

## EXTENSION TO FILE INDIVIDUAL TAX RETURNS

DGT Decision No. KEP-87/PJ/2017

The deadline to file the annual income tax return has been extended to 21 April 2017 for individual taxpayers. The deadline for payment (31 March) was not extended. The administrative sanction in the amount of IDR 100,000 is also waived.

## TAX AMNESTY REPORTING REQUIREMENTS

DGT Regulation No. 03/PJ/2017  
and Letter S-150/PJ.03/2017

For those who participated in the tax amnesty program, an annual report must be filed for three years. The following reports must be prepared for newly declared assets:

- Report on Additional Asset Placement (*Laporan Penempatan Harta Tambahan*) for assets that were already located and/or placed in Indonesia; and
- Report on Transfer and Realization of Additional Assets (*Laporan Pengalihan dan Realisasi Investasi Harta Tambahan*) for assets that were repatriated or moved into Indonesia.

The deadline for the first report was extended for both individuals and companies and is now due before the reporting deadline of the annual income tax return for fiscal year 2017. A failure to report would cause the tax office to send a warning letter. If the taxpayer fails to respond to the warning letter, a tax audit would result.

Those assets which were declared as part of the tax amnesty program are to be treated as new assets and reported in the annual income tax return. DGT Letter S-150 provides guidelines for how to complete the annual income tax return for this purpose.

## EXCHANGE OF INFORMATION

MoF Regulation No.  
39/PMK.03/2017

The Minister of Finance has issued a new regulation regarding procedures for the Exchange of Information ("EoI"). The main changes to the previous regulations (MoF Regulation No. 60/PMK.03/2014 and MoF Regulation No. 125/PMK.010/2015) are:

- Country-by-Country Reports are to be automatically exchanged annually. This is as a follow up to the MCAA (Multilateral Competent Authority Agreement) which was signed in January 2017.
- In addition to preventing tax avoidance and abuse of tax treaties, EoI is also to be used to gather information on tax compliance. Information collected under EoI can be used by the DGT as a basis of tax data.
- A Competent Authority will be appointed by the MoF to conduct EoI.

Further implementing regulations are expected.

## TAX TREATY WITH LAOS IN EFFECT

DGT Circular Letter  
SE-05/PJ/2017

The tax treaty between Indonesia and Laos was signed in 2011 and ratified in 2016. It is now in effect for income withheld at source from 1 January 2017. The withholding tax rates for the beneficial owner of the income are:

Type of Income	Withholding Tax Rate
Dividends	10% for a company which owns at least 10% of the shares 15% in all other cases
Interest	10%
Royalties	10%
Branch Profit Tax	10%

## TAX AMNESTY UPDATE

The tax amnesty program ended on 31 March, with over 950,000 taxpayers having participated. The government has released the results of the tax amnesty program:

Description	Target	Achieved	Remarks
Additional Assets Declared	IDR 4,000 trillion	IDR 4,877.5 trillion (USD 366 billion)	Exceeded target
Assets Repatriated	IDR 1,000 trillion	147 trillion (declared) (USD 11 billion)	14.7% realization
State Income (from Redemption Fee)	IDR 165 trillion	IDR 114.4 trillion (USD 8.6 billion)	69.3% realization

Source: [www.pajak.go.id/statistik-amnesti](http://www.pajak.go.id/statistik-amnesti)

It was reported that the assets which have been declared and repatriated come mainly from six countries:

Repatriated	Amount (IDR trillion)	Declared (overseas)	Amount (IDR trillion)
Singapore	84.52	Singapore	751.19
Cayman Islands	16.51	British Virgin Islands	76.92
Hong Kong	16.28	Hong Kong	56.27
British Virgin Islands	6.58	Cayman Islands	52.86
China	3.65	Australia	41.15

Source: Press Release No. 12/2017 issued by the DGT on 29 March 2017

## NEW AUDIT PROCEDURES ANNOUNCED

Minister of Finance, Sri Mulyani, has announced new audit procedures designed to reduce corruption at the tax office. Tax officials are no longer permitted to meet with taxpayers outside the tax office. In addition, she emphasized that audits cannot be arbitrary and must be based on accurate information. To curtail bribery, tax officials will be strictly monitored and CCTVs will be installed in the tax office. No regulation on the new procedures has yet been issued.



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