

**April 2020**

- Minister of Finance Regulation No. 23/PMK.03/2020
- Director General of Tax Circular Letter SE-19/PJ/2020
- Director General of Tax Decision No. 156/PJ/2020



Minister of Finance  
Regulation No.  
23/PMK.03/2020  
and  
Director General of Tax  
Circular Letter SE-  
19/PJ/2020

The COVID-19 pandemic has significantly affected the economic stability of certain sectors of the economy, not only in Indonesia but worldwide. In an effort to alleviate the adverse impact of COVID-19 on Indonesia's economy, the government is offering incentives to certain sectors to help taxpayers maintain economic growth, people's purchasing power, and productivity.

These incentives are set out in MoF Regulation No. 23/PMK.03/2020 ("MoF-23") which was issued on 21 March 2020. Its implementing regulation, DGT Circular Letter SE-19/PJ/2020 ("SE-19"), was issued on 31 March 2020 and further explains the procedures, monitoring process, and reporting of realization of the incentives obtained. Both regulations take effect on 1 April 2020.

A summary of the incentives is provided below.

**Article 21 Employee Income Tax**

Employee income tax will be borne by the government on income received by employees who meet the following criteria:

- a. The employer:
  - i. operates in a certain industry (the business classification (*Klasifikasi Lapangan Usaha*) ("KLU")) is listed in Appendix A of the regulation); or
  - ii. is a KITE (*Kemudahan Impor Tujuan Ekspor*) company
- b. The employee has a tax identification number (NPWP)
- c. The employee's fixed and regular gross annual income is no more than IDR 200 million

The income tax which is borne by the government is to be given directly to the employee and will not be treated as taxable income to the employee. This applies even if the employer bears the employee's income tax. Hence, the employees will receive additional income to maintain their purchasing power.

To be entitled to this incentive, the employer must submit an online notification to the tax office where it is registered. If the criteria are not met, the tax office must issue a rejection notice within five days. This incentive applies for the April through September tax periods.

The employer must submit a realization report on:

- 20 July 2020 (tax period April–June 2020)
- 20 October 2020 (tax period July–September 2020)

**Article 22 Income Tax on Imports**

Income tax on imports will not be collected if the importer:

- a. Operates in a certain industry (the KLU is listed in Appendix F of the regulation); or
- b. Is a KITE company.

The company must submit an online application to the tax office where it is registered. If the criteria are met, an exemption certificate will be issued within three days. If they are not met, the tax office must issue a rejection notice.

This incentive takes effect from the date the exemption certificate is issued until 30 September 2020.

The taxpayer must submit a realization report on:

- 20 July 2020 (tax period April–June 2020)
- 20 October 2020 (tax period July–September 2020)

#### **Article 25 Monthly Corporate Income Tax**

The monthly corporate income tax installment is reduced by 30% for qualifying companies. To qualify, the company must:

- a. Operate in a certain industry (the KLU is listed in Appendix F of the regulation); or
- b. Be a KITE company.

The company must submit an online notification to the tax office where it is registered. If the company does not qualify for the reduction, the tax office must issue a rejection notice within five days of the application.

The reduction to the monthly installment will be based on one of the following situations, whichever is applicable to the taxpayer:

- The Article 25 installments in the annual 2019 CIT return, if already filed
- The December 2019 Article 25 installment, if the 2019 CIT return has not been filed
- An approved reduction in Article 25 installments, if obtained as a result of deteriorating business conditions
- The Article 25 installments based on the calculation under the MoF regulation for certain taxpayers, such as new taxpayers, state-owned enterprises, and public companies

The incentive applies from the tax period when the notice is delivered through September 2020.

The company must submit a realization report on:

- 20 July 2020 (tax period April–June 2020)
- 20 October 2020 (tax period July–September 2020)

#### **VAT**

A VATable taxpayer (PKP) can apply for a preliminary refund as a low-risk PKP if it meets the following criteria:

- a. Operates in an approved industry (the KLU is listed in Appendix F of the regulation) or is a KITE company; and
- b. The amount of the refund is no more than IDR 5 billion.

The PKP does not need to submit a request to be categorized as a low-risk PKP and the DGT will not issue a decision designating the taxpayer as a low-risk PKP.

The preliminary refund is requested by:

- Submitting a VAT return, filling in the preliminary refund request column; or
- Submitting a letter requesting a refund amount if different to that requested in a VAT return that was already filed.

This relief applies for the tax periods April 2020 through September 2020. The refund application is to be submitted no later than 31 October 2020 and the PKP will be notified within one month of receipt if the application is granted.

Before the refund is provided, the tax office will confirm the PKP still operates in an approved industry or is a KITE company at the time the refund request is submitted, that the tax calculation is correct, and that the PKP is not undergoing a preliminary tax audit or tax investigation.

#### **Other**

Although the business classification stated in MoF-23 is limited to the business classification as stated in the 2018 CIT return, SE-19 clarifies that it is not restricted to the 2018 CIT return, considering that the taxpayer:

- May not have stated the business classification in the 2018 CIT return;
- May not have filed the 2018 CIT return; or
- Has incorrectly stated the business classification in the return.

If the business classification was not stated or was incorrectly stated in the 2018 CIT return, an amendment can be submitted, provided the taxpayer has not been audited. If the taxpayer has been audited, the business classification to be used is the one in the taxpayer's master file.

If the business classification in the Registration Certificate (*surat keterangan terdaftar*) or the taxpayer's master file is different to the one in the 2018 CIT return, the tax office should officially amend the business classification in the master file.

DGT Decision 156/PJ/2020 was issued on 20 March 2020 regarding Tax Policy in relation to the COVID-19 Pandemic. This regulation was issued to ease the economic and social effects from the COVID-19 pandemic by providing, among others, exemption from imposition of administrative sanctions and extension of various deadlines

Highlights of this decision are summarized below.

- As a result of COVID-19, the DGT has declared the period from 14 March 2020 to 30 April 2020 a state of force majeure.
- The deadline for filing annual individual income tax returns is extended from 31 March to 30 April.
- The deadline for individuals to report assets for tax amnesty purposes is extended from 31 March to 30 April.
- The deadline to report withholding taxes for the February tax period is extended to 30 April, but the payment is to be made in accordance with the normal deadlines.
- The deadline is extended to 31 May for taxpayers with a deadline between 15 March and 30 April 30, 2020 for submission of applications for the following:
  - Objection
  - Reduction or elimination of second administrative sanctions
  - Reduction or cancellation of the second tax assessment letter (SKP) or tax collection letter (STP)

As a result, administrative sanctions for late reporting or late payment penalty are waived for late filings of the above for this period and the DGT should not issue a tax collection letter (*surat tagihan pajak*). Any tax collection letters which have been issued should be officially cancelled by the Head of Regional Office.

Director General of Tax  
Decision No. 156/PJ/2020



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