pajak.go.id no later than the 20th of the following month for each tax period.

Next, for income in connection with services performed by individual resident taxpayers from certain parties that are subject to Article 21 Income Tax withholding, in addition to income for services subject to Article 4 paragraph (2) Income Tax, exemptions from Article 21 Income Tax withholding shall be granted. These exemptions are granted from the April 2020 tax period to the December 2020 tax period. Said certain parties include government bodies/institutions, hospitals, or other parties.

On another note, the government provides exemptions from Article 23 Income Tax withholding on income from technical services, management services, consulting services, and other services from certain parties, in addition to services subject to Article 21 Income Tax withholding by corporate resident taxpayers and permanent establishments. Said certain parties include government bodies/agencies, hospitals, or other parties.

Exemptions from Article 23 Income Tax withholding are granted through Article 23 Income Tax exemption certificates. Corporate resident taxpayers and permanent establishments that have obtained exemptions from Article 23 Income Tax withholding must prepare a report on the realization of the provided exemptions no later than the 20th of the following month for each tax period. Certain parties must prepare Income Tax Article 21 withholding slip in connection with the payment of compensation to individual resident taxpayers. Certain parties must submit a report on the realization of Article 21 exemptions on the payment of the compensation.

This regulation also regulates the extension of the validity period of the Income Tax facilities until 31 December 2020. *First*, additional net income reduction for resident taxpayers that produce medical devices and/or household medical supplies. *Second*, donations that can be deducted from gross income. *Third*, the imposition of a final 0% Income Tax rate on the additional income received by human resources in the health sector. *Fourth*, the imposition of a final 0% Income Tax Rate on income in the form of compensation or consideration for the use of assets.

Government-Borne Import Duty on Imports of Goods and Materials by Industries in Certain Sectors

The government provides tax incentives in the form of government-borne import duty (*Bea Masuk Ditanggung Pemerintah*/BM DTP) facilities for raw materials imported by industries in certain sectors affected by the Covid-19 pandemic.

The incentives are outlined in the Minister of Finance Regulation No. 134/PMK.010/2020 concerning Government-Borne Import Duty on Imports of Goods and Materials to Produce Goods and/or Services by Industries in Certain Sectors Affected by the Corona Virus Disease 2019 Pandemic ([MoF Reg. 134/2020](https://www.pajak.go.id/berita/134/PMK.010/2020)).

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In the framework of implementing BM DTP, the Minister of Finance has appointed four officials as the Government-Borne Import Duty Subsidy Budget User Proxy (*Kuasa Pengguna Anggaran Belanja Subsidi Bea Masuk Ditanggung Pemerintah/KPA BM DTP*). The officials appointed as KPA BM DTP are responsible for managing the subsidy budget of BM DTP. The four officials include:

- (i) Director General of Agro-Based Industry, Ministry of Industry;
- (ii) Director General of Small and Medium Enterprises and Miscellaneous Industries, Ministry of Industry;
- (iii) Director General of Chemical, Pharmaceutical, and Textile Industries, Ministry of Industry; and
- (iv) Director General of Metal, Machinery, Transportation, and Electronics Industries, Ministry of Industry.

Each KPA BM DTP manages BM DTP budget allocation for the predetermined industrial sector. For instance, the Director General of Industry, among others, manages BM DTP budget allocation for the instant noodle manufacturing sector with a budget ceiling of IDR 3.516 billion.

In further detail, 33 industrial sectors are covered by MoF Reg. 134/2020 and these sectors are entitled to BM DTP with varying budget ceilings for each industrial sector.

The personal protective equipment (*Alat Pelindung Diri/APD*) clothing industry constitutes the industrial sector to receive the largest share of BM DTP allocation with a budget allocation of IDR 153.05 billion. Conversely, the industrial sector that receives the smallest share of BM DTP allocation is the head protection PPE industry with a BM DTP allocation of IDR 15 million.

Further, this regulation emphasizes that the types of goods and materials imported by companies in certain industrial sectors entitled to BM DTP must meet one of the following three conditions:

- (i) the goods and materials have not been produced domestically;
- (ii) the goods and materials have been produced domestically but have yet to meet the required specifications;

- (iii) the goods and materials have been produced domestically but the quantity is insufficient for the industrial needs as per the recommendations of relevant ministries/agencies.

Details of KPA BM DTP, certain industrial sectors, the amount of budget allocation, and the types of goods and materials entitled to BM DTP are listed in the appendix of MoF Reg. 134/2020. BM DTP may also be granted for the release of goods and materials from outside the customs area to other places in the customs area from the Bonded Logistics Center (*Pusat Logistik Berikat/PLB*), bonded warehouses, or bonded zones, which are released to certain industrial sector companies.

Further, import duties payable which should be paid by bonded zone entrepreneurs or entrepreneurs within bonded zones that are also operators within bonded zones (*Penyelenggara di Kawasan Berikat/PDKB*) which are companies in certain industrial sectors may also obtain BM DTP facilities insofar as they meet the stipulated provisions. To obtain BM DTP facilities, however, certain industrial sector companies must meet the following two conditions:

- (i) have never made an error in notifying the quantity and/or types of goods on the import declaration by obtaining BM DTP that leads to import duty underpayment during the last one year; and/or
- (ii) do not have import duty, excise, and/or tax on import payables for which the payment is past due.

In the event that a company fulfills the stipulated provisions, certain industrial sector companies may apply to the Minister of Finance through the Director within the Directorate General of Customs and Excise (DGCE) whose task and function consist of formulating and implementing policies and standardization in the field of customs facilities to obtain BM DTP approval. The application for BM DTP approval must be completed with:

- (i) company identity, list of goods and materials for which BM DTP is requested;
- (ii) invoice and packing list which are customs complementary documents used to fulfill customs obligations; and
- (iii) a letter of recommendation from an official at the minimum level of small leaders from the ministry of sector development.

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Next, in the event that the application for BM DTP approval is submitted for goods and materials released from bonded warehouses or bonded zones, the submitted application must at least contain the following data:

- (i) company name;
- (ii) Taxpayer Identification Number;
- (iii) number of Ministerial Decree concerning Bonded Warehouse Entrepreneur (*Pengusaha Gudang Berikat/PDGB*) or Bonded Zone Entrepreneur (*Pengusaha Kawasan Berikat/PDKB*) license; and
- (iv) name and position of the person in charge.

The application for BM DTP approval and the scans of the original documents of the required files are submitted electronically to the DGCE Portal through the Indonesia National Single Window System.

The Director subsequently examines the fulfillment of the requirements for obtaining BM DTP based on the submitted application. If approved, the Director on behalf of the Minister of Finance issues a Ministerial Decree concerning the granting of BM DTP. If the BM DTP application is rejected, however, the Director on behalf of the Minister of Finance issues a notification on the rejection stating the reasons for rejection.

The approval or rejection is issued no later than three working hours after the application is received in full and correctly if the application is submitted electronically. However, if the application is submitted in writing, the approval or rejection is issued no later than three working days after the application is received in full and correctly. The Ministerial Decree on the granting of BM DTP shall be valid for 30 days as of the stipulation date but is only valid until 31 December in the current fiscal year.

Furthermore, goods and materials imported or released from bonded warehouses or bonded zones and entitled to BM DTP must be used to produce goods and/or services for domestic consumption purposes. On another note, said goods must be used according to their purpose and cannot be transferred to other parties. If certain industrial sector companies do not use goods that obtain BM DTP facilities as per the provisions, the Ministerial Decree on the granting of BM DTP facilities shall be revoked and certain industrial sector companies are required to pay the import duty payable.

Provisions on the Postponement of Trial Proceedings at the Tax Court

The Tax Court has temporarily suspended face-to-face administrative services (via helpdesk or delivered in person) from 16 to 25 September 2020. This provision is outlined in Circular No. SE-017/PP/2020 concerning Temporary Suspension of Face-to-Face Administration Services (Through Helpdesk/Delivered Directly) at the Tax Court Starting 16 September 2020 to 25 September 2020 ([SE-017/2020](#)). Trial proceedings have been subject to temporary suspension following the discovery of a Covid-19 positive case of a Tax Court Secretariat employee based on the results of a swab test on 15 September 2020.

All face-to-face services, including the filing of appeals/lawsuits, submission of application for case reviews, information services, and submission of trial documents and other letters are temporarily suspended from 16 to 25 September 2020. Throughout the temporary suspension of face-to-face administrative services, as per the provisions in the Circular, appeals/lawsuits and trial documents and other letters may be submitted by post.

In line with the suspension of face-to-face administrative services, the Tax Court has extended the temporary suspension of trial proceedings. The temporary suspension of trial proceedings is regulated under Circular No. SE-018/PP/2020 concerning the Suspension of Trial Proceedings at the Tax Court Starting 21 September to 25 September 2020 ([SE-018/2020](#)).

The Tax Court had previously postponed trial proceedings from 14 to 18 September 2020 due to the retightening of DKI Jakarta's large-scale social restrictions (*Pembatasan Sosial Berskala Besar/PSBB*). Trial proceedings were to be held on 21 September 2020.

A panel of judges or single judge, as mandated in SE-018/2020, instructs the alternate registrar to notify concerned parties about the postponement of trial proceedings through electronic media or other media and record it in the trial minutes. Trial proceedings at the Tax Court, including electronic trial proceedings, will be held starting Monday, 28 September 2020.

In view of the temporary suspension of trial proceedings of the Tax Court, the Chairperson of the Tax Court has issued guidelines for the adjustments of trial proceedings. Said guidelines that serve as a follow-up to the Chairperson of the Tax Court Circular No. SE-

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018/PP/2020 are regulated in the Chairperson of the Tax Court Circular No. SE-019/PP/2020 concerning Guidelines for the Adjustments of Trial Proceedings as a Follow-up to the Chairperson of the Tax Court Circular No. SE-018/PP/2020 ([SE-019/2020](#)).

Two provisions are stipulated under this Circular. *First*, the trial preparation period does not take into account the period between 21 and 27 September 2020 (7 days) in the calculation of the period as per the provisions of Article 48 of Law No. 14 of 2002 concerning the Tax Court (Tax Court Law).

Second, the trial period does not take into account the period between 21 and 27 September 2020 (7 days) in the calculation of the period regulated in the provisions of Article 81 and Article 82 of the Tax Court Law. Stipulated on 18 September 2020, this regulation has come into effect thereafter.

Next, the Tax Court has re-extended the postponement of trial proceedings and temporarily suspended face-to-face administrative services from 28 September 2020 to 2 October 2020. This policy is regulated in Circular No. SE-020/PP/2020 concerning the Postponement of Trial services and Temporary Suspensions of Face-to-Face Administrative Services (Via Helpdesk/Delivered Directly) at the Tax Court Starting 28 September 2020 to 2 October 2020 ([SE-020/2020](#)). The postponement of trial proceedings and face-to-face services has been extended as Tax Court Secretariat employees and support staff have been confirmed Covid-19 positive based on the results of a swab test on 27 September 2020.

As per the results of coordination with related units, from 28 September 2020 to 2 October 2020, judges, officials, employees and support personnel within the Tax Court environment were subject to contact tracing, sterilization within the Tax Court, and rapid/swab tests. This policy has been implemented as an effort to implement restrictions on working activities in the office and protect judges, registrar, employees, and all service users from Covid-19. Information service users may utilize the means of email (informationpp@kemenkeu.go.id), contact services on the Tax Court Secretariat website (www.setpp.kemenkeu.go.id), and Whatsapp 081211007510.

In line with the policy of extending the postponement of trial proceedings and temporarily suspending face-to-face administrative services, the Tax Court has also adjusted trial proceedings as a follow-up to SE-20/2020. These adjustments are regulated under the Chairperson of the Tax Court Circular No. SE-21/PP/2020 concerning Guidelines for the Adjustments of

Trial Proceeding as a Follow-up to the Chairperson of the Tax Court Circular No. SE-20/2020 ([SE-21/2020](#)).

Two things are regulated under this regulation. First, the trial preparation period does not take into account the period between 28 September 2020 and 4 October 2020 (7 days) in calculating the period referred to in the provisions of Article 48 of the Tax Court Law.

Second, the trial period does not take into account the period between 28 September 2020 and 4 October 2020 (7 days) in the calculation of the period regulated in the provisions of Article 81 and Article 82 of the Tax Court Law.

Provisions on the Granting of Functional Allowances to Tax Appraisers and Tax Appraiser Assistants

The government has stipulated the granting of functional allowances to tax appraisers and tax appraiser assistants. The granting of these allowances is adjusted to the workload and job responsibilities to improve the quality, performance, dedication, and productivity of their performance. This policy is outlined in the Presidential Regulation of the Republic of Indonesia No. 94 of 2020 concerning Functional Allowances for Tax Appraisers and Tax Appraiser Assistants ([Pres. Reg. 94/2020](#)). This regulation has come into effect as of 17 September 2020.

Based on Article 3 of this regulation, the amounts of allowances granted to tax appraisers and tax appraiser assistants are listed in the appendix of this regulation. The allowances for tax appraisers are listed in [Appendix I](#), i.e. IDR 1,380,000 for expert level III tax appraisers, IDR 1,100,000 for expert level II tax appraisers, and Rp 540,000 for skilled level I tax appraisers.

In contrast, the amounts of allowances for tax appraiser assistants are listed in [Appendix II](#), i.e. IDR 960,000 for skilled level III tax appraiser assistants, IDR 540,000 for skilled level II tax appraiser assistants, and IDR 360,000 for skilled level I tax appraiser assistants. The funds for these allowances are sourced from the State Budget (*Anggaran Pendapatan dan Belanja Negara/APBN*).

The granting of allowances to tax appraisers and tax appraiser assistants may be terminated if the tax appraisers and tax appraiser assistants are appointed

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in other structural positions, other functional positions, or for other reasons that result in the termination of allowances. The procedures for the payment and termination of the payment of these allowances shall be implemented as per prevailing statutory regulations.

As this regulation comes into force, all provisions relating to the functional positions of land and building tax appraisers stipulated under Presidential Regulation No. 53 of 2007 concerning the Functional Allowances for Tax Auditors, Customs and Excise Auditors, and Land and Building Tax Appraisers are revoked and declared invalid.

Safeguard Import Duty on Fructose Syrup Products

The Ministry of Finance officially imposes safeguard import duty (*Bea Masuk Tindakan Pengamanan/BMTP*) on imports of fructose syrup products. Imports of fructose syrup products are subject to BMTP as based on the final report on investigation by the Indonesian Trade Safeguard Committee (*Komite Pengamanan Perdagangan Indonesia/KPPI*), the domestic industry has suffered a serious injury due to the surge in imports of fructose syrup products.

The imposition of BMTP on the imports of fructose products is stipulated under the Minister of Finance Regulation No. 126/PMK.010/2020 concerning the Imposition of Safeguard Import Duty on Imports of Fructose Syrup Products ([MoF Reg. 126/2020](#)). This ministerial regulation comes into effect in seven working days as of 9 September 2020.

BMTP is imposed for three years at a tariff of 24% for the first year of BMTP imposition, 22% in the second year of BMTP imposition, and 20% in the third year of BMTP imposition. BMTP is imposed on imports from all countries, except for fructose syrup products produced by countries listed in the Appendix of MoF Reg. 126/2020.

124 countries are exempted from the imposition of BMTP on imported fructose syrup products. These countries include Armenia, Brazil, Cambodia, Ghana, Hong Kong, Lesotho, and Zimbabwe.

The imposition of BMTP on the imports of fructose syrup products is an additional levy to the general import duty (Most Favored Nation) or the preferential import duty based on the applicable international trade agreement scheme.

On another note, BMTP is an additional levy on preferential tariffs in the event that the imports are from countries included in the international trade agreement scheme and comply with the provisions under the agreement scheme. In case of failure of meeting the provisions under the international trade agreement scheme, however, BMTP imposition becomes an additional levy to the general import duty.

Importers of fructose syrup products originating from countries exempted from the imposition of BMTP and countries with international trade cooperation with Indonesia are required to submit the Certificate of Origin (*Surat Keterangan Asal/SKA*).

Preferential Import Duty Tariffs Based on the ASEAN Trade in Goods Agreement

The government has issued a regulation detailing the procedures for the imposition of preferential import duty tariffs on imported goods based on the ASEAN Trade in Goods Agreement (ATIGA). Details of the procedures for the imposition of the preferential import duty are outlined in the Minister of Finance Regulation No. 131/PMK.04/2020 concerning Procedures for the Imposition of Import Duty Tariffs on Imported Goods Based on the Asean Trade in Goods Agreement ([MoF Reg. 131/2020](#)).

The government released the regulation to provide more legal certainty in providing customs services for the imports of goods from ASEAN member countries. This regulation is also intended to accommodate the first protocol to amend the ASEAN Trade in Goods Agreement which has been ratified by Presidential Regulation No. 84 of 2020 concerning the Ratification of the First Protocol to Amend the ASEAN Trade in Goods Agreement (Gov. Reg. 84/2020).

MoF Reg. 131/2020, broadly speaking, contains several provisions, including the implementation of the declaration of origin of goods in the Asean Wide Self-Certification (AWSC) scheme. The AWSC scheme, also known as self-certification, is a scheme of the statement of the origin of goods issued by certified exporters in the form of invoices or commercial documents in the form of billing statements, delivery orders, or packing lists, which will be used as the basis for granting preferential tariffs.

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The AWSC scheme replaces the implementation of invoice declaration which formerly served as the basis for granting preferential tariffs. The changes in the scheme are part of the Memorandum of Understanding among the Governments of the Participating Member States of the Association of South-East ASIAN Nations (ASEAN) on the Second Pilot Project for the Implementation of a Regional Self-Certification System (MoU 2nd SCPP).

MoU 2nd SCPP is a memorandum of understanding among member countries participating in the second pilot project of the self-certification system in the ATIGA scheme. Further, MoF Reg. 131/2020 regulates the use of the new format of Certificate of Origin (*Surat Keterangan Asal/SKA*) Form D. The new format of CoO Form D has been regulated under Gov. Reg. 84/2020.

Promulgated on 18 September 2020, MoF Reg. 131/2020 has come into force as of 20 September 2020. The enactment of MoF Reg. 131/2020 simultaneously revokes the provisions on the imposition of preferential tariffs based on the ATIGA scheme under the former regulation, the Minister of Finance Regulation No. [229/PMK.04/2017](#) as amended by the Minister of Finance Regulation No. [124/PMK.04/2019](#).

The provisions under MoF Reg. 131/2020 apply to imported goods whose customs declaration has obtained a registration number and date from the customs office where customs obligations are fulfilled since the entry into force of the ministerial regulation.

MoF Reg. 131/2020 also contains two transitional provisions according to the agreement of ASEAN member countries. *First*, the Invoice Declaration issued before the entry into force of MoF Reg. 131/2020 remains valid. On another note, the procedures for the tariff imposition are applied as per the procedures stated in the ASEAN Trade in Goods Agreement and MoU 2nd SCP.

Second, CoO Form D in the old format may be issued until 20 December 2020 using the format listed in Appendix A item VI PMK 131/2020. The procedures for the tariff imposition are applied as per the procedures stated in the ATIGA provisions.

Procedures for the Submission, Inclusion, and Deletion of Provisions on Post Border Trade system in the Indonesian System

The Ministry of Finance has issued a regulation on the procedures for the submission, inclusion, and deletion of the provisions on the post border trade system in the Indonesian system. This policy is contained in the Minister of Finance Regulation No. 132/PMK.012/2020 concerning Procedures for the Submission, Inclusion, and Deletion of Provisions on the Post Border Trade system in the Indonesia National Single Window System ([MoF Reg. 132/2020](#)).

This regulation constitutes an implementing regulation of Presidential Regulation No. 44 of 2018 concerning Indonesia National Single Window. The provisions in Article 2 paragraph (1) of this regulation stipulate that the National Single Window Institution (*Lembaga National Single Window/LNSW*) shall provide facilities for the submission, inclusion, and deletion of the provisions on the post border trade system to the Indonesia National Single Window System (*Sistem Indonesia National Single Window/SINSW*). Said provisions are issued by relevant ministries or agencies.

The inclusion of provisions on post border trade system into SINSW must be notified to the Minister and the Head of LNSW. These provisions must be supplemented by information on data elements that must at least contain the following.

- (i) Harmonized System (HS) code as per the regulations on the determination of the goods classification system and the imposition of import duty on imported goods;
- (ii) Number and date of issuance of provisions on post border trade system;
- (iii) Description of goods that are regulated in the provisions on the post border trade system;
- (iv) Administrative instruments required in the provisions on the post border trade system;
- (v) Description of the commodity in the provisions on the post border trade system; and
- (vi) The validity and/or expiration date of the provisions on the post border trade system.

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The provisions on the post border trade system and information on its data elements must be notified using the sample format listed in the [Appendix](#) of this regulation.

Next, LNSW must first examine the provisions and information on data elements before including them in SINSW. Such an examination must be performed within a maximum of six working days as of the date of receipt of said provisions and information. In conducting this examination, LNSW may coordinate with the Directorate General of Customs and Excise regarding the Harmonized System codes listed in the provisions on the post border trade system.

The examination results will subsequently be stated in the minutes of the examination signed by the official/employee conducting the examination. In the event that the results of the examination indicate that the information on the data elements has been fulfilled, LNSW will include the provisions on the post-border trade system in SINSW within one working day as of the date of the examination report. Conversely, if the results of the examination indicate that information on data elements is not fulfilled, LNSW will coordinate with the ministry/agency that issues the provisions on the post border trade system to decide on the status of their inclusion in SINSW.

In the event that LNSW decides that the provisions on the post border trade system can be included in SINSW, LNSW will list them in SINSW within two working days at the latest after the inclusion status has been decided. Furthermore, if the provisions on the post border trade system cannot be included in SINSW, the Head of LNSW will re-convey the provisions to the head of the ministry/institution issuing these provisions. The issuance shall be no longer than two working days after the status of inclusion has been decided.

The provisions on the post border trade system that have been included in SINSW will subsequently be used as a reference for validating the fulfillment of post border trade system permits and providing data on import realization to the ministries/institutions issuing these provisions. LNSW will subsequently notify the ministries/agencies that issue these provisions through SINSW after SINSW validates the fulfillment of post border permits. The notification should at least contain a description of the types of goods, harmonized system code, the port of unloading, and origin of goods. In the event of discrepancies with the results of the validation by SINSW, LNSW will notify its service users via SINSW.

In the event of changes in the provisions on the post border trade system, the ministry/institution that issue said provisions will submit a notification letter of the revocation of the provisions in the post border trade system to the Minister for the attention of the Head of LNSW to delete the provisions afterwards. Promulgated on 21 September 2020, this regulation came into force 15 days thereafter.

IDR 0 Tariff on Certificates of Origin Issuance Services

The Minister of Finance allows the Ministry of Trade to stipulate an IDR 0 tariff for the service of issuing certificates of origin. The IDR 0 tariff for the issuance of certificates of origin may be granted to all exporters until the end of December 2020.

The stipulation of IDR 0 tariff for the issuance of certificates of origins is outlined in the Minister of Finance Regulation No. 137/PMK.02/2020 concerning the Stipulation of Zero Rupiah Tariff for the Service of Issuing Certificates of Origin Applicable to the Ministry of Trade Due to the Corona Virus 2019 Disease (Covid-19) Pandemic ([MoF Reg. 137/2020](#)).

This regulation has been released to implement the provisions of Article 8 paragraph (3), Article 13, and Article 15 of Law No. 9 of 2018 concerning Non-Tax State Revenues. One of the provisions in Law 9/2018 authorizes the Minister of Finance to evaluate, compile, and/or determine the types and tariffs of Non-Tax State Revenues (*Penerimaan Negara Bukan Pajak/PNBP*).

The evaluation, preparation, and stipulation of the types and tariffs of PNBP are based on recommendations from PNBP-managing agencies. On another note, MoF Reg. 137/2020 has been issued to follow up on Indonesian President Joko Widodo's instructions to provide non-fiscal stimulus to reduce the negative impact of the Covid-19 pandemic by encouraging domestic export activities.

One of the types of PNBP that applies to the Ministry of Trade is revenues from the service of issuing certificates of origin. As an effort to reduce the negative impact of the Covid-19 pandemic on export activities, the tariff for this type of PNBP for the service of issuing certificates of origin may be set at IDR 0.

The IDR 0 tariff on certificates of origin issuance services may be granted to all exporters. Exporters, however, must apply for the IDR 0 tariff by filling in

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the form provided in the electronic certificate of origin (*Surat Keterangan Asal Elektronik/e-SKA*) issuance system by the Ministry of Trade.

The IDR 0 tariff on certificates of origin issuance services may be valid until 31 December 2020. For this reason, CoO form with the IDR 0 tariff may only be used for export activities up to 31 December 2020.

Further provisions on the procedures for the use of certificate of origin forms due to the Covid-19 pandemic follow the Minister of Trade Regulation that stipulates the Procedures for the Payment of State Revenues for the Electronic Issuance of Certificate of Origin for Goods of Indonesian Origin. This ministerial regulation comes into effect in 15 days as of 25 September 2020.

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