

**December 2017**

- MoF Regulation No. 165/PMK.03/2017 & DGT Regulation No. 23/PJ/2017
- DGT Regulation No. 18/PJ/2017
- GR No. 34/2017
- MoF Regulation No. 147/PMK.03/2017



**Tax Amnesty**

*Minister of Finance Regulation No. 165/PMK.03/2017 and Director General of Tax Regulation No. 23/PJ/2017*

Minister of Finance (“MoF”) Regulation No. 165/PMK.03/2017 (“MoF-165”) is the second amendment of MoF Regulation No. 118/PMK.03/2016 and is in effect as of 20 November 2017.

MoF-165 allows taxpayers to voluntarily declare assets which were undisclosed previously. This applies to taxpayers who joined the tax amnesty program but failed to fully disclose their assets, as well as taxpayers who did not previously participate in the tax amnesty program.

The newly disclosed assets cannot take advantage of the lower tax rate offered under the tax amnesty program but will be subject to income tax at the following rates:

- 30% for individuals
- 25% for corporations
- 12.5% for certain other taxpayers

Assets that can be disclosed are those which were obtained on or before 31 December 2015, are still in the taxpayer’s possession, and haven’t been discovered by the tax authorities during an audit. If the disclosure is made voluntarily, no sanctions will be imposed; otherwise, a 200% penalty will apply. The disclosure is to be made by submitting a final income tax return (SPT). The procedures for this are set out in Director General of Tax (“DGT”) Regulation No. 23/PJ/2017.

The tax base of the disclosed assets is determined based on the following:

- Cash: Nominal value
- Land and/or building and motor vehicles: Sale value (NJOP and NJKB, respectively)
- Gold and silver: Value published by PT Aneka Tambang
- Publicly traded shares and warrants: Price published by PT Bursa Efek Indonesia
- Government bonds and corporate bonds: Price published by PT Penilai Harga Efek Indonesia

The above is based on the condition of the asset at the end of the year.

If there is no reference value, the asset can be valued by a licensed appraiser or the DGT.

A taxpayer who previously declared land or buildings, paid the redemption amount, and obtained the tax amnesty approval letter must complete the transfer of title by 31 December 2017. Either the tax amnesty approval letter or the income tax exemption certificate may be used for this purpose.

**Verification Procedure of  
Payment of Income Tax for  
Transfer of Land or Building**

*Director General of Tax Regulation  
No. 18/PJ/2017*

**Tax on Land or Building Lease**

*Government Regulation  
No. 34 of 2017*

**Changes to NPWP and PKP  
Registration Procedures**

*Minister of Finance Regulation  
No. 147/PMK.03/2017*

DGT Regulation No. 18/PJ/2017 provides the verification procedure mentioned in MoF Regulation No. 261/PMK.03/2016.

An authorized notary can only sign the transfer of land or building deed if the seller has paid the income tax payable beforehand. The seller must provide a copy of the tax payment slip which has been verified by the tax office by providing a notification letter of formal verification.

To obtain this letter, the respective taxpayers must file an application to request both formal and material verification. The formal verification is addressed to the tax office where the land or building is located; the material verification is addressed to the tax office where the taxpayers are registered.

As part of the material verification, the tax office will check the accuracy of the value of the land or building transferred in accordance with the prevailing tax rules. The tax office is authorized to request clarification and determine any additional tax which might be owed.

This regulation revokes DGT Regulation No. 26/2010 and is in effect as of 2 November 2017.

Income received from a lease of land or all or part of a building is subject to final tax of 10% of the gross amount of the lease. This tax now applies to income received by an individual or corporation which holds title to land or building from an investor in connection with a Build Operate Transfer agreement.

In addition, the definition of “building” is broader as it is defined as a structure which is fixed or permanently attached to the soil or water, with no specific type of buildings mentioned. This is in contrast to Government Regulation No. 29 of 1996 (“GR-29”) which clearly stated the regulation applied to a building, apartment, office tower, warehouse or factory.

This regulation revokes GR-29 and is in effect 2 January 2018. Transitional provisions are included for a number of situations.

MoF Regulation No.147/PMK.03/2017 (“MoF-147”) replaces the existing MoF Regulation No. 182/PMK.03/2015 (“MoF-182”).

Under the new MoF-147, a virtual office can now be used as a place of business, which means the taxable entrepreneur (“PKP”) can register to obtain a PKP number.

Further details regarding the use of a virtual office as a place of business are set out below.

No.	Topic	MoF-147
1.	Definition of virtual office	MoF-147 defines a virtual office or co-working space as an office that has a physical space and is equipped with office support services that are provided by the provider of the virtual office, so that the office can be used as a place of domicile, place of business, or sharing of a business address by two or more businesses.

No.	Topic	MoF-147
2	Individuals or corporate taxable entrepreneurs that use a virtual office as their place of business	<p>Individuals or corporate taxpayers can use a virtual office as the place where the taxable entrepreneur is registered, <b>as long as they meet the following requirements:</b></p> <ol style="list-style-type: none"><li>a. The provider of the virtual office must<ol style="list-style-type: none"><li>1. Register as a taxable entrepreneur;</li><li>2. Provide a physical space as the business premises for the individual or company that would like to be registered as a taxable entrepreneur; and</li><li>3. Conduct office support services; and</li></ol></li><li>b. The individual or company that uses the virtual office service has a business license or similar document issued by the relevant authority.</li></ol> <p>In addition to the above requirements, the taxable entrepreneur must provide the contract with the provider of the virtual office.</p>

For specific details regarding the procedures and other information, please see the regulation.



**For additional information, please contact us:**

**Sony B. Harsono**, Chief Executive Officer  
sony.harsono@harsono-strategic.com

**Dwi Ary Retnani**, Senior Director  
dwiary.retnani@harsono-strategic.com

**Julius Hardianto**, Senior Director  
julius.hardianto@harsono-strategic.com

**Suhartono Maridjan**, Senior Director  
suhartono.maridjan@harsono-strategic.com

**Susanty Judohartono**, Director  
susanty.judohartono@harsono-strategic.com

**Budi Harnata**, Director  
budi.harnata@harsono-strategic.com

**Richard William**, Director  
richard.william@harsono-strategic.com

**Terri Shreve**, Technical Advisor  
terri.shreve@harsono-strategic.com

**Toshihiro Asai**, Technical Advisor  
toshihiro.asai@harsono-strategic.com

**Harsono Strategic Consulting**  
Sudirman Plaza, Plaza Marein 9th Floor  
Jl. Jend. Sudirman Kav. 76-78  
Jakarta 12910, Indonesia  
ph. +62 21 5793 6777  
fax. +62 21 5793 6778  
[www.harsono-strategic.com](http://www.harsono-strategic.com)