

# OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW



## ABOUT DDTC

DDTC is a research, technology, and knowledge based taxation institution and a center of a number of taxation activities units with high standards that serve as main references in the field of taxation.

Our firm consists of consultation services (DDTC Consulting), a center for review and research (DDTC Fiscal Research), taxation journals (DDTC Working Paper), a training center (DDTC Academy), a provider of tax law documents (Perpajakan.id), a library (DDTC Library), and taxation news portal (DDTC News).

## 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.

## Contents

- **Observing the New Policies in the Harmonization of Tax Regulations Law**
- **Implementing Regulation on Mutual Agreement Procedure**
- **Implementing Regulation on the Governance of Tax Application Service Providers**
- **Inclusion of Single Identity Numbers and/or Tax Identification Numbers in Public Services**
- **Provisions on the Procurement, Management, and Sale of Stamp Duties**
- **Other Recent Taxation Regulations**

## Table of Contents

<b>Observing the New Policies in the Harmonization of Tax Regulations Law</b>	<b>3</b>
<b>Implementing Regulation on Mutual Agreement Procedure</b>	<b>10</b>
<b>Implementing Regulation on the Governance of Tax Application Service Providers</b>	<b>13</b>
<b>Inclusion of Single Identity Numbers and/or Tax Identification Numbers in Public Services</b>	<b>15</b>
<b>Provisions on the Procurement, Management, and Sale of Stamp Duties</b>	<b>16</b>
<b>October 2021 Interest Penalties and Compensation Interest Rates</b>	<b>19</b>
<b>New Guidelines for the Use of Stamp Duties</b>	<b>21</b>
<b>Imposition of Import Duty Tariffs on Imported Goods between Indonesia and EFTA States</b>	<b>23</b>

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

### Observing the New Policies in the Harmonization of Tax Regulations Law

#### Meet Our Experts



**Denny Vissaro, S.E., M.S.E., M.A., ADIT**  
Manager of DDTC Fiscal Research  
[denny@ddtc.co.id](mailto:denny@ddtc.co.id)



**Awwaliatul Mukarromah, S.JA, BKP**  
Assistant Manager of DDTC Fiscal Research  
[awwa@ddtc.co.id](mailto:awwa@ddtc.co.id)

**Denny Vissaro** is the Manager at DDTC Fiscal Research. His research coverage consists of fiscal policy, international taxation, tax administration, public finance and fiscal decentralization. Most of his research projects are related to the works of Directorate General of Taxes and Fiscal Policy Agency. He is also responsible as the Chief Editor for the Indonesia Taxation Quarterly Report. He holds a Master's degree in Economics of Development from Erasmus Universiteit Rotterdam. In 2017, he was appointed as a national reporter and speaker at Rust Conference, in Austria. Additionally, he holds an Advanced Diploma in International Taxation (ADIT) from the Chartered Institute of Taxation, United Kingdom.

**Awwaliatul Mukarromah** is an Assistant Manager at DDTC. She is the former editor of DDTCNews and also the former Editor-in-Chief of InsideTax semi journal magazine in 2016. She has attended several internal seminars and courses, including "Multilateral Instrument Under BEPS," held by Foundation for International Taxation (FIT) in Mumbai, India in 2017, "Global E-Commerce Conference," held by World Customs Organization in Beijing, China in 2018, and "Global Tax: Driving the Future," held by Harvard Kennedy School & Irish Tax Institute in Dublin, Ireland in 2019. The Licensed Tax Consultant is Certified B of Indonesian Tax Consultant Examination and certified in Principles of International Taxation and Transfer Pricing from the Chartered Institute of Taxation, United Kingdom.

The Harmonization of Tax Regulations (*Harmonisasi Peraturan Perpajakan/HPP*) Law (*Rancangan Undang-Undang/RUU*) has been officially ratified by the House of Representatives (*Dewan Perwakilan Rakyat/DPR*) into law. Consisting of 228 pages, the HPP Law covers 9 chapters and 19 articles. The law revises 6 tax laws, namely the General Provisions and Tax Procedures (KUP) Law, the Income Tax Law, the Value Added Tax Law (VAT) (*Pajak Pertambahan Nilai/PPN*) and Sales Tax on Luxury Goods (STLGs) (*Pajak Penjualan atas Barang Mewah/PPnBM*), the Excise Law, the State Financial Policy and Financial System Stability to Control Corona Virus Disease 2019 (Covid-19) Pandemic and/or in Response to Dangerous Threats to the National Economy and/or the Stability of the Financial System, and the Job Creation Law. Below is the detailed description.

#### (i) General Provisions and Tax Procedures Law

Article 2 of the HPP Law contains changes to several provisions under Law No. 6 of 1983 concerning General Provisions and Tax Procedures as amended by Law No. 11 of 2020 concerning Job Creation (*Ketentuan Umum dan Tata Cara Perpajakan/KUP* Law). Through the HPP Law, the government revises and adds a number of provisions in the KUP Law.

The amended provisions are found in a number of articles, including Article 2, Article 8, Article 13, Article 14, Article 25, Article 27, Article 32, Article 34, Article 40, Article 43A, Article 44, and Article 44A. Moreover, the government adds a number of new articles, including Article 20A, Article 27C, Article 32A, Article 44C, Article 44D, and Article 44E. Important and significant points of changes of the KUP Law in the HPP Law are as follows:

*First*, the use of Single Identity Number (*Nomor Induk Kependudukan/NIK*) as the Taxpayer Identification Number (TIN) (*Nomor Pokok Wajib Pajak/NPWP*) of Indonesian individual residents. This provision is stated in Article 2 paragraph (1a) of the KUP Law as amended by HPP Law. Article 2 paragraph (1a) constitutes a new paragraph that did not exist in the former provisions. With respect to the use of NIK as individual TINs, the government has also added Article 2 paragraph (10) which stipulates the integration of the population database with the tax administration system.

*Second*, changes in administrative penalties on taxpayers related to Article 13 paragraph (3) of the KUP Law. In further detail, the penalties are imposed on three things: (i) not filing tax returns (*Surat Pemberitahuan/SPT*) despite having received a warning letter (Article 13 paragraph (1) subparagraph b); (ii) VAT or STLGs that should not be carried forward or should not be 0% (Article 13 paragraph (1) subparagraph c); (iii) not maintaining bookkeeping or not fulfilling obligations during audits (Article 13 paragraph (1) subparagraph d). Changes in the amount of penalties related to Article 13 paragraph (3) are indicated in Table 1.

*Third*, the additional provisions on intercountry cooperation in tax collection. These additional provisions are outlined in Article 20A. The new article authorizes the Minister of Finance to cooperate in the implementation of assistance in tax collection with partner countries or jurisdictions. Assistance in tax collection is implemented by the Director General of Taxes. In this case, the Director

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

**Table 1 Changes in the Amount of Penalties in Article 13 paragraph (3) of the KUP Law under the HPP Law**

Description	KUP Law	HPP Law
Underpaid Income Taxes	A surcharge of 50%	Monthly interest amounting to the reference rate + 20% uplift factor (a maximum of 24 months)
Insufficiently Withheld Income Taxes	A surcharge of 100%	Monthly interest amounting to the reference rate + 20% uplift factor (a maximum of 24 months)
Withheld Income Taxes but Not or Insufficiently Remitted	A surcharge of 100%	A surcharge of 75%
Underpaid VAT and STLGs	A surcharge of 100%	A surcharge of 75%

Source: General Provisions and Tax Procedures Law and HPP Law

General of Taxes may provide assistance in tax collection and request assistance in tax collection from partner countries or jurisdictions.

*Fourth*, changes in the amount of penalties following legal remedies but the objection or court decision confirms the DGT's assessments under Article 25 and Article 27 of the KUP Law. Changes in the amount of penalties pertain to objections and appeals submitted by taxpayers that are rejected or partially granted as well as judicial review decisions resulting in increased tax payable. Details of the changes in the amount of penalties are indicated in Table 2.

**Table 2 Changes in the Amount of Penalties in Article 25 and 27 of the KUP Law under the HPP Law**

Description	KUP Law	HPP Law
Partially or Wholly Granted Objections	50%	30%
Rejected or Partially Granted Appeals	100%	60%
Judicial Review Decisions Resulting in Increased Tax Payable	100%	60%

Source: General Provisions and Tax Procedures Law and HPP Law

*Fifth*, additional provisions related to Mutual Agreement Procedure (MAP). These provisions are outlined under Article 27C. The new article stipulates the parties that may apply for MAP. This

article also stipulates that MAP may be applied for in conjunction with an objection or appeal.

*Sixth*, provisions related to parties that may serve as taxpayers' power of attorneys. The HPP Law amends the provisions under Article 32 paragraph (3a) which currently requires power of attorneys appointed by taxpayers to have certain competencies in taxation aspects. Th certain competency requirements, however, do not apply if the taxpayers' power of attorney is their husband, wife, or family related by blood or marriage up to the second degree of lineage.

*Seventh*, the appointment of other parties as tax withholding agents. The government also adds Article 32A which authorizes the Minister of Finance to appoint other parties to withhold, collect, remit, and/or file taxes as per statutory provisions. The other parties are those that are directly involved or facilitate transactions between the transacting parties.

*Eighth*, changes related to the provisions on the termination of criminal investigations in the taxation sector for the sake of state recovery in Article 44B paragraph (2). In further detail, changes in the amount of the penalties are indicated in Table 3.

**Table 3 Changes in Penalties in Article 44B of the KUP Law under the HPP Law**

Actions	KUP Law	HPP Law
Tax crime due to negligence (Article 38)	Paying the tax assessment plus a fine of 3 times the amount of underpaid taxes	Paying tax assessment plus a fine of 1 time the amount of underpaid taxes
Tax crime due to deliberations (Article 39)	Paying the tax assessment plus a fine of 3 times the amount of underpaid taxes	Paying the tax assessment plus a penalty of 3 times the amount of underpaid taxes
Tax crime of producing fictitious tax invoices or withholding slip (Article 39A)	Paying the tax assessment plus a fine of 3 times the amount of underpaid taxes	Paying the tax assessment plus a penalty of 4 times the amount of underpaid taxes

Source: General Provisions and Tax Procedures Law and HPP Law

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

### (ii) Income Tax Law

Article 3 of the Harmonization of Tax Regulations (*Harmonisasi Peraturan Perpajakan/HPP*) Law contains amendments to several provisions under Law No. 7 of 1983 concerning Income Tax as amended by Law No. 11 of 2020 concerning Job Creation (Income Tax Law). Amended articles of the Income Tax Law in the HPP Law include, among others, Article 4 concerning taxable objects, Article 6 concerning deductible expenses of gross income, Article 7 concerning the stipulation of personal allowance (*Penghasilan Tidak Kena Pajak/PTKP*), Article 9 concerning non-deductible expenses of gross income.

Article 11 concerning provisions on depreciation, Article 11A concerning provisions on amortization, Article 17 concerning income tax rates, Article 18 concerning affiliations, Article 32A concerning international agreements have been amended and Article 32C has been added. In further detail, Article 3 of the HPP Law also revises provisions under Article 4 paragraph (1), paragraph (1a), paragraph (2), paragraph (3), and deletes paragraph (1d) of the Income Tax Law. Under Article 4 paragraph (1) subparagraph e of the Income Tax Law, refunds of tax payments that have been charged as expenses and additional payments of tax refunds constitute income objects.

With respect to Article 4 paragraph (1a) of the Income Tax Law, the provision that foreign citizens (*Warga Negara Asing/WNA*) who have become resident taxpayers (*Wajib Pajak Dalam Negeri*) are subject to income tax only on income received or accrued from Indonesia has been revised. The amended provisions include the requirement of foreign citizens having certain skills as stipulated by statutory provisions.

Article 3 of the HPP Law also revises Article 4 paragraph (2) of the Income Tax Law concerning interests or discounts on short-term securities traded on the money market and business income received or accrued by taxpayers with a certain gross turnover including certain other income. Both now constitute taxable objects of the final tax.

In addition, Article 3 of the HPP Law revises the provisions concerning benefits in kind under Article 4 paragraph (3), Article 6 paragraph (1) subparagraph n, and deletes Article 9 paragraph (1) subparagraph e of the Income Tax Law. The prominent point of the amendments is that benefits

in kind provided to employees may be charged as an expense by the employer and constitute income for employees. Certain benefits in kinds do not constitute income for recipients, namely the provision of food/beverages for all employees, benefits in kind in certain regions, benefits in kind due to work requirements, benefits in kind sourced from the State Budget (*Anggaran Penerimaan dan Belanja Negara/APBN*)/Local Budget (*Anggaran Penerimaan dan Belanja Daerah/APBD*), or benefits in kinds of certain types and thresholds.

Next, Article 7 paragraph (1) of the Income Tax Law concerning the amount of PTKP has also been revised. PTKP stipulated under Article 3 of the HPP Law amounts to a minimum of IDR54,000,000 for individual taxpayers and an additional IDR4,500,000 is given for married taxpayers and another additional IDR4,500,000 for each dependent of a maximum of 3 people. With respect to PTKP, there is also an additional amount of IDR54,000,000 for a wife whose income is combined with that of her husband. In addition, under Article 3 of the HPP Law, an additional paragraph is inserted in Article 7, namely paragraph (2a). The paragraph stipulates that individual entrepreneurs calculating income tax with a final rate of 0.5% with an annual gross turnover of up to IDR500 million are not subject to income tax.

Further, Article 3 of the HPP Law adds an additional paragraph to Article 11 of the Income Tax Law, namely paragraph (6a). The paragraph stipulates that the depreciation for permanent buildings with a useful life of more than 20 years shall comply with the useful life stipulated under Article 11 paragraph (6) or the actual useful life based on the taxpayer's bookkeeping. A similar paragraph is also added to Article 11A of the Income Tax Law, namely paragraph (2a). The paragraph stipulates that the amortization of intangible assets with a useful life of more than 20 years shall comply with the useful life stipulated under Article 11A paragraph (2) or the actual useful life based on the taxpayer's bookkeeping.

Article 3 of the HPP Law also revises Article 17 paragraph (1) subparagraph a of the Income Tax Law, namely the increase in personal income tax rates and brackets and changes in the income range in the first bracket. The personal income tax brackets stipulated under Article 3 of the HPP Law are indicated in Table 4.

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

**Table 4 Taxable Income Brackets and Respective Tax Rates**

Taxable Income Brackets	Tax Rates
Income of 0 – IDR60,000,000	5%
Income of >IDR60,000,000 – IDR250,000,000	15%
Income of >IDR250,000,000 – IDR500,000,000	25%
Income of >IDR500,000,000 – IDR5,000,000,000	30%
Income of >IDR5,000,000,000	35%

Source: HPP Law

Further, the corporate income tax rate under Article 17 paragraph (1) subparagraph b of the Income Tax Law changes to 22% starting in 2022. Article 17 paragraph (2b) of the Income Tax Law is also subject to changes in that resident taxpayers in the form of public companies, having a minimum of 40% paid-up shares traded on the Indonesian stock exchange and meeting certain requirements are eligible for a 3% lower rate than the statutory corporate income tax rate.

Moreover, Article 3 of the HPP Law amends Article 18 paragraph (1), deletes Article 18 paragraph (3e), and revises and adds an elucidation of Article 18. An important point of change in Article 18 pertains to the determination of the amount of borrowing costs by the Minister of Finance, for which the method is currently not limited to the determination of debt-to-equity ratio.

On another note, Article 32A of the Income Tax Law is also revised as outlined under Article 3 of the HPP Law. The article now stipulates the government's authority to establish and/or implement treaties and/or agreements in the field of taxation with the governments of partner countries or jurisdictions, both bilaterally and multilaterally in the context of avoiding double taxation and preventing tax evasion, preventing base erosion and profit shifting, exchange of tax information, assistance in tax collection, and other tax cooperation.

The final income-tax-related amendment in Article 3 of the HPP Law is the additional Article 32C of the Income Tax Law concerning the delegation of authority. This article regulates changes to the Income Tax Law related to the HPP Law and other amendment provisions will be further stipulated with or based on government regulations.

### (iii) VAT Law

Article 4 of the HPP Law contains changes to several provisions under Law No. 8 of 1983 concerning Value Added Tax on Goods and Services and Sales Tax on Luxury Goods as amended by Law No. 11 of

2020 concerning Job Creation (VAT Law). Through the HPP Law, the government revises, deletes, and adds a number of provisions in the VAT Law.

Amended articles of the VAT Law in the Job Creation Law include Article 4A, Article 7, Article 8A, Article 9, and Article 16B. In addition, additional provisions have been added to Article 8A paragraph (3), Article 9A and Article 16G. Additionally, the HPP Law also deletes several provisions in the VAT Law including Article 8A paragraph (2), Article 9 paragraph (4d), paragraph (7), paragraph (7a), paragraph (7b), paragraph (8) subparagraph c, and paragraph (13). Details of the changes are as follows.

Important changes in Article 4A paragraphs (2) and (3) pertain to the elimination of groups of goods and services not subject to VAT. In this regard, the HPP Law expands the taxable objects of VAT. Two types of goods are no longer included as objects that are not subject to VAT, namely goods from mining or drilling which are extracted directly from the source, excluding coal mining products and basic necessities that are highly essential for the people.

In addition, several types of services may now be subject to VAT. These services include medical health services, social services, postage services with stamps, financial services, insurance services, educational services, non-advertising broadcasting services, public land and water transportation services, as well as domestic air transportation services constituting an integral part of overseas air transportation services, labour services, coin-operated public telephone services, and money transfer services using postal money orders.

Next, Article 7 paragraph (1) of the VAT Law as amended in Article 4 of the HPP Law revises the VAT rate in stages. The VAT rate increases from 10% to 11% effective as of 1 April 2022 and subsequently increases to 12% taking effect no later than 1 January 2025.

Article 8A paragraph (2) of the VAT Law is deleted in Article 4 of the HPP Law and Article 8A paragraph (3) of the VAT Law is added. Article 8A paragraph (3) of the VAT Law in Article 4 of the HPP Law stipulates that input VAT on acquisitions of taxable goods (*Barang Kena Pajak/BKP*) and/or taxable services (*Jasa Kena Pajak/JKP*), imports of BKP, as well as utilization of intangible BKP and/or utilization of JKP from outside customs area within the customs area whose tax bases (*Dasar Pengenaan Pajak/DPP*) using other values, is creditable.

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

Additionally, Article 4 of the HPP Law substantially revises the formulation of Article 9 of the VAT Law. Article 9 paragraphs (5) and (6) restate the amount of creditable input VAT. Changes may also be found in Article 9 paragraph (8) subparagraphs f and g only in terms of the sentence phrases. On another note, the HPP Law deletes several provisions under the VAT Law, including Article 9 paragraph (4d), paragraph (7), paragraph (7a), paragraph (7b), paragraph (8) subparagraph c, and paragraph (13). Changes are also found in the elucidation of Article 9 paragraph (4). Changes in the elucidation of Article 9 paragraph (4) pertain to the sample calculation of input VAT overpayments that are carried forward to the next taxable period.

Next, Article 9A of the VAT Law has also been added to Article 4 of the HPP Law. The article stipulates that Taxable Persons for VAT Purposes (*Pengusaha Kena Pajak/ PKP*) may collect and remit VAT payable on supplies of BKP and/or JKP of a certain amount. This applies if the PKP's business turnover in one accounting year does not exceed a certain amount, conducts certain businesses, and/or supplies certain BKP and/or certain JKP. Input VAT on acquisitions of BKP and/or JKP, imports of BKP, as well as utilization of intangible BKP and/or utilization of JKP from outside the customs area within the customs area related to supplies by PKP cannot be credited.

Article 4 of the HPP Law also adds Article 16B paragraph (1a). Article 16B paragraph (1a) of the VAT Law, in essence, stipulates that tax payable shall not be collected in whole or in part or exempt from tax either temporarily or permanently, limited to certain purposes.

Furthermore, Article 16B paragraph (2) of the VAT Law is also amended in Article 4 of the HPP Law which stipulates that input VAT paid on acquisitions of BKP and/or JKP, imports of BKP, utilization of intangible BKP from outside the customs area within the customs area and/or the utilization of JKP from outside the customs area within the customs area on whose supplies VAT is not collected, is creditable.

The final VAT-related changes may be found in Article 16B paragraph (3) of the VAT Law under Article 4 of the HPP Law. The article states that acquisitions of BKP and/or JKP, imports of BKP, utilization of intangible BKP from outside the customs area within the customs area, and/or utilization of JKP from outside the customs area within the customs area whose supplies are exempt from VAT cannot be credited.

### (iv) Taxpayer Voluntary Disclosure Program

Provisions related to taxpayer voluntary disclosure programs are stipulated under Article 5 to Article 12 of the HPP Law. The voluntary disclosure program, scheduled to run from 1 January to 30 June 2022, is divided into two schemes. The first scheme applies to taxpayers who have participated in the tax amnesty. As per Article 5 paragraph (1) of the HPP Law, taxpayers may declare net assets that have not been or insufficiently declared in a statement letter insofar as the Director General of Taxes has not found data and/or information regarding the assets in question.

Net assets refer to the difference between the value of assets minus the value of debt. Next, the statement letter refers to a letter used by the taxpayer to disclose assets, debts, net assets value, as well as the calculation and payment of the redemption money. The assets referred to in Article 5 paragraph (1), on the other hand, refer to assets accrued by taxpayers from 1 January 1985 to 31 December 2015.

Net assets are considered additional income and subject to final income tax. The final income tax is calculated by multiplying the rate by the tax base (*Dasar Pengenaan Pajak/ DPP*). DPP is determined based on the amount of net assets that have not been or insufficiently declared in the statement letter.

There are five groups of rates with respect to taxpayer voluntary disclosure. *First*, a 6% rate on net assets located within Indonesia, provided that they are invested in businesses in the natural resource (*Sumber Daya Alam/ SDA*) processing sector or renewable energy sector within the territory of the Unitary State of the Republic of Indonesia (*Negara Kesatuan Republik Indonesia/ NKRI*) and/or state securities (*Surat Berharga Negara/ SBN*).

*Second*, an 8% rate on net assets located within NKRI and not invested in businesses in the SDA processing sector or renewable energy sector within the territory of NKRI and/or SBN. *Third*, a 6% rate on net assets outside NKRI, provided that they are transferred to the territory of NKRI and invested. The investment platform remains the same, namely businesses in the SDA processing sector or renewable energy sector within the territory of NKRI and/or SBN.

*Fourth*, an 8% rate on net assets outside NKRI provided that they are transferred into NKRI and not invested in businesses in the SDA processing sector or renewable energy sector within NKRI

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

and/or SBN. *Fifth*, an 11% rate on net assets outside NKRI that are not transferred into NKRI. The value of assets used as the reference in calculating the amount of net assets is determined based on the following five things:

- a. nominal value of assets in the form of cash or cash equivalents;
- b. the values determined by the government, namely the sales value of taxable objects (*Nilai Jual Objek Pajak/NJOP*) for land and/or buildings and the sales value of motor vehicles (*Nilai Jual Kendaraan Bermotor/NJKP*) for motor vehicles;
- c. the values published by PT Aneka Tambang Tbk for gold and silver;
- d. the values published by the Indonesia Stock Exchange (*PT Bursa Efek Indonesia*) for shares and warrants traded on the Indonesia Stock Exchange; and/or
- e. the values published by Indonesia Bond Pricing Agency (*PT Penilai Harga Efek Indonesia*) for state securities and debt securities and/or sharia bonds (*sukuk*) issued by companies.

In the event that no value can be used as a reference, the values of assets are determined based on the values based on assessments results by a public appraiser office.

Taxpayers disclose their net assets through an asset declaration letter and submit it to the Director General of Taxes from 1 January 2022 to 30 June 2022. Taxpayers must declare transfers of net assets into Indonesian territory no later than 30 September 2022. Taxpayers investing their net assets in businesses in the SDA processing sector or renewable energy sector within the territory of Indonesia and/or SBN, on the other hand, must perform the declaration no later than 30 September 2023. Net assets must be invested for a minimum of five years from the time of investment.

In the event that net assets are not invested in accordance with the stipulated period, the portion of net assets that does not fulfill these provisions shall be treated as final income in the 2022 tax year and is subject to additional final income tax.

Additionally, the second scheme applies to individual taxpayers that have not filed net assets in the Annual Income Tax Return. Individual taxpayers may declare net assets accrued from 1 January 2016 to 31 December 2020, still held as of 31 December 2020, and not yet filed in the Annual Personal

Income Tax Return for the tax year to the Director General of Taxes.

Such net assets are considered as additional income received or accrued by individual taxpayers in the 2020 tax year. The additional income is subject to final income tax. The final income tax is calculated by multiplying the rate by the DPP. The rates are divided into five groups.

*First*, a 12% rate on net assets located within the territory of Indonesia provided that they are invested in businesses in the SDA processing sector or renewable energy sector within the territory of Indonesia and/or SBN. *Second*, 14% of net assets located within the territory of Indonesia and not invested in businesses in the SDA processing sector or renewable energy sector within the territory of Indonesia and/or SBN.

*Third*, 12% of net assets located outside the territory of Indonesia, provided that they are transferred to the territory of Indonesia and invested in businesses in the SDA processing sector or renewable energy sector within the territory of Indonesia and/or SBN. *Fourth*, 14% of net assets located outside the territory of Indonesia provided that they are transferred to the territory of Indonesia and not invested in businesses in the SDA processing sector or renewable energy sector within the territory of Indonesia and/or SBN.

*Fifth*, 18% of net assets that are outside the territory of Indonesia and are not transferred to the territory of Indonesia. Individual taxpayers who may declare their net assets must fulfill the following five conditions:

- a. not currently under an audit for the 2016 tax year, 2017 tax year, 2018, tax year, 2019 tax year, and/or 2020 tax year;
- b. not currently under any preliminary investigation for the 2016 tax year, 2017 tax year, 2018, tax year, 2019 tax year, and/or 2020 tax year;
- c. not currently under any criminal investigation in the field of taxation;
- d. not currently under any judicial process for criminal offences in the field of taxation; and/or
- e. not currently serving a criminal sentence for a crime in the field of taxation.

DPP is determined based on the amount of net assets that have not been or insufficiently filed in

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

the personal income tax return for the 2020 tax year. The value of the assets used as a reference in calculating the amount of net assets is determined based on the nominal value of assets in the form of cash or cash equivalent or the acquisition price for assets other than cash or cash equivalent. Individual taxpayers declare their net assets through asset declaration tax returns and submit them to the Director General of Taxes from 1 January 2022 to 30 June 2022.

Taxpayers filing tax returns of asset declaration must fulfill four requirements. These requirements include having a taxpayer identification number (*Nomor Pokok Wajib Pajak/NPWP*), paying final income tax, and filing income tax returns for the 2020 tax year. In addition, other conditions to be fulfilled include revocation of the application for tax refunds, reduction or abolition of administrative penalties, reduction or cancellation of incorrect notices of tax assessment; reduction or cancellation of incorrect notices of tax collection, objections, corrections, appeals, lawsuits, and/or judicial reviews.

Individual taxpayers must declare transfers of net assets to the territory of Indonesia no later than 30 September 2022. On the other hand, individual taxpayers declaring investments of net assets in businesses in the SDA processing sector or renewable energy sector within the territory of Indonesia and/or SBN, must invest their net assets no later than 30 September 2023.

Net assets must be invested for a minimum of five years from the time of investment. In the event that a taxpayer does not fulfill the deadline for the transfers or investment of net assets, the portion of net assets that does not fulfill these provisions shall be treated as final income in 2022 and subject to additional final income tax.

### (v) Carbon Tax

Article 13 of the HPP Law stipulates the imposition of a carbon tax. The carbon tax is imposed on carbon emissions rendering negative impacts on the environment. The imposition of carbon tax takes into account the carbon tax roadmap and/or the carbon market roadmap. The carbon tax roadmap contains strategies for reducing carbon emissions, priority sector targets, alignment with the establishment of new and renewable energy; and/or alignment with various other policies. The carbon roadmap policy

is set by the government subject to the approval of the House of Representatives (*Dewan Perwakilan Rakyat/DPR*).

Carbon tax subjects include individuals or entities that purchase goods containing carbon and/or carry out activities producing carbon emissions. The carbon tax is payable on the purchase of goods containing carbon or activities producing a certain amount of carbon emissions within a certain period. Further, when the carbon tax becomes payable is determined based on the following three things alternatively. *First*, upon the purchase of carbon-containing goods. *Second*, at the end of the calendar year of activities that produce a certain amount of carbon emissions. *Third*, other times as stipulated by or based on government regulations.

Moreover, the carbon tax rate is set to be higher than or equal to the carbon price in the carbon market per kilogram of carbon dioxide equivalent (CO<sub>2e</sub>) or its equivalent unit. In the event that the carbon price in the carbon market is lower than IDR30 per kilogram of carbon dioxide equivalent (CO<sub>2e</sub>) or equivalent unit, the carbon tax rate is set at a minimum of IDR30 per kilogram of carbon dioxide equivalent (CO<sub>2e</sub>) or equivalent unit.

Provisions on the determination of the carbon tax rate, changes in the carbon tax rate, and/or the tax base (*Dasar Pengenaan Pajak/DPP*) shall be stipulated by minister of finance regulations after consultation with the DPR. Provisions on the addition of taxable objects subject to carbon tax shall be stipulated by or based on government regulations after being submitted to the DPR for discussions.

Revenues from carbon tax may subsequently be allocated for climate change control. Taxpayers participating in the trade of carbon emissions, offsetting carbon emissions, and/or other mechanisms as per regulations in the environmental sector may be eligible for a reduction in the carbon tax and/or other treatment for fulfilling their carbon tax obligations. The exercise of tax rights and fulfillment of tax obligations related to carbon tax shall be carried out as per statutory provisions in general provisions and tax procedures.

### (vi) Excise

Article 14 of the HPP Law contains changes to several provisions under Law No. 11 of 1995 concerning Excise as amended by Law No. 39 of

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

2007 concerning Amendments to Law No. 11 of 1995 concerning Excise (Excise Law). Amended articles of the Excise Law under the HPP Law include Article 4 concerning excise objects and Article 64 concerning the termination of investigations. Article 40B concerning the authority to verify has also been added.

An important change is found in Article 4 paragraph (1) subparagraph c of the Excise Law under Article 14 of the HPP Law which stipulates that electronic cigarettes are included in tobacco products constituting goods subject to excise (*Barang Kena Cukai/BKC*). On another note, Article 4 paragraph (2) of the Excise Law states that the addition or reduction of BKC shall be stipulated through agovernment regulations after being submitted to the DPR to be discussed and agreed upon in the preparation of the draft state budget (*Rancangan Anggaran Pendapatan dan Belanja Negara/RAPBN*).

Moreover, Article 14 of the HPP Law adds a new article to the Excise Law, namely Article 40B concerning the authority to verify by customs and excise officials on alleged violations in the excise sector. In the event that verification results of an alleged violation indicate an administrative violation in the excise sector, it shall be resolved administratively as per the provisions in the excise sector.

Verification results may not be investigated in the event of alleged violations in licensing, release of BKC, unpackaged BKC, BKC originating from criminal offences, and the purchase and sales of banderoles and the taxpayer must pay an administrative penalty in the form of a fine amounting to three times the excise value that should otherwise be paid. BKC related to alleged violations that are not investigated may be deemed as state property. With Article 40B, the principle of imposing criminal penalties as the last resort (*ultimum remedium*) applies in the event of criminal violations related to licensing, release of BKC, unpackaged BKC, BKC originating from criminal offences, and the purchase and sales of banderoles.

Further, Article 14 of the HPP Law also revises the provisions under Article 64 of the Excise Law. The important points of change are found in Article 64 paragraph (1) and paragraph (2). Article 64 paragraph (1) contains additional points regarding legal certainty for the period of termination of criminal investigations in the field of excise, which is no later than six months from the date of the request letter. In addition, Article 64 paragraph (2)

provides for administrative penalties in the form of a fine of four times the excise value that should otherwise be paid during the investigation.

## Implementing Regulation on Mutual Agreement Procedure

### Meet Our Experts



**Yusuf Wangko Ngantung, LL.B., LL.M Int. Tax., ADIT, BKP**  
Associate Partner of Transfer Pricing Services  
[yusuf@ddtc.co.id](mailto:yusuf@ddtc.co.id)



**Veronica Kusumawardani, S.Sos., M.Ak., BKP**  
Manager of Transfer Pricing & International Tax Dispute Services  
[veronica@ddtc.co.id](mailto:veronica@ddtc.co.id)

**Yusuf Wangko Ngantung** is Associate Partner of Transfer Pricing Services at DDTC. He is an experienced practitioner involved in international tax, disputes resolution and transfer pricing projects. Subsequently, he has also done some of clients' APA and MAP. He holds a Bachelor's degree in Tax Law from Universiteit Leiden, the Netherlands and a Master's degree in International Tax Law from Vienna University of Economics and Business Administration, Austria. The licensed Tax Attorney and Tax Consultant is also Certified B of Indonesian Tax Consultant Examination and holds an Advanced Diploma in International Taxation (ADIT) from Chartered Institute of Taxation, United Kingdom. He was conferred the WTS Tax Award for the best master thesis entitled "Tax Treaties and Developing Countries" in academic year 2013/2014 at Vienna University of Economics and Business Administration, Austria. He has been asked to speak in international events, such as the 22nd Annual International Wealth Transfer Practice Conference, in London and Rust Conference 2019 entitled "Controlled Foreign Company Legislation," held by Institute for Austrian and International Tax Law and Vienna University of Economics and Business, 4-6 July 2019, in Rust, Austria.

**Veronica Kusumawardani** is a Manager of Transfer Pricing Services at DDTC. She is an experienced practitioner with particular expertise in transfer pricing advisory, audit defense and litigation services for clients involved in palm oil, automotive, heavy equipment, consumer goods, pulp and paper, electronic, and mining industries. Other than holding a Bachelor's degree in Fiscal Administration and Master's degree in Magister Accounting from University of Indonesia, she is a Certified C of Indonesian Tax Consultant Examination and also holds a Certificate in Transfer Pricing from the Chartered Institute of Taxation, United Kingdom.

The Director General of Taxes has issued a new regulation concerning the implementation of Mutual Agreement Procedure (MAP). The provisions are outlined in the Director General of Taxes Circular No. SE-49/PJ/2021 concerning Technical Guidelines for the Implementation of Mutual Agreement Procedure ([SE-49/2021](#)).

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

SE-49/2021 constitutes an implementing regulation of the Minister of Finance Regulation No. 49/PMK.03/2019 concerning Procedures for the Implementation of Mutual Agreement Procedure ([MoF Reg. 49/2019](#)) and Director General of Taxes Regulation No. PER-16/PJ/2020 concerning the Processing of Requests for the Implementation of Mutual Agreement Procedure and the Implementation of Mutual Agreement Procedure ([PER-16/2020](#)).

This regulation has been issued to provide guidelines for the Directorate General of Taxes (DGT) in following up on requests for MAP implementation and establishing proper and timely MAP management. This policy has been effective as of 10 September 2021.

Five important points are outlined under SE-49/2021. **First, procedures for the receipt of requests for MAP implementation, proposals for requests for MAP implementation, revocation of requests for MAP implementation, and proposals for the renewal of requests for MAP implementation.**

Based on SE-49/2021, procedures for the receipt of MAP requests may be submitted by resident taxpayers (*Wajib Pajak Dalam Negeri/WPDN*), Indonesian citizens (*Warga Negara Indonesia/WNI*), and the competent authority of Tax Treaty (*Perjanjian Penghindaran Pajak Berganda/P3B*) partners. MAP requests may be submitted by WPDN in the event of tax treatment by the tax authorities of P3B partners that does not comply with the provisions of P3B.

On another note, requests for MAP implementation by WPDN may also be submitted in the event that tax treatment by the Director General of Taxes does not comply with the provisions of P3B. Requests for MAP implementation shall be submitted to the Director General of Taxes through the Tax Office (*Kantor Pelayanan Pajak/KPP*) where the taxpayer is registered.

Further, requests for MAP implementation by WNI and the competent authority of P3B partners shall be submitted to the Director General of Taxes through the Director of International Taxation (*Perpajakan Internasional/PI*). Requests for MAP implementation submitted by WPDN and WNI may be submitted in person, by post with proof of postage, through a forwarder company or certain channels stipulated by the Director General of Taxes.

Specifically for requests for MAP implementation submitted by the competent authority of P3B partners, DGT stipulates two specific channels, namely electronic mail via [map@pajak.go.id](mailto:map@pajak.go.id) or facsimile. The e-mail may also be used as a means of correspondence with the competent authority of P3B partners. The date on which a request letter for MAP implementation submitted by WNI or the competent authority of P3B partners is received is the date the letter is received in the event that it is delivered in person or the date of letter delivery in the event that it is delivered by post, forwarder company, email, or facsimile.

Moreover, requests for MAP implementation submitted by WPDN, WNI, or the competent authority of P3B partners may be revoked. Requests for MAP implementation are revoked directly, by post, forwarder company, or certain channels stipulated by the Director General of Taxes. Specifically for the revocation of requests for MAP implementation submitted by the competent authority of P3B partners, the DGT stipulates two specific channels, namely electronic mail via [map@pajak.go.id](mailto:map@pajak.go.id) or facsimile.

Next, in the event a MAP negotiation has been conducted for a request for MAP implementation but has not yet resulted in a mutual agreement, the request for MAP implementation may be renewed. The request for MAP implementation may be renewed insofar as the requirements outlined in Article 3 paragraph (2) of PER-16/2020 are met.

Proposals related to the renewal of requests for MAP implementation are submitted by the competent authority of P3B partners in writing to the Director General of Taxes through the Director of International Taxation. The proposed renewal of requests for MAP implementation may be submitted in person, by post with proof of postage, or in other manners through a forwarder or courier service company with proof of postage or certain channels stipulated by the Director General of Taxes as per developments in information technology.

**Second, procedures for the verification on the fulfillment of requirements and conformity of the materials of requests for MAP implementation, the proposed requests for MAP implementation, and the proposed renewal of requests for MAP implementation.** In this case, the Director of International Taxation issues a letter of assignment for the MAP review team to conduct a MAP review. The tasks to be carried out by the MAP review team include:

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

- (i) verifying the fulfillment of requirements and the conformity of the materials of requests for MAP implementation, the proposed requests for MAP implementation, and the proposed renewal of requests for MAP implementation, and following up on the verification;
- (ii) compiling a MAP dispute matrix;
- (iii) establishing a draft negotiating position and/or scope of the agreement;
- (iv) holding discussions with the MAP discussion committee;
- (v) drafting the position paper and/or amendments thereto;
- (vi) following up on discussion results of the MAP discussion committee on the proposed renewal of requests for MAP implementation;
- (vii) verifying the fulfillment of requirements for the revocation of requests for MAP implementation and following up on verification results;
- (viii) preparing a notification letter for the termination of MAP implementation;
- (ix) preparing MAP review working papers, MAP review report, MAP implementation evaluation report, and other reports pertaining to MAP implementation;
- (x) preparing a written notification to the competent authority of P3B partners that the mutual agreement may or may not be implemented;
- (xi) preparing a Director General of Taxes decision letter concerning mutual agreement;
- (xii) archiving and administering copies of books, records, data, and information in connection with MAP implementation; and
- (xiii) compiling documentation of MAP implementation activities.

Based on the issued assignment letter, the MAP review team verifies the completeness of the requirements and conformity of the materials as outlined under MoF Reg. 49/2019 and PER-16/2020. Procedures for the verification of the fulfillment of requirements and conformity of the materials of requests for MAP implementation, the proposed requests for MAP implementation, and the proposed renewal of requests for MAP implementation are listed in [Appendix B](#).

**Third, procedures for the preparation of MAP negotiation.** Prior to the negotiation, the MAP

review team prepares the MAP dispute matrix. With respect to the preparation of the MAP dispute matrix, the MAP review team may request data, information, and/or documents from the KPP, DGT regional office, or other work units. In preparing the MAP negotiations, the MAP review team may carry out the following activities:

- (i) requesting information and/or evidence or information in the context of MAP negotiation;
- (ii) discussing and clarifying with functional tax auditors, account representatives, or other related parties within the DGT;
- (iii) discussing with the applicant, WPDN and/or other related parties;
- (iv) reviewing the fixed place of business of the applicant and/or related WPDN;
- (v) requesting an exchange of tax information with P3B partners; and
- (vi) requesting to perform audits for other purposes.

Based on the dispute matrix and review results in the context of preparing the MAP negotiation, the MAP review team prepares draft MAP review working papers and draft MAP review reports. Next, the MAP review team drafts the negotiating position and scope of the agreement. The draft negotiating position and scope of agreement are prepared based on the concepts of MAP review working papers and draft MAP review reports or amendments thereto.

**Fourth, procedures for the implementation of MAP negotiations.** In the context of implementing MAP negotiations, the Director General of Taxes establishes a delegation of MAP negotiators. The delegation of MAP negotiators is tasked with submitting the position paper to the competent authority of the P3B partners, holding discussions, conducting negotiations, making decisions on matters for which requests for MAP implementation are submitted, and compiling the minutes of MAP negotiations.

On another note, the delegation of MAP negotiators is also tasked with drafting a mutual agreement paper in the event that the MAP negotiation results in a mutual agreement and submitting written notification of the results of the MAP negotiation to the Director General of Taxes. In addition to their duties, the delegation of MAP negotiators is authorized to change the negotiating position, approve and sign the minutes of MAP negotiations,

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

approve and follow up on the mutual agreement paper, and agree on the temporary negotiating position.

**Fifth, procedures for the revocation of requests for MAP implementation, termination of MAP negotiations, and follow-up to the decision letter of mutual agreement.** In the event of revocation of requests for MAP implementation, the Director General of Taxes issues notification of revocation of requests for MAP implementation to the competent authority of P3B partners. Notification shall be given if the competent authority of P3B partners does not provide a written response within 8 months since the request for MAP implementation is submitted by the Director General of Taxes.

Upon the revocation of requests for MAP implementation, the MAP review team shall verify the fulfillment of the requirements for the revocation of requests for MAP implementation. Procedures for the revocation of requests for MAP implementation, termination of MAP negotiations, and follow-up to the decision letter of mutual agreement are outlined in [Appendix E](#) which constitutes an integral part of this regulation.

### Implementing Regulation on the Governance of Tax Application Service Providers

#### Meet Our Experts



**Gunawan, S.E.**  
Digital Transformation Lead  
[gunawan@ddtc.co.id](mailto:gunawan@ddtc.co.id)



**Davira R Chairunnisa, BComm, S.E.**  
Head of Growth, Digital Transformation  
[davira@ddtc.co.id](mailto:davira@ddtc.co.id)

**Gunawan** is the Leader of Digital Transformation at DDTC. Holding a Bachelor's degree in Accounting from the University of Indonesia, he has vast experience in assisting clients, both in domestic taxes and in transfer pricing study. He has attended a number of international courses and seminars, the most recent three of which include "Webinar: The business case for a tax engine," held by BrightTALK (by ITR; feat. Vertex and EY) in 2020, "Webinar: Opportunities with tax administration digitalisation in China," held by BrightTALK (by ITR feat. KPMG China) in 2021, and "Low Income Taxpayer Workshop: Representing Low Income and Small Business Taxpayers in the COVID-19 Economy," held by Center for Taxpayer Rights, the United States in 2021.

Moreover, he also holds a certificate in Transfer Pricing from the Chartered Institute of Taxation, United Kingdom.

**Davira Rizky Chairunnisa** is the Head of Growth currently responsible for DDTC digital product's growth and development. She was formerly part of the International Taxation and Transfer Pricing team, where she has been involved in tax advisory and transfer pricing dispute resolutions including tax audit, tax objection, tax appeal for clients in oil & gas, food & beverages, consumer electronics, agricultural & farm machinery. Holding a Bachelor's degree in Commerce from the University of Melbourne (First Class Honours) and a Bachelor's degree in Accounting from the University of Indonesia (Cum Laude), she is certified in Principles of International Taxation from the Chartered Institute of Taxation, the United Kingdom. She has also attended an international workshop entitled "Determining arm's length ranges during economic downturns: challenges and possible solutions," held by WU Transfer Pricing Center in 2020.

The Director General of Taxes has issued a new regulation on the procedures for the implementation of notifications, supervision, penalties, and deregistration of tax application service providers (*Penyedia Jasa Aplikasi Perpajakan/PJAP*). These provisions are outlined in Circular No. SE-48/PJ/2021 concerning Guidelines for the Implementation of the Obligation to Submit Notification, Supervision, Penalties, and Deregistration of Tax Application Service Providers ([SE-48/2021](#)).

SE-48/2021 constitutes an implementing regulation of the Director General Regulation No. PER-11/PJ/2019 as amended by Director General Regulation No. PER-10/PJ/2020 concerning Tax Application Service Providers ([PER-10/2020](#)). This regulation has been issued to improve the efficiency and effectiveness of PJAP governance. In general, four important points are stipulated under SE-48/2021.

**First, procedures for the processing of the notification obligation.** In this case, PJAP must notify the Director General of Taxes within 10 working days from the implementation of the following five activities:

- (i) cooperation in providing tax applications and/or supporting applications with other parties;
- (ii) termination of cooperation in providing tax applications and/or supporting applications with other parties;
- (iii) addition of services of providing supporting applications;
- (iv) termination of services of providing supporting applications; and/or
- (v) changes in the structure of management and/or share ownership.

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

**Second, procedures for supervision.** In this context, the Directorate of Information and Communication Technology (ICT) shall supervise the fulfillment of PJAP requirements. In the supervision process, the Directorate of ICT may coordinate with other directorates according to employee assignment requests. The supervision is carried out at least once a year within a maximum period of four months.

Supervision consists of two types, namely routine supervision and supervision for certain purposes. Routine supervision is carried out on all PJAP in the same period and notified using a notification letter of PJAP routine supervision. Supervision for certain purposes, on the other hand, is carried out for PJAP indicated of violating the requirements and/or violating the provisions on obligations and prohibitions of PJAP.

Supervision for certain purposes is carried out based on the information and/or recommendations from work units within the DGT and/or information from taxpayers or other parties. Further, based on the minutes of supervision, the Directorate of ICT prepares an official memorandum of recommendations for follow-up supervision.

**Third, procedures for penalties.** PJAP proven to have violated the fulfillment of requirements and/or obligations as well as prohibitions shall be subject to administrative penalties in the form of a warning, temporary suspension of some activities, temporary suspension of all activities, and/or deregistration of PJAP.

Administrative penalties are imposed on the PJAP by considering the level of error and/or violation as well as the arising consequences against the legality aspect, the smooth and secure tax services aspect, the consumer protection aspect, and the public service image aspect.

PJAP shall be subject to a penalty in the form of a warning if, based on supervision results, it is known that the administrative requirements and/or obligations and prohibitions of PJAP are not fulfilled. Details of the requirements and/or obligations and prohibitions of PJAP are stipulated in detail in Article 3 of PER-10/2020 and Article 12 of PER-10/2020. If the PJAP is subject to a penalty in the form of a warning, the DGT will issue a notification letter of a warning penalty within a maximum period of 5 working days after the official

memorandum of recommendations for follow-up supervision is signed.

Next, the PJAP is subject to a temporary suspension of some activities if said PJAP does not meet the technical requirements as a PJAP and has been sanctioned in the form of a warning, but does not re-fulfill the stipulated requirements. The technical requirements are related to the fulfillment of service quality standards and/or provisions on the preparation of service use agreements between PJAP and taxpayers.

In the event that the PJAP is subject to such a penalty, the Directorate of ICT will temporarily close the channel that connects the PJAP with the DGT for certain services. The Directorate of ICT will test the fulfillment of technical requirements and/or the provisions on obligations and prohibitions if the PJAP has re-fulfilled the said requirements. If the test results show that the PJAP has re-fulfilled the technical requirements and/or obligations and prohibitions, the temporary suspension will be terminated by the Directorate of ICT.

All activities will be temporarily suspended for PJAP that has been subject to a warning and/or has committed a crime in the field of taxation and/or a crime in the field of information technology. In the event that PJAP is subject to such a penalty, the Directorate of ICT will temporarily close the channel connecting PJAP with DGT for certain services provided by PJAP. If the PJAP has complied with the requirements and/or provisions on obligations and prohibitions, the Directorate of ICT will test the fulfillment of these provisions.

The penalty shall be terminated in the event that test results show that the PJAP has re-fulfilled the violated requirements. Further, if based on the minutes of the test of compliance with the provisions, the PJAP is stated to re-fulfill the requirements and/or provisions on obligations and prohibitions, the Directorate of ICT will terminate the penalty of temporary suspension of all activities.

PJAP may also be subject to a penalty in the form of PJAP deregistration. The penalty is imposed if the PJAP is undergoing preliminary investigation and/or investigation of a tax crime and/or has been convicted within the last 5 years for committing a tax crime. In addition, the deregistration penalty is also imposed if the PJAP does not fulfill the obligations and prohibitions of PJAP and/or has been subject

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

to a penalty in the form of temporary suspension of some activities or temporary suspension of all activities.

In the event that the PJAP is sanctioned with PJAP deregistration, the Directorate of ICT will carry out a follow-up process. The follow-up process refers to the closing of the channel that connects PJAP and DGT and the preparation of minutes of the closing of PJAP channel. The PJAP must subsequently report the termination of activities in writing to the Director General of Taxes no later than 10 working days from the date of deregistration.

The written report is attached by documents of the settlement of rights and obligations to related parties, including therein data and credentials related to taxpayers as users of relevant PJAP services to the DGT. In addition, PJAP must submit a letter stating that all claims arising after the termination of activities as PJAP are the management's sole responsibility.

**Fourth, procedures for PJAP deregistration.** At their own request, PJAP appointed by the Director General of Taxes may apply for PJAP deregistration. The application is submitted in writing no later than two months before the date of termination of activities as PJAP. If a decision on PJAP deregistration has been issued, the Directorate of ICT will close the channel connecting the PJAP and DGT. This regulation has been effective as of 6 September 2021.

### Inclusion of Single Identity Numbers and/or Tax Identification Numbers in Public Services

#### Meet Our Experts



**Awwaliatul Mukarromah, S.I.A, BKP**  
Assistant Manager of DDTC Fiscal  
Research  
[awwa@ddtc.co.id](mailto:awwa@ddtc.co.id)



**Hamida Amri Safarina, SH**  
Researcher of Tax Research & Training  
Services  
[hamida@ddtc.co.id](mailto:hamida@ddtc.co.id)

**Awwaliatul Mukarromah** is an Assistant Manager at DDTC. She is the former editor of DDTCNews and also the former Editor-in-Chief of InsideTax semi journal magazine in 2016.

She has attended several internal seminars and courses, including "Multilateral Instrument Under BEPS," held by Foundation for International Taxation (FIT) in Mumbai, India in 2017, "Global E-Commerce Conference," held by World Customs Organization in Beijing, China in 2018, and "Global Tax: Driving the Future," held by Harvard Kennedy School & Irish Tax Institute in Dublin, Ireland in 2019. The Licensed Tax Consultant is Certified B of Indonesian Tax Consultant Examination and certified in Principles of International Taxation and Transfer Pricing from the Chartered Institute of Taxation, United Kingdom.

**Hamida Amri Safarina** is a Researcher at DDTC whose coverage consists of fiscal policy, international taxation, tax administration, tax law, and tax dispute. The holder of a Bachelor's degree in Law from Gadjah Mada University is also a certified PKPA from the Indonesian Advocates Association (PERADI).

The government has issued a new regulation pertaining to the inclusion and use of single identity numbers (*Nomor Induk Kependudukan/NIK*) and/or taxpayer identification numbers (TIN) (*Nomor Pokok Wajib Pajak/NPWP*) in public services. These provisions are stipulated under Presidential Regulation No. 83 of 2021 concerning the Inclusion and Utilization of Single Identity Numbers and/or Taxpayer Identification Numbers in Public Services ([Pres. Reg. 83/2021](#)).

This regulation has been issued to support the implementation of public services to serve all citizens and residents in fulfilling their basic rights and needs. The use of NIK and/or TIN constitutes a unique data identification reference as one of the reference codes in public services to support Indonesia's single data policy.

Four important points are outlined in this regulation. *First*, the requirement to add or include NIK and/or TIN of service recipients. As per Article 3 paragraph (1) of Pres. Reg. 83/2021, administrators require the addition or inclusion of service recipients' NIK and/or TIN in the implementation of public services.

The addition or inclusion of NIK and/or TIN is used as identification for all provision of public services within the territory of Indonesia upon submitted applications for public services. On another note, the addition or inclusion of NIK and/or TIN is intended as identification for any data on public service recipients with active status within the territory of Indonesia. NIK and/or TIN are added or included by taking into account the following three things.

- (i) NIK as identification for individuals who do not have TIN;
- (ii) NIK and TIN as identification for individuals who already have TIN; and

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

(iii) TIN as identification for foreign entities or persons that do not have NIK.

Provisions on the addition or inclusion of NIK and/or TIN are excluded for the provision of public services to foreigners who based on statutory provisions are not required to have a NIK and/or TIN.

*Second*, validation of the inclusion of NIK and/or TIN. Having included the service recipients' NIK and/or TIN, the administrator may submit a request for validation of the inclusion of NIK to the Ministry of Home Affairs (*Kementerian Dalam Negeri/Kemendagri*) through the Directorate General of Population and Civil Registry (*Direktorat Jenderal Kependudukan dan Pencatatan Sipil/Dukcapil*). Requests for validation of the inclusion of TIN, on the other hand, may be submitted to the Ministry of Finance (*Kementerian Keuangan/Kemenkeu*) through the Directorate General of Taxes (DGT) (*Direktorat Jenderal Pajak/DJP*).

Validation of inclusion is submitted through an integrated information system. In the event of any disruption that causes the information system to malfunction, the validation may be submitted in other manners as per statutory provisions. The Ministry of Home Affairs is responsible for the accuracy and validity of NIK-based population data. The Ministry of Finance, on the other hand, is responsible for the accuracy and validity of TIN. Further, the Ministry of Home Affairs and the Ministry of Finance provide validation results for the inclusion of NIK and/or TIN to the administrators through an integrated information system.

*Third*, matching and updating population data and tax databases. To maintain the accuracy and validity of NIK and TIN data, the Ministry of Home Affairs and the Ministry of Finance may continuously match and update population data and tax databases. In matching and updating data, the Ministry of Finance provides TIN-based taxpayer identity data to the Ministry of Home Affairs.

Next, the Ministry of Home Affairs matches the data provided by the Ministry of Finance. Having performed data matching, the Ministry of Home Affairs supplies data on data matching results and NIK-based population data that does not yet have TIN according to the type of occupations to the Ministry of Finance in stages.

*Fourth*, supervision. The supervision process is carried out by the government's internal control apparatus for administrators of government agency status. For administrators of non-government

agency status, supervision is carried out by government institutions or agencies authorized to supervise as per applicable regulations.

Data on service recipients completed with validated NIK and/or TIN may be shared and utilized for the prevention of corruption, prevention of money laundering, and tax purposes. In addition, the service recipient data may be used to update the identities in population data and other purposes as per applicable regulations.

This regulation also stipulates administrators' obligation to protect the confidentiality of service recipient data as per statutory provisions. On another note, administrators are required to complete the inclusion of NIK and/or TIN for the data on each recipient of public services with active status in the territory of Indonesia within a maximum period of two years from the enactment of Pres. Reg. 83/2021. Pres. Reg. 83/2021 has been effective as of 9 September 2021.

### Provisions on the Procurement, Management, and Sale of Stamp Duties

#### Meet Our Experts



Anggi Pl. Tambunan, S.Sos., M.H.,  
ADIT, BKP, LL.M Int. Tax  
Manager of Tax Compliance & Litigation  
Services  
anggi@ddtc.co.id



Wulan Clara Kartini, S.IA, MAK  
Assistant Manager of Tax Compliance &  
Litigation Services  
wulan@ddtc.co.id

**Anggi Padoan Ibrahim Tambunan** is Manager of Tax Compliance & Litigation Services at DDTC. He is an experienced practitioner with particular expertise in handling tax reviews, and tax disputes resolution procedures. He has represented various multinational companies involved in mining, forwarding and supply chain, transportation, automotive, aircraft, hospitality, chemical, hotels, heavy equipment and information technology industries. Holding a Master's degree in International Taxation from Vienna University of Economics and Business Administration, the Licensed Tax Consultant and Tax Attorney is Certified C of Indonesian Tax Consultant Examination and holds an Advanced Diploma in International Taxation (ADIT) from the Chartered Institute of Taxation, United Kingdom.

**Wulan Clara Kartini** is Assistant Manager of Tax Compliance & Litigation Services at DDTC. She is particularly involved in tax advisory projects. She has represented several

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

multinational companies in dispute resolution procedures, including tax objection, tax appeal, lawsuits and litigation at the tax court. The Licensed Tax Attorney and Tax Consultant is Certified B of Indonesian Tax Consultant Examination and also holds a Bachelor's degree in Fiscal Administration and a Master's degree in Accounting from University of Indonesia.

The Ministry of Finance has issued provisions concerning the procurement, management, and sale of stamp duties. These provisions are outlined in the Minister of Finance Regulation No. 133/PMK.03/2021 concerning the Implementing Regulation of Government Regulation No. 86 of 2021 concerning the Procurement, Management, and Sale of Stamp Duties ([MoF Reg. 133/2021](#)).

This regulation constitutes an implementing regulation of Government Regulation No. 86 of 2021 concerning the Procurement, Management, and Sale of Stamp Duties ([Gov. Reg. 86/2021](#)). This regulation has been in effect as of 29 September 2021. Four important points are stipulated under this regulation.

**First, the printing of adhesive stamps, the manufacture, and distribution of electronic stamp duties, as well as the distribution and sale of adhesive stamps through assignments.** As per Article 3 paragraph (1) of MoF Reg. 133/2021, the Public Company for the Printing of Money of the Republic of Indonesia (Perum Peruri) prints adhesive stamps, manufactures, and distributes electronic stamp duties. Adhesive stamp printing shall at least include drafting design concepts, supplying raw materials, determining printing techniques, and printing. The manufacture of electronic stamp duties, on the other hand, may include drafting design concepts, providing an electronic stamp duty system, and manufacturing stamp duties.

The Indonesian Post Office (PT Pos Indonesia) (Persero) is in charge of the distribution and sale of adhesive stamps through government assignments as per the provisions on stamp duties. Electronic stamp duties are distributed by Integrated Security Printing and System (*Perusahaan Umum Percetakan Uang Republik Indonesia/Perum Peruri*) in collaboration with distributors. The assignment is carried out on a contractual basis between the Directorate General of Taxes (DGT) through the Commitment-Making Official (*Pejabat Pembuat Komitmen/PPK*) with Perum Peruri and PT Pos Indonesia.

Perum Peruri and PT Pos Indonesia are assigned in several stages, including the submission of request letters, submission of plan documents, evaluation and clarification, signing of contracts, implementation of contracts, and payment for the implementation of contracts. With respect to Perum Peruri's assignment, PPK submits a request letter for the printing of adhesive stamps to print adhesive stamps or a request letter for the manufacture and distribution of electronic stamp duties to manufacture and distribute electronic stamp duties. For PT Pos Indonesia's assignment, PPK submits a request letter for the distribution and sales of adhesive stamps to distribute and sell adhesive stamps.

After the request letter is submitted, Perum Peruri provides plan documents for the printing of adhesive stamps based on the request letter for the printing of adhesive stamps or a request letter for the manufacture and distribution of electronic stamp duties to PPK. PT Pos Indonesia also submits plan documents for the distribution and sales of adhesive stamps based on the request for distribution and sale of adhesive stamps to PPK. Next, PPK evaluates and clarifies the conformity of the following three things:

- (i) the conformity of the request letter for the printing of adhesive stamps with the plan documents for the printing of adhesive stamps;
- (ii) the request letter for the manufacture and distribution of electronic stamp duties with the plan documents for the manufacture and distribution of electronic stamp duties; or
- (iii) the request letter for the distribution and sale of adhesive stamps with the plan documents for the distribution and sales of adhesive stamps.

In the event of any discrepancy between the request letter and the plan documents, PPK shall require Perum Peruri or PT Pos Indonesia to explain the discrepancy and/or revise the plan documents. The evaluation results are outlined in the minutes of evaluation and clarification. Based on the minutes of evaluation and clarification, PPK signs a contract with Perum Peruri or PT Pos Indonesia.

Perum Peruri is responsible for the implementation of the contract for the printing of adhesive stamps and the manufacture and distribution of electronic stamp duties. PT Pos Indonesia, on the other hand, is in charge of the implementation of the contract for the distribution and sale of adhesive stamps. The contract for the manufacture of stamp duties

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

and distribution of electronic stamp duties shall be implemented as per the provisions outlined therein the contract documents, including the availability of electronic stamp duties.

To ensure the availability of electronic stamp duties, Perum Peruri must distribute electronic stamp duties to distributors. Electronic stamp duties are distributed to distributors after confirming that the distributors have performed a deposit. The deposit shall be made using a Tax Payment Slip (*Surat Setoran Pajak/SSP*) or a billing code with tax account code 411611 and deposit type code 102 in the amount of the requested electronic stamp duties.

Perum Peruri must report the manufacture of stamp duties and distribution of electronic stamp duties to the Minister of Finance (*Menteri Keuangan/Menkeu*) by providing data and/or information regarding the manufacture, distribution, sale, and use of electronic stamp duties in all transactions. Such data and/or information is provided in an integrated manner with the DGT system.

Next, the contract for the distribution and sale of adhesive stamps is implemented as per the provisions in the contract documents, including the availability of adhesive stamps and the remittance of proceeds from the sale of adhesive stamps. To ensure the availability of adhesive stamps, on the other hand, PT Pos Indonesia must distribute adhesive stamps to PT Pos Indonesia counters and sell legitimate and valid adhesive stamps based on statutory provisions.

**Second, procedures for the granting of permits to manufacture stamp duties in other forms.** As per Article 21 of MoF Reg. 133/2021, other forms of stamp duties include printed stamp duties, computerized stamp duties, and franking. Stamps in other forms shall be printed or manufactured by the stamp duty manufacturer after obtaining a permit from the Minister of Finance. To qualify as a stamp duty manufacturer, a taxpayer must apply for a permit in writing to the Director General of Taxes. Taxpayers may apply for this permit if they meet the following three conditions:

- (i) having a digital stamp printing machine to manufacture printed stamps;
- (ii) being liable to stamp duties on more than 1,000 documents in one month and having the equipment to manufacture computerized stamp duties; or

- (iii) operating a printing business and having obtained an operational permit in the field of document printing and designated as a debit and clearing document printing company.

A receipt shall be issued for applications for a permit that are received in full. Based on these applications, the Director General of Taxes issues a permit through the Tax Office (*Kantor Pelayanan Pajak/KPP*) where the taxpayer is registered no later than five working days from the date of receipt.

In manufacturing computerized printed stamp duties, a stamp duty manufacturer must perform a deposit before manufacturing the printed stamp duties. The stamp duty manufacturer is not allowed to manufacture computerized stamp duties in an amount exceeding the deposit. In the event the amount exceeds the deposit, the manufacturer must perform post-dated stamp duty. In addition, the stamp duty manufacturer is required to submit a report on the manufacture of computerized stamp duties to the Tax Office where the stamp duty manufacturer is registered no later than the 10<sup>th</sup> of every month. The manufacture remains obliged to report even though no computerized stamp duties have been manufactured. If the stamp duty manufacturer does not or is late in submitting the report, the permit for manufacturing stamp duties in other forms shall be revoked.

In the manufacture of franking, the permit remains valid until the validity period of the operational permit in the field of printing security documents expires. The stamp duty manufacturer may manufacture franking upon the stamp duty withholding agent's request without any prior deposit. In this case, the stamp duty withholding agent is obliged to deposit the stamp duties as per the statutory provisions on stamp duties. The provisions on the preparation of reports of franking are the same as those on the manufacture of computerized stamp duties.

Stamp duty manufacturers may apply for the revocation of the permit to manufacture stamp duties in other forms if the digital stamp printing machine is damaged, thus, malfunctions or the stamp duty manufacturer does not manufacture printed or computerized stamp duties. Apart from being based on the manufacturers' own applications, the permit to manufacture stamp duties in other forms may also be revoked *ex officio*.

*Ex officio* revocation is carried out in the event that a stamp duty manufacturer does not meet the requirements for manufacturing computerized

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

stamp duties and the stamp duty manufacturer does not or is late in submitting a report on the manufacture of computerized stamp duties or franking. *Ex officio* revocation may also be carried out if the Tax Office discovers a misuse of the permit to manufacture stamp duties.

**Third, procedures for administering and supervising the sale of stamp duties.** The Director General of Taxes administers adhesive stamps as per statutory provisions concerning the management of state/regional property. Said administration includes recording, reporting, and cycle counting of the adhesive stamp inventory and the destruction of damaged or void adhesive stamps. The administration is carried out by taking into account the data and/or information obtained from the report on the distribution and sale of adhesive stamps. With respect to the supervision and sale of adhesive stamps, the Director General of Taxes periodically verifies the conformity.

In addition to adhesive stamps, the Director General of Taxes may also audit the electronic stamp duty system to monitor the sale of electronic stamp duties. Audits are carried out to ensure the safety of the electronic stamp duty system and the distribution of electronic stamp duties to distributors based on deposits and/or remittances.

**Fourth, procedures for approving the appointment of another party to print adhesive stamps or manufacture electronic stamp duties and distribute and/or sell adhesive stamps in a force majeure.** Perum Peruri and PT Pos Indonesia may declare their inability to print adhesive stamps or manufacture electronic stamp duties due to a force majeure. Under these circumstances, Perum Peruri may appoint another party to print adhesive stamps or manufacture electronic stamp duties. In the event of a force majeure, PT Pos Indonesia may also appoint another party to distribute and/or sell adhesive stamps.

Such inability shall be notified in a statement letter concerning the inability to print or distribute the stamp duties. Upon the submission of the statement of inability, the Minister of Finance approves the appointment of another party to print adhesive stamps or manufacture electronic stamp duties.

## October 2021 Interest Penalties and Compensation Interest Rates

### Meet Our Experts



Ganda Christian Tobing, S.Sos., LL.M.  
Int. Tax., BKP  
Senior Manager of Tax Compliance &  
Litigation Services  
[christian@ddtc.co.id](mailto:christian@ddtc.co.id)



Riyhan Juli Asyir, S.I.A., BKP, ADIT  
Assistant Manager of Tax Compliance &  
Litigation Services  
[riyhan@ddtc.co.id](mailto:riyhan@ddtc.co.id)

**Ganda Christian Tobing** is Senior Manager of Tax Compliance & Litigation Services at DDTC. He is an experienced practitioner involved in tax dispute resolution projects, where he has represented various multinational companies. He advises a wide range of domestic and international clients across industry sectors and provides tax advice for private client. With a Master's degree in International Tax Law from Vienna University of Economics and Business Administration, Austria, this licensed Tax Attorney and Tax Consultant served as a National reporter at Rust Conference 2018 entitled "Tax Treaty Arbitration," held by the Institute for Austrian and International Tax Law and Vienna University of Economics and Business in 2018 in Rust, Austria. He is also Certified B of Indonesian Tax Consultant Examination and certified in Principles of International Taxation from the Chartered Institute of Taxation, United Kingdom.

**Riyhan Juli Asyir** is Assistant Manager of Tax Compliance & Litigation Services at DDTC. He has been involved in various projects in the scope of work of tax compliance, tax advisory, tax audit, civil review and dispute resolution procedures, including tax objection and tax litigation (appeal and lawsuit in the tax court) for several multinational companies in various industries. Holding a Bachelor's degree in Fiscal Administration from University of Indonesia, the licensed Tax Attorney and registered Tax Consultant is Certified C of Indonesian Tax Consultant Examination and holds an Advanced Diploma in International Taxation (ADIT) from the Chartered Institute of Taxation, United Kingdom. He has attended a number of international courses and seminars, two most recent of which include "Fundamentals of Singapore Corporate Tax," held by TAKX Solutions (2019) and "WU-TA Advanced Transfer Pricing Programme," held by WU Transfer Pricing Center & Tax Academy of Singapore (2019).

The Ministry of Finance 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 October 2021 to 31 October 2021.

Details of the interest rates are stipulated under the Minister of Finance of the Republic of Indonesia Decree No. 54/KM.10/2021 concerning Interest Rates as the Basis for Calculating Administrative

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

Penalties in the Form of Interest and Interest Compensation for the Period between 1 October 2021 to 31 October 2021 ([MoF Decree 54/2021](#)). This regulation has been effective as of 1 October 2021. Four monthly interest rates apply for administrative penalties, ranging from 0.51% to 1.76%. The four monthly interest rates are lower than the monthly interest rates for the September 2021 period

Details of monthly interest rates for tax interest penalties for the period between 1 October 2021 to 31 October 2021 are indicated in Table 5.

The monthly interest rates in the MoF Decree vary as they are 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 0.51%. The monthly interest rate is lower than the previous period. Details of the monthly rates on tax interest compensation are indicated in Table 6.

**Table 5 Details of Monthly Interest Rates of Interest Penalties**

Articles in General Provisions and Tax Procedures	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)	0.51%
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.	0.93%
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 verification 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 verification results, there is tax underpayment due to writing errors and/or miscalculations)	1.34%
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 filing)	
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)	1.76%
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 No. 54/KM.10/2021

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

Table 6 Details of Monthly Interest Rates of Interest Compensation

Articles in General Provisions and Tax Procedures	The Granting of Interest Compensation for	Monthly Interest Rate
Article 11 paragraph (3)	Tax overpayment is refunded in 1 (one) month after the application.	0.51%
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>a. does not proceed with the investigation,</li> <li>b. proceeds with the investigation but there is no prosecution of tax crime, or</li> <li>c. proceeds with the investigation and prosecution of the tax crime but it is acquitted.</li> </ol>	
Article 27B paragraph (4)	Tax refund on the filing of objections, requests for appeal, or applications for judicial reviews that are granted partially or in full.	

Source: Job Creation Law and MoF Decree No. No. 54/KM.10/2021

### New Guidelines for the Use of Stamp Duties

#### Meet Our Experts



**Deborah, S.Sos., LL.M. Int. Tax., BKP**  
Senior Manager of Tax Compliance & Litigation Services  
[deborah@ddtc.co.id](mailto:deborah@ddtc.co.id)

**Deborah** is the Senior Manager of Tax Compliance & Litigation Services at DDTC. She holds Master's degree in International Tax Law from Vienna University of Economics and Business Administration, Austria and has been involved in transfer pricing study assignments, also significant tax dispute resolution and litigation cases.

From her assignments, she has provided clients with satisfactory outcomes. Her main expertise in tax litigation cases includes transfer pricing and business restructuring cases. She is also a regular speaker in topics regarding international taxation, transfer pricing and Indonesian domestic tax in various seminars, trainings, and group discussions held by DDTC, private institutions, educational institutions and government agencies.

**Puput Bayu Wibowo** is Assistant Manager of Tax Compliance & Litigation Services at DDTC. His expertise focuses on diagnostic tax review, tax advisory and tax compliance for multinational companies. He is also an experienced practitioner in tax audit, tax objection, tax lawsuit, and tax litigation at the tax court for clients in various industries. The licensed Tax Attorney and Tax Consultant is Certified B of Indonesian Tax Consultant Examination and holds a Diploma's degree in Taxation from Diponegoro University and a Bachelor's degree in Economics from Trisakti University.



**Puput Bayu Wibowo, S.Ak., BKP**  
Assistant Manager of Tax Compliance & Litigation Services  
[bayu@ddtc.co.id](mailto:bayu@ddtc.co.id)

The Ministry of Finance has issued a new regulation concerning guidelines for the use of stamp duties. The provisions are outlined in the Minister of Finance Regulation No. 134/PMK.03/2021 concerning the Payment of Stamp Duties, General Characteristics and Special Characteristics of Adhesive Stamps, Unique Codes and Certain Information on Electronic Stamp Duties, Stamp Duties in Other Forms, and Determination of the Validity of Stamps Duties, and Post-dated Stamp Duties ([MoF Reg. 134/2021](#)).

This regulation has been issued to provide convenience in the payment of stamp duty payable on electronic documents and render legal certainty on unique codes and certain information on electronic stamp duties. This policy has taken effect as of 1 October 2021.

As per Article 2 paragraph (1) of MoF Reg. 134/2021, stamp duties are paid at the time they become payable. Documents on which stamp duties are payable are subject to a fixed rate of IDR10,000. Stamp duty payable on documents shall be paid using stamp duties in the form of adhesive stamps, electronic stamp duties, or stamp duties in other forms. In addition, stamp duty payable may also be paid using a tax payment slip (*Surat Setoran Pajak/SSP*).

Stamp duties are paid using adhesive stamps by affixing a legitimate and valid adhesive stamp that has never been used on any document on which stamp duties are payable. Further, the affixed adhesive stamp must fulfill two conditions cumulatively. *First*, the adhesive stamp is glued completely intact and undamaged where the signature will be affixed. *Second*, the signature is affixed partly on paper and

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

partly on the adhesive stamp completed by the date, month, and year of signing.

Next, stamp duties are paid using electronic stamp duties by affixing an electronic stamp duty through the electronic stamp duty system on the documents on which stamp duties are payable. Electronic stamp duties are affixed by taking into account the instructions for the usage which constitute an integral part of the electronic stamp duty system. Electronic stamp duties have unique codes and certain information. An electronic stamp duty contains a unique code in the form of a 22-digit serial number generated by the electronic stamp duty system. In addition, there is certain information consisting of a picture of the national emblem, Garuda Indonesia, the inscription "ELECTRONIC STAMP DUTY", and numbers and writing indicating the stamp duty rate.

Moreover, there are other types of stamp duties, including printed stamps, computerized stamp duties, and franking. Franking is only used in collecting stamp duties on securities in the form of checks and giro fund transfer forms. Stamp duties shall be paid by the stamp duty manufacturer using stamp duties in other forms by affixing a stamp duty in another form to the documents on which stamp duties are payable.

To affix printed or computerized stamp duties, a stamp duty manufacturer is obliged to make a deposit as per statutory provisions on stamp duties. Further, the affixture of printed or computerized stamp duties shall reduce the deposit balance by the value of the affixed stamp duties. Franking, on the other hand, is affixed based on the stamp duty withholding agent's request without a prior deposit. The stamp duty withholding agent must remit stamp duties as per provisions on stamp duties.

Stamp duties shall be paid using SSP by debtors in the following cases:

- (i) post-dated stamp duties of more than 50 documents;
- (ii) payment of stamp duties using adhesive stamps is not possible as the adhesive stamps are not available or cannot be used; or
- (iii) payment of stamp duties using electronic stamp duties is not possible due to a malfunction of the electronic stamp duty system.

In the event that it is not possible to pay stamp duties using adhesive stamps or electronic stamp duties when the stamp duties become payable due

to conditions in points (ii) and (iii), stamp duties shall be paid using SSP no later than 30 days from the due date.

Further, payment of stamp duties using adhesive stamps is valid if stamp duties are paid using a legitimate and valid adhesive stamp that has never been used and affixed as per applicable regulations. Next, payment of stamp duties using electronic stamp duties is valid if affixed through the electronic stamp duty system and the stamp affixed to the documents has a unique code and certain information.

Payment of stamp duties using stamp duties in other forms is valid if affixed by the stamp duty manufacturer, the deposit is sufficient to affix printed or computerized stamp duties, and the affixed stamp duties comply with the stipulated requirements. On another note, payment of stamp duties is invalid and the documents are considered not stamped if the conditions for the validity of stamp duties are not fulfilled.

On another note, post-dated stamp duties are carried out for documents on which stamp duties are not or underpaid and/or documents used as evidence in court. The party obliged to pay stamp duties through post-dated stamp duties is the debtor. The amount of stamp duties to be paid through post-dated stamp duties is as follows:

- (i) stamp duty payable plus an administrative penalty of 100% of the stamp duty payable for documents on which stamp duties are not or underpaid since 1 January 2021;
- (ii) stamp duty payable plus an administrative penalty of 200% of the stamp duty payable for documents on which stamp duties are not or underpaid before 1 January 2021;
- (iii) stamp duty payable as per applicable regulations at the time of post-dated stamp duties for documents used as evidence in court.

Stamp duty payable may be paid using adhesive stamps, electronic stamp duties, or SSP. The administrative penalty may be paid using SSP form or a billing code with tax account code 411611 and deposit type code 512.

Post-dated stamp duties are subsequently ratified by postal officials or supervisory officials. Postal officials may only impose stamp duty payments through post-dated stamp duties using adhesive stamps. Upon payment of stamp duties through post-dated stamp duties using stamp duties, the postal or

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

supervisory official ensures that the adhesive stamp used is legitimate, valid, and has never been used for payment of stamp duties on a document.

The postal or supervisory official must also ensure the accuracy of the SSP that has obtained a State Revenue Transaction Number (*Nomor Transaksi Penerimaan Negara/NTPN*) used to pay the administrative penalty by confirming it on certain channels provided by the Director General of Taxes. Moreover, the postal or supervisory official also ensures the conformity of the payment value in the SSP that has obtained an NTPN with the amount of administrative penalty to be paid and ensures the conformity of the tax account code and deposit type code.

Next, the supervisory official must also ensure four things in terms of the payment of stamp duties through post-dated stamp duties using electronic stamp duties as follows:

- (i) ensuring that the electronic stamp duty used to pay the stamp duty payable is affixed through the electronic stamp duty system;
- (ii) ensuring the accuracy of the SSP that has obtained an NTPN used to pay the administrative penalty, by confirming it on certain channels provided by the DGT;
- (iii) ensuring the conformity of the payment value in the SSP that has obtained an NTPN with the amount of administrative penalty to be paid; and
- (iv) ensuring the conformity of the tax account code and deposit type code.

In addition, for payment of stamp duties through post-dated stamp duties using SSP, the supervisory official is also tasked with ensuring the accuracy of the SSP that has obtained an NTPN used to pay the stamp duty payable and/or administrative penalty by confirming it on certain channels provided by the DGT. Moreover, the supervisory official also ensures the conformity of the payment value in the SSP that has obtained an NTPN with the amount of stamp duties to be paid through post-dated stamp duties and ensures the conformity of the tax account code and deposit type code.

If all the provisions pertaining to the ratification of stamp duty payments have been fulfilled, the postal or supervisory official may carry out supervision. Supervision is carried out by affixing post-dated stamp duties on the documents or the list of documents on which stamp duties have been

paid through post-dated stamp duties and/or SSP that has obtained an NTPN. On another note, the debtor may request the supervisory official to ratify documents on which stamp duties are collected by the stamp duty withholding agent but have not been affixed with stamp duties.

Further, in the event that the debtor does not carry out post-dated stamp duties on the documents on which stamp duties are not or underpaid, the Director General of Taxes may issue a notice of tax assessment (*Surat Ketetapan Pajak/SKP*). The debtor shall remit the stamp duties as determined by the SKP to the state treasury.

The head of the tax office where the debtor is registered may notify the head of the tax office where the stamp duty withholding agent is registered. This is done if data is found that the documents on which stamp duties are not or underpaid constitute documents on which stamp duties should be collected by the stamp duty withholding agents. Subsequently, the head of the tax office where the stamp duty withholding agent is registered will follow up on the received notification.

### Imposition of Import Duty Tariffs on Imported Goods between Indonesia and EFTA States

#### Meet Our Experts



**Herjuno Wahyu Aji, M.Ak., BKP**  
Senior Manager of Tax Compliance & Litigation Services  
[herjuno@ddtc.co.id](mailto:herjuno@ddtc.co.id)



**Fakry, S.E., BKP**  
Assistant Manager of Tax Compliance & Litigation Services  
[fakrysodikin@ddtc.co.id](mailto:fakrysodikin@ddtc.co.id)

**Herjuno Wahyu Aji** is Senior Manager of Tax Compliance & Litigation Services at DDTC. He is responsible for tax advisory and compliance services for multinational companies including those engaged in automotive industry, mining and poultry feed industries. He is also responsible for tax dispute and litigation strategies. He holds a Bachelor's degree in Accounting from University of Indonesia and Indonesia State College of Accountancy (STAN) and a Master's degree in Accounting from University of Indonesia. He has also attended several international courses and seminars, most recently on Value Chain Analysis in Malaysia in 2017. Moreover, he is Certified in Principles of International Taxation from Chartered Institute of Taxation, United Kingdom.

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

**Fakry** is Assistant Manager of Tax Compliance & Litigation Services at DDTC. His expertise is Corporate Income Tax (CIT) and preparation of CIT Return for various industries. He has also been involved in tax compliance, tax advisory, tax audit, tax objection, tax litigation (appeal & lawsuit) in the tax court, and tax judicial review in the supreme court for clients in various industries. The licensed Tax Attorney and Tax Consultant holds a Bachelor's degree in Accounting from Indonesian College of Economics and a Diploma's degree in Accounting from State Polytechnic of Jakarta. Moreover, he is Certified B of Indonesian Tax Consultant Examination. He also attended "ITC Leiden South-East Asia (SEA) Program in International Tax Law," held by International Tax Center (ITC) Leiden, in Depok, Indonesia (2017).

The Ministry of Finance has issued provisions on procedures for the imposition of import duty tariffs on imported goods based on the economic partnership agreement between Indonesia and member states of the European Free Trade Association (EFTA). The policy is outlined in the Procedures for the Imposition of Import Duty Tariffs on Imported Goods Based on the Comprehensive Economic Partnership Agreement between the Republic of Indonesia and EFTA States ([MoF Reg. 122/2021](#)).

This latest regulation has been issued to encourage the acceleration of economic recovery, provide legal certainty in the service of customs activities on imported goods, and enhance comprehensive economic partnership between Indonesia and EFTA member states. As per Article 2 paragraph (1) of MoF Reg. 122/2021, imported goods may be subject to preferential tariffs, the amount of which may differ from the statutory import duty tariffs (Most Favored Nation/MFN). The preferential tariffs are imposed on the following five things:

- (i) import of goods for use using an import customs notification in the form of an Import Declaration (*Pemberitahuan Impor Barang/PIB*);
- (ii) import of goods for use using import customs notification in the form of import declaration from the Bonded Storage Area (*Tempat Penimbunan Berikat/TPB*), which upon the entry of goods to TPB, approval to use preferential tariffs has been obtained;
- (iii) import of goods for use using import customs notification in the form of import declaration from the Bonded Logistics Center (*Pusat Logistik Berikat/PLB*), which upon the entry of goods to PLB, approval to use preferential tariffs has been obtained;

- (iv) release of goods produced from the free trade zone to other places within the customs area (*Tempat Lain Dalam Daerah Pabean/TLDDP*) insofar as the raw materials and/or auxiliary materials originate from outside the customs area, approval to use preferential tariffs has been obtained upon entry of goods into the free trade zone, and is carried out by entrepreneurs in the free trade zone that have met the requirements as entrepreneurs allowed to use preferential tariffs;
- (v) release of goods from Special Economic Zones (SEZ) (*Kawasan Ekonomi Khusus/KEK*) to TLDDP, which upon the entry of goods to SEZ, approval to use preferential tariffs has been obtained.

Entrepreneurs in free trade zones referred to in point (iv) above, on the other hand, must meet the following requirements.

- (i) having a business license from the Free Trade Zone Management Board (*Badan Pengusahaan Kawasan*);
- (ii) importing raw materials and/or auxiliary materials, and at the same time releasing manufactured goods to TLDDP;
- (iii) owning and implementing a computer-based inventory information system (IT Inventory) that can be accessed online and in real-time by the Directorate General of Customs and Excise (DGCE), with the approval of the supervising Head of the Customs Office;
- (iv) having customs access; and
- (v) submitting the conversion of raw materials into manufactured goods and a blueprint for the production process with approval from the supervising Head of the Customs Office, when the goods are to be released to TLDDP.

Furthermore, this regulation also stipulates the provisions on the origin of goods which consist of three criteria. *First*, the origin criteria. The origin criteria include goods that are wholly obtained or produced in one member state or goods that are not wholly obtained or produced in a member state, or goods produced exclusively in a member state using materials originating from one or more member states.

*Second*, the consignment criteria. The consignment criteria implies that imported goods are sent directly from member states that issue the Declaration of Origin of the Comprehensive Economic Partnership

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

Agreement between the Republic of Indonesia and EFTA States (DAB IE-CEPA) into the customs area. In addition, there is another criterion, such as the policy of shipping imported goods through member states other than the exporting and importing member states or shipping imported goods through countries other than member states.

*Third*, procedural provisions. The procedural provisions are related to the issuance of DAB IE-CEPA. DAB IE-CEPA may be prepared before or after the date of shipment or date of export. In the event that the bill of lading, airway bill, or land transportation document contains the date of issuance and the date of loading of goods into the means of transport, the date of shipment or export is determined when the goods are loaded into the means of transport.

As per Article 9 paragraph (1) of MoF Reg. 122/2021, to use preferential tariffs, importers are required to submit the original DAB IE-CEPA sheet or printout of DAB IE-CEPA and correctly include the facility code for the comprehensive economic partnership agreement between Indonesia and EFTA states on the PIB. In addition, importers are required to correctly include the exporter authorization number or reference number from the invoice or other commercial documents and the date of DAB IE-CEPA preparation on the PIB.

Next, TPB and PLB operators/entrepreneurs wishing to use preferential tariffs must carry out the following four things:

- (i) submitting the original DAB IE-CEPA sheet or its printout to the customs and excise official at the customs office that supervises TPB or PLB no later than three working days after the import declaration to be stockpiled at TPB or PLB obtains Custom Clearance Approval (*Surat Persetujuan Pengeluaran Barang/SPPB*);
- (ii) in the event of having been designated as the main customs partner, the organizer/entrepreneur of TPB or PLB is obliged to submit the original DAB IE-CEPA sheet or its printout to the customs and excise official at the customs office that supervises the TPB or PLB no later than five working days after the import declaration to be stockpiled at TPB or PLB obtains an SPPB;
- (iii) correctly including the facility code for the comprehensive economic partnership agreement between Indonesia and EFTA states

on the import declaration to be stockpiled at TPB or PLB; and

- (iv) correctly including the exporter authorization number or reference number from the invoice or other commercial documents and the date of DAB IE-CEPA preparation on the import declaration to be stockpiled at TPB or PLB.

To be eligible to use preferential tariffs, entrepreneurs in free trade zones are required to submit the original DAB IE-CEPA sheet or its printout and printout of Free Trade Zone Customs Declaration (*Pemberitahuan Pabean Free Trade Zone/PPFTZ*) for the entry of goods into the free trade zone from outside the customs area. In addition, entrepreneurs in free trade zones are required to correctly state the facility code, exporter authorization number, and reference number from the invoice or other commercial documents on PPFTZ-01 for the entry of goods into the free trade zone from outside the customs area.

After the abovementioned obligations have been fulfilled, the customs and excise official at the customs office verifies DAB IE-CEPA in the context of imposing preferential tariffs on imported goods. In verifying, the customs and excise official may request information from importers, TPB operators/entrepreneurs, PLB operators/entrepreneurs, entrepreneurs in free trade zones, or SEZ business entities/entrepreneurs. Repeated verification or customs audit may be carried out on the imposition of preferential tariffs on imported goods using DAB IE-CEPA as per applicable regulations.

DAB IE-CEPA is verified in terms of the imposition of preferential tariffs by taking into account seven components cumulatively. *First*, the fulfillment of the origin criteria. *Second*, the fulfillment of the consignment criteria. *Third*, the fulfillment of procedural provisions. *Fourth*, the type, quantity, and classification of goods eligible for preferential tariffs. *Fifth*, the amount of import duty tariffs notified based on the preferential tariffs stipulated in the ministerial regulation concerning the stipulation of import duty tariffs in the context of the Indonesia-EFTA comprehensive economic partnership agreement.

*Sixth*, the conformity between the data on the import declaration and/or complementary customs documents with the data on the DAB IE-CEPA. *Seventh*, the conformity between the physical nature of goods and the description of the goods

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

notified on the import declaration, and/or DAB IE-CEPA, and/or Complementary Customs Documents, in the event that the imported goods are subject to physical examination.

In the event that verification results indicate that the imported goods do not meet one or more of the origin criteria pertaining to point one, two, and three above, DAB IE-CEPA shall be rejected and the imported goods are subject to statutory import duty tariffs. If the verification results in points four to seven show that the total number of goods listed in the import declaration is greater than the number of goods listed in DAB IE-CEPA, the excess number of goods is subject to statutory import duty tariffs.

Statutory import duty tariffs also apply when the verification results in points four to seven indicate that the specifications of the goods listed in the import declaration differ from those listed in DAB IE-CEPA. In the event that the verification results in points four to seven indicate any discrepancy between the physical nature of goods and the description notified in the import declaration, DAB IE-CEPA, and/or complementary customs documents, the imported goods shall also be subject to statutory import duty tariffs.

Next, if the notified preferential tariff differs from the tariff that should otherwise be imposed, the

import duty tariff on imported goods is determined based on the regulations concerning the stipulation of import duty tariffs in the framework of the comprehensive economic partnership agreement between Indonesia and EFTA states.

Further, as per Article 21 of MoF Reg. 122/2021, imported goods originating from member states with a free on board (FOB) value not exceeding USD200 may be subject to preferential tariffs without having to attach DAB IE-CEPA. Preferential tariffs may be granted insofar as the import is not intended to avoid the obligation to submit DAB IE-CEPA and is evidenced by a statement from the exporter.

Preferential tariffs are only imposed on goods imported using PIB documents. In addition, preferential tariffs may be granted to goods shipped by an exporting member state for exhibition purposes in other member states and sold during or after the exhibition.

On another note, preferential tariffs cannot be granted if DAB IE-CEPA is cancelled by the exporter. In addition to the above provisions, this regulation also stipulates procedures for the verification of DAB IE-CEPA, monitoring and evaluation, and other provisions. Promulgated on 14 September 2021, MoF Reg. 122/2021 takes effect 30 days thereafter.

## OBSERVING THE NEW POLICIES IN THE HARMONIZATION OF TAX REGULATIONS LAW

Latest taxation news and regulations, visit:

[news.ddtc.co.id](http://news.ddtc.co.id) & [perpajakan.id](http://perpajakan.id)

### CONNECT WITH US:

With just one click



### MENARA DDTC

Jl. Raya Boulevard Barat Blok XC 5-6 No. B  
Kelapa Gading Barat, Kelapa Gading  
Jakarta Utara 14240 - Indonesia

Phone: +6221 2938 2700, Fax: +6221 2938 2699

The information herein is for general purposes only and is not intended to address the circumstances of any particular individual or entity. This content should not be used as reference for consultation without professional advisors.