

### Extension of COVID-19 Tax Incentives

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Minister of Finance Regulation No. 82/PMK.03/2021 ("MoF-82") extends the period for which tax incentives to help alleviate the impact of COVID-19 are available. MoF-82 also reduces the number of categories of taxpayers who can take advantage of the tax incentives previously offered under MoF Regulation No. 9/PMK.03/2021 ("MoF-9").

Highlights of the incentives and changes are set out below.

#### Summary of Incentives

The types of incentives available remain the same as before:

- Article 21 employee income tax: Employee income tax payable on the regular and fixed income received by employees who earn less than IDR 200 million annually is borne by the government.
- Final income tax of 0.5% for taxpayers with annual gross income of no more than IDR 4.8 billion (based on Government Regulation No. 23/2018) is borne by the government.
- Article 22 income tax on imports: Taxpayers are granted an exemption from this tax.
- Article 25 monthly corporate income tax: The income tax installment is reduced by 50%.
- Value Added Tax: A VATable entrepreneur (PKP) can apply for a preliminary refund of up to IDR 5 billion.
- Final income tax on income from construction services under the Acceleration Program to Improve the Use of Irrigation Water (*Program Percepatan Peningkatan Tata Guna Air Irigasi*) ("P3-TGAI") is borne by the government.

The extension period granted for the tax incentives is until December 2021.

#### Changes to KLU

Taxpayers in industries which may take advantage of these incentives have been significantly reduced, except for the Art. 21 incentive. The eligible business classifications (*klasifikasi lapangan usaha* ("KLU")) are listed in the applicable attachment to MoF-82.

Tax Incentive	Number of Eligible Industries (KLUs)		Attachment
	MoF-9	MoF-82	
Art. 21	1,189	1,189	Attachment A
Art. 22	730	132	Attachment J
Art. 25	1,018	216	Attachment O
VAT	725	132	Attachment R

We suggest that taxpayers who have previously used the incentives and want to apply for an extension check their KLU in the respective attachment to MoF-82 to ensure they are still eligible.

## Other

### a) Reapplication for tax incentives

- Tax Taxpayers who have obtained and utilized tax incentives for income tax Art. 21, Art. 22, and Art. 25 based on MoF-9 are required to resubmit the notification/application through the DGT online.
- Taxpayers can utilize the tax incentives for income tax Art. 21 and Art. 25 starting from the July 2021 tax period by submitting a notification **at the latest by 15 August 2021**.

### b) Realization report

- Taxpayers who use the MoF-82 tax incentives are required to submit a realization report.
- Taxpayers who have submitted a realization report for income tax Art. 21, final income tax as intended in GR-23, or final income tax for P3-TGAI taxpayers can submit an amended report for tax periods January 2021 through June 2021 **at the latest by 31 October 2021**.

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