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# SIMPLIFICATION OF THE REGISTRATION AND REPORTING OF LAND AND BUILDING TAX OBJECTS IN THE PLANTATION, FORESTRY, MINING, AND OTHER SECTORS



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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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## SIMPLIFICATION OF THE REGISTRATION AND REPORTING OF LAND AND BUILDING TAX OBJECTS IN THE PLANTATION, FORESTRY, MINING, AND OTHER SECTORS

### Procedures for the Registration, Reporting, and Data Collection of Land and Building Tax Objects

#### Meet Our Experts



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The Ministry of Finance has released a new regulation to simplify the procedures for the registration, reporting, and data collection of land and building tax (*Pajak Bumi dan Bangunan/PBB*) objects in the plantation, forestry, mining, and other sectors (*Perkebunan, Perhutanan, Pertambangan, dan Sektor Lainnya/P3L*).

The simplification of registration and reporting procedures is outlined in the Minister of Finance Regulation No. 48/PMK.03/2021 concerning Procedures for the Registration, Reporting, and Data Collection of Land and Building Tax Objects ([MoF Reg. 48/2021](#)). This regulation has been released to promote the ease of doing business in Indonesia.

Promulgated on 17 May 2021, MoF Reg. 48/2021 takes effect 60 days thereafter. The enactment of MoF

Reg. 48/2021 simultaneously revokes the Minister of Finance Regulation No. 254/PMK.03/2014 concerning Procedures for the Registration and Data Collection of Tax Objects and Tax Subjects or Taxpayers of Land and Building Tax ([MoF Reg. 254/2014](#)).

This regulation comprises six chapters and 29 articles. The stipulated scope includes registration of tax objects, reporting of registered tax objects, data collection of registered tax objects, and transitional provisions.

In terms of the registration of tax objects, this regulation requires every taxpayer to register at the Directorate General of Taxes (*Direktorat Jenderal Pajak/DJP*) through the Tax Office (*Kantor Pelayanan Pajak/KPP*) to be given a Land and Building Tax Certificate of Registration (*Surat Keterangan Terdaftar PBB/SKT PBB*).

SKT PBB refers to a certificate issued by the Head of KPP as notification that the tax object and taxpayer have been registered in the DGT's tax administration system. SKT PBB constitutes a new administrative tool that was not available in the previous provisions.

Registration to obtain SKT PBB shall be carried out no later than one month after the fulfillment of the subjective requirements as per PBB-related statutory provisions. There are 6 types of subjective requirement fulfillment as indicated in Table 1.

KPP, as the place of registration, covers the following four scopes of KPP: (i) Small Tax Offices whose working area includes the location of the tax object; (ii) Small Tax Offices whose working area includes the taxpayer's residence or domicile; (iii) Oil and Gas KPP; and (iv) KPP stipulated by the Director General of Taxes. Each scope of this KPP depends on the type of PBB tax objects and administers PBB under its responsibility.

Registration to obtain SKT PBB may be performed by applying electronically or in writing. Electronic registration applications can be made through the DGT's website or other channels as stipulated by the Director General of Taxes. A written application for registration, on the other hand, can be submitted in person, by post with proof of postage, or through a forwarding company or courier service with proof of postage.

The application for registration shall be attached with taxpayer documents in the form of an ID card and Taxpayer Identification Number (*Nomor Pokok Wajib Pajak/NPWP*) for individuals. For corporates, on the other hand, the application must be attached with taxpayer documents in the form of a deed of

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Table 1 The Fulfillment of Subjective Requirements of PBB P3L

No	PBB Objects	When the Subjective Requirements is Met
1.	Plantation	(i) The date the plantation business license is issued by the local government; or (ii) The date the right of cultivation is issued by the Ministry of Agrarian Affairs and Spatial Planning.
2.	Forestry	The date the business license or assignment is issued by the Ministry of Environment and Forestry.
3.	Oil and Natural Gas Mining	The date of the cooperation contract, which is signed by the government and the cooperation contract contractor.
4.	Mining for Geothermal Exploitation	The date the permit, power of attorney, or assignment is issued by the Ministry of Energy and Mineral Resources, or the date the contract is signed.
5.	Mineral or Coal Mining	The date the permit is issued by the Ministry of Energy and Mineral Resources or local government, or the date of the contract or agreement.
6.	PBB on Other Sectors	(i) The date the fishery business permit is issued by the Ministry of Marine Affairs and Fisheries; or (ii) The date waters-related permit is issued by the Ministry of Transportation.

Source: MoF Reg. 48/2021.

establishment and/or amendments thereof as well as an identity card and NPWP of one of the management. On another note, the application must be attached with 5 types of tax object documents as listed in Table 2.

Based on the registration application submitted by the taxpayer, the Head of the Tax Office conducts administrative research. Based on the administrative research, the Head of KPP issues a decision no later than 10 working days after the application is received in full.

The decision may take the form of accepting the application by issuing SKT PBB or rejecting the application by issuing a letter of rejection of the application for tax object registration. In the event that the Head of KPP does not issue a decision within 10 working days, the application is deemed granted and the Head of KPP shall issue SKT PBB no later than one working day after the period for issuing the decision ends.

If the taxpayer fails to register, the Head of the KPP is authorized to perform audits or administrative research and issue SKT PBB *ex officio*. SKT PBB, issued

*ex officio*, is sent to the taxpayer no later than three working days from the issuance date of SKT PBB.

The head of KPP, based on the taxpayer's application or his *ex officio* authority, may change the data contained in SKT PBB and revoke SKT PBB. For tax objects that no longer meet the subjective requirements as per PBB-related statutory provisions, SKT PBB may be revoked.

In addition to the subjective requirements, SKT PBB may be revoked if the taxpayer does not have PBB tax liability, is under PBB-related law enforcement measures, is currently filing legal remedies in the field of PBB taxation, and/or is in the process of completing a case review in the PBB taxation sector.

Tax objects and taxpayers that have been administrated in the DGT's administration system prior to the enactment of MoF Reg. 48/2021 are not required to register. DGT, through the Tax Office where the tax object is registered, shall issue SKT PBB *ex officio* through administrative research.

In addition to registering to obtain SKT PBB, taxpayers must report registered tax objects using Notification of Tax Objects (*Surat Pemberitahuan Objek Pajak/SPOP*)

Table 2 Document Attachments of SKT PBB Registration

No.	PBB Object	Document Attachments
1.	Plantation	Plantation business permit documents issued by the local government and/or right of cultivation issued by the ministry that administers government affairs in the land sector.
2.	Forestry	Permit or assignment documents issued by the ministry that administers government affairs in the forestry sector.
3.	Oil and Natural Gas Mining	Cooperation contract document signed by the government and the cooperation contract contractor.
4.	Mining for Geothermal Exploitation	Permit, power of attorney, or assignment documents issued by the ministry that administers government affairs in the energy and mineral resources sector, or contract documents.
5.	Mineral or Coal Mining	Permit documents issued by the ministry that administers government affairs in the energy and mineral resources sector or local government, contract documents, or agreements.
6.	PBB on Other Sectors	Permit documents issued by the ministry that administers government affairs in the marine and fisheries sector, or in the transportation sector.

Source: MoF Reg. 48/2021.



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submitted by the DGT. The registered tax objects are reported in each tax year. The submission date of SOP by the DGT is the date SPOP is received by the taxpayer and covers:

- (i) 1 February in the tax year PBB becomes payable, for the tax objects of PBB for the plantation sector, the oil and gas mining sector, and the mining for geothermal exploitation sector;
- (ii) 31 March in the tax year PBB becomes payable, for the tax objects of PBB for the forestry sector, mineral or coal mining sector, and other sectors; or
- (iii) the date of the tax object is registered as stated in SKT PBB, in the event that SKT PBB is issued for the tax object registration after 1 February in the tax year PBB becomes payable or after 31 March 31 in the tax year PBB becomes payable, and the condition when PBB becomes payable is met according to the condition of the tax object on 1 January in the tax year PBB becomes payable.

SPOP, the media for reporting tax objects, is an electronic SPOP submitted through the DGT's website or certain channels as stipulated by the Director General of Taxes. However, in the event of interference to these certain channels and/or force majeure, the DGT through the Tax Office where the tax object and/or the taxpayer is registered will not submit SPOP electronically.

SPOP, either submitted electronically or not, must be filled in clearly, correctly, and completely and signed by the taxpayer or taxpayer's proxy. The clearly, correctly, and completely filled SPOP is submitted to the DGT through the Tax Office where the tax object is registered no later than 30 days after the date SPOP is received. In the event that the 30 day period is not fulfilled, the taxpayer may submit a notification letter of the postponement of SOP submission to the KPP where the tax object is registered.

MoF Reg. 48/2021 also outlines the procedures for data collection of registered tax objects. Data is collected by data collection officers using two types of data collection methods, i.e. office data collection and/or field data collection. Office data collection is carried out by processing tax object data reported by taxpayers through SPOP and/or processing data and information in the DGT's information system. Field data collection, on the other hand, is carried out by inspecting the physical location of the tax object and/or other locations other than the physical location of the tax object, on the tax object data that should be reported in SPOP.

## June 2021 Interest Penalties and Compensation Interest Rates

### Meet Our Experts



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The government has released monthly interest rates as the basis for calculating administrative penalties in the form of interest and the granting of interest compensation for the period between 1 June 2021 to 30 June 2021.

Details of the interest rates are stipulated under the Minister of Finance of the Republic of Indonesia Decree No. 30/KM.10/2021 concerning Interest Rates as the Basis for Calculating Administrative Penalties in the Form of Interest and Interest Compensation for the Period between 1 June 2021 to 30 June 2021 ([MoF Decree 30/2021](#)). This regulation was signed on 28 May 2021.

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Four monthly interest rates apply for administrative penalties, ranging from 0.54% to 1.79%. The four monthly interest rates are lower than the monthly interest rates for the May 2021 period. Details of monthly interest rates for tax interest penalties for the period between 1 June 2021 to 30 June 2021 can be seen in Table 3.

The amount of monthly interest rates in the MoF Decree varies as it is the result of the calculation of the monthly interest rate. The calculation is based on

the reference interest rate formula set by the minister of finance plus the uplift factor of each article and divided by 12.

On the other hand, the interest rate as the basis for the granting of interest compensation is set at 0.54%. The monthly interest rate is lower than the previous period. Details of the monthly rates on tax interest compensation for the period between 1 June 2021 and 30 June 2021 can be seen in Table 4.

**Table 3 Details of Monthly Interest Rates of Interest Penalties**

Articles in General Tax Provisions and Procedures Law	The Granting of Interest Compensation for	The Imposition of Administrative Penalties
Article 19 paragraph (1)	Notice of Tax Underpayment Assessment ( <i>Surat Ketetapan Pajak Kurang Bayar/SKPKB</i> ) or Additional SKPKB, and Correction Decree, Objection Decision Letter, Decision on Appeal, or Decision on Case Review, which causes the amount of tax payable to increase, but at the time of maturity, it is not paid or underpaid. (Collection Interest)	0.54%
Article 19 paragraph (2)	Taxpayers are allowed to pay in installments or postpone tax payments. (Installments/postponement of tax payments)	
Article 19 paragraph (3)	Taxpayers are allowed to postpone the filing of Annual Tax Returns and the temporary calculation of the tax payable as referred to in Article 3 paragraph (5) is actually less than the actual amount of tax payable. (Underpayment of postponement of the filing of Annual Tax Returns)	
Article 8 paragraph (2)	Underpayment of Correction of Annual or Periodic Tax Returns.	0.95%
Article 8 paragraph (2a)	The taxpayer corrects Periodic Tax Returns on his own (before audits) which results in higher tax liability.	
Article 9 paragraph (2a)	Late remittance of periodic income tax.	
Article 9 paragraph (2b)	Late remittance of Annual Income Tax/Article 29 Income Tax.	
Article 14 paragraph (3)	The issuance of Notice of Tax Collection ( <i>Surat Tagihan Pajak/STP</i> ) by the DGT due to: (i) Unpaid/underpaid income tax (ii) Based on the research results, there are taxes that are underpaid due to writing errors and/or miscalculations. (Income tax in the current year is not paid/underpaid or from the results of the research, there is tax underpayment due to writing errors and/or miscalculations)	1.37%
Article 8 paragraph (5)	Disclosure of inaccuracy of Tax Returns after audits, but the Notice of Tax Assessment ( <i>Surat Ketetapan Pajak/SKP</i> ) has not been issued. (Underpaid tax that arises due to the disclosure of incorrect Tax Return filling)	
Article 13 paragraph (2)	SKPKB is issued because the tax payable is not paid/underpaid due to matters regulated under Article 13 paragraph 1 subparagraph (a) to (e) of the General Tax Procedures and Provisions Law. (SKPKB Penalties)	1.79%
Article 13 paragraph (2a)	SKPKB is issued as the taxable person for VAT purposes has not performed any supplies, but has received refunds/has credited the input VAT as referred to in Article 9 paragraph (6a) of the VAT Law. (Refund of input VAT from taxable persons for VAT purposes that are not producing)	

Source: Job Creation Law and MoF Decree 30/2021.

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Table 4 Details of Monthly Interest Rates of Interest Compensation

Articles in General Tax Provisions and Procedures Law	The Granting of Interest Compensation for	Monthly Interest Rate
Article 11 paragraph (3)	The refund of tax overpayment is performed in 1 (one) month after the application.	0.54%
Article 17B paragraph (3)	Notice of Overpayment Assessment ( <i>Surat Ketetapan Pajak Lebih Bayar/SKPLB</i> ) is issued late after the 1 month period expires.	
Article 17B paragraph (4)	SKPLB is issued because the preliminary investigation of tax crime: <ol style="list-style-type: none"> <li>does not proceed with the investigation,</li> <li>proceeds with the investigation but there is no prosecution of tax crime, or</li> <li>proceeds with the investigation and prosecution of the tax crime but it is acquitted.</li> </ol>	
Article 27B paragraph (4)	The refund of tax overpayment on the filing of objections, requests for appeal, or requests for case review that are granted partially or in full.	

Source: Job Creation Law and MoF Decree 30/2021.

## Guidelines for Certificates of Domicile Reviews for Non-Resident Taxpayers

### Meet Our Experts



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The Director General of Taxes issues guidelines for the implementation of Certificates of Domicile (*Surat Keterangan Domisili/SKD*) reviews for non-resident taxpayers (*Wajib Pajak Luar Negeri/WPLN*). These

guidelines are outlined in Circular No. SE-35/PJ/2021 concerning Guidelines for the Implementation of Reviews on Certificates of Domicile of Non-Resident Taxpayers in Audits, Objections, and Reduction or Cancellation of Notices of Tax Assessment ([SE-35/2021](#)).

Prior to the issuance of this regulation, no review procedure for SKD WPLN was available in resolving SKD WPLN-related disputes. As such, this circular is intended to provide guidance and uniformity in the implementation of SKD WPLN reviews during the audits, objections, and reduction or cancellation of notices of tax assessment (*Surat Ketetapan Pajak/SKP*).

SE-35/2021 outlines two matters, i.e. formal review guidelines and materials pertaining to SKD WPLN during audits, objections, and reduction or cancellation of SKP.

Under this regulation, tax auditors and/or tax objection reviewers may conduct reviews on the fulfillment of formal provisions on SKD WPLN. Several formal provisions on SKD WPLN are to be taken into account throughout the review.

*First*, using the SKD WPLN format. *Second*, filled out correctly, completely, and clearly. *Third*, signed or given a sign equivalent to a signature by WPLN according to the prevalence in the Tax Treaty (*Persetujuan Penghindaran Pajak Berganda/P3B*) partner country or jurisdiction.

*Fourth*, ratified by a signature or given a sign equivalent to a signature by a competent authority according to the prevalence in the Tax Treaty partner country or jurisdiction. The ratification may be performed in the form of an electronic signature insofar as it is prevalent in the Tax Treaty partner country or jurisdiction.

*Fifth*, it is used according to the period stated in SKD WPLN. *Sixth*, there is a statement by WPLN that the Tax Treaty has not been abused. *Seventh*, there is a

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statement that the WPLN is the beneficial owner if so required in the Tax Treaty.

If SKD WPLN is received by the auditor in an audit or the tax objection reviewer in the objection process or the reduction or cancellation of SKP, said document may continue to be considered as the basis for the implementation of the provisions under the Tax Treaty insofar as the formal requirements are met.

In the event that SKD WPLN does not clearly state the validity period, WPLN through the tax withholder and/or collector can complete the submitted SKD WPLN. SKD WPLN is completed by providing additional explanation from the Competent Authority (CA) of the Tax Treaty partner country or jurisdiction concerning the validity period of SKD WPLN. In the absence of additional explanation, SKD WPLN is deemed not to meet the formal requirements.

The following two things are to be taken into account in the material review on SKD WPLN during audits, objections, and reduction or cancellation of SKP. *First*, there is no misuse of P3B. *Second*, the requirement as a beneficial owner is met if so required in the Tax Treaty. These two aspects are reviewed based on the Director General of Taxes Regulation stipulating the procedures for Tax Treaty implementation.

In the final section, this regulation urges that with the issuance of this circular, all work units within the Directorate General of Taxes are requested to supervise the implementation of this circular in their respective working areas. SE-35/2021 was enacted on 31 May 2021.

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