

Versi Bahasa Indonesia

Enforcement Date

15 July 2016

Related ILB

- House Passes Bill on Tax Amnesty
- Tax-Amnesty Law: From Sin Springs Hope Eternal
- New Non-Taxable Income Threshold
- Income-Tax Concessions Amended for Certain Industries
- New Procedures for Claiming Tax-Overpayment Refunds

Implementing Regulation for the Tax Amnesty Law

The Minister of Finance ("Minister") has just issued Regulation [No. 118/PMK.03/2016](#) ("2016 Regulation") on the Implementation of Law [No. 11 of 2016](#) on Tax Amnesty ("Tax Amnesty Law").¹ In essence, the 2016 Regulation serves to implement Article 24 (a), (b), (c), (d), and (e) of the new Tax-Amnesty Law, and requires that the Minister set out further technical procedures to be followed by taxpayers when they are applying for any tax amnesty, covering:

- a. Tax-amnesty subjects and objects;
 - b. Asset-statement letters and ransom money;
 - c. Tax arrears;
 - d. Revocations of legal action;
 - e. Tax-amnesty facilities;
- f. Designation of receiver banks;
 - g. Removal of administrative sanctions as they apply to tax-amnesty applicants;
 - h. Termination of any ongoing investigations related to allegations of tax crimes; and
 - i. Data management and information.

Due to the broad scope of the 2016 Regulation, this edition of Indonesian Legal Brief will confine its discussions to points (a), (b), and (e) above.

The 2016 Regulation is of relevance to all individuals, as well as to corporate taxpayers ("Taxpayer").

Tax-Amnesty Subjects and Objects

The new tax amnesty can be taken advantage of by both companies and individual Taxpayers, unless they are currently the subject of any trial proceedings, are being prosecuted, or have had criminal sanctions applied to them as a result of previous tax crime(s).² The tax amnesty can be granted for any outstanding payable income tax, Value Added Tax (VAT) and/or Luxury Goods Sales Tax (*Pajak Pertambahan Nilai dan Pajak Penjualan Barang Mewah* - "PPnBM") generated up until the most recent tax year (*i.e.* 1 January 2015 - 31 December 2015).³

¹ For more information on the Tax Amnesty Law, see ILB [No. 2912](#) and ILD [No. 462](#).

² Art. 2 (1) and (4), 2016 Regulation.

³ Art. 3 (2) and (3), 2016 Regulation.

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Asset-Statement Letter

In order to obtain a tax amnesty, Taxpayers must first disclose their assets in a statement letter and submit this letter to the Minister via the relevant tax-service office where the applicant is registered, or via another designated place (e.g. Indonesian Embassies in Singapore, Hong Kong, and so forth).⁴ This asset-statement letter should be drawn up using the format provided in Appendix A to the 2016 Regulation and should include the following information:⁵

- a. Applicant's identity (i.e. name, address, Taxpayer Identification Number/NPWP, business-license number for business entities, and so forth);
- b. Details of any assets which either have or have not been reported in the latest Annual Income-Tax Notification Letter (*Surat Pemberitahuan Tahunan Pajak Penghasilan Terakhir*/"SPT PPh");
- c. Details of any liabilities which either have or have not been reported in the latest SPT PPh;
- d. Net-asset value (of the unreported assets in question after the total liabilities have been deducted); and
- e. Ransom-fee calculation.

In addition, the following supporting documents must also be submitted along with any asset-statement letter:⁶

- a. Payment receipts relating to the ransom fee and tax debts (*tunggakan pajak*);
- b. List of the applicant's unreported assets and liabilities (using the format stipulated under Part D of the Appendix to the 2016 Regulation);
- c. Statement letter covering the revocation of any ongoing applications for tax refunds or deductions, sanctions deductions or annulments, objections, appeals and reviews, which relate to any tax stipulations (using the format stipulated under Appendix Part E to the 2016 Regulation).

The asset-statement letter must be signed by the Taxpayer (for individual Taxpayers) or by the head of an entity, i.e. board of directors, chairman of a corporation, etc. (for corporate Taxpayers and their proxies) and must be submitted to a tax office or other officially designated place before 31 March 2017.⁷

Ransom Fees

Ransom fees are to be calculated using the following formula:⁸

$$(\text{Ransom tariff}) \times (\text{value of disclosed assets})$$

Ransom tariffs differ, based on the period of submission and the object of the tax amnesty in question, as detailed below:⁹

⁴ Art. 3 (1), 4 (1), and 14 (1c) (3), 2016 Regulation.

⁵ Art. 4 (2) and 5, 2016 Regulation.

⁶ Art. 13 (6), 2016 Regulation.

⁷ Art. 14 (1b), (1c), (1e), and (3), 2016 Regulation.

⁸ Art. 9, 2016 Regulation.

⁹ Art. 10, 2016 Regulation.

Tariff (%)	Asset Statement Letter Submission Period	Amnesty Objects
2	1 July 2016 - 30 September 2016	Assets which are located both within Indonesia and overseas, which will be transferred to and invested in Indonesia for a minimum period of three years
3	1 October 2016 - 31 December 2016	
5	1 January 2017 - 31 March 2017	
4	1 July 2016 - 30 September 2016	Assets which are located overseas and which will not be transferred to Indonesia
6	1 October 2016 - 31 December 2016	
10	1 January 2017 - 31 March 2017	
0.5	1 July 2016 - 31 March 2017	Taxpayers whose business value is up to IDR 4.8 billion and who have a disclosed asset value of less than IDR 10 billion
2		Taxpayers whose business value is up to IDR 4.8 billion and who have a disclosed asset value of over IDR 10 billion

Taxpayers should pay their ransom money through a designated receiving bank (*bank persepsi*). These Banks will be appointed by the Minister and will use the tax-account code number: 411129 and the transfer code number: 512.¹⁰ The ransom money will then be administered as non-oil-and-gas state revenue.¹¹ Valid payments of ransom money can be proven in a tax-deposit form after being validated and having received a state-revenue transaction number.¹²

Tax-Amnesty Facilities

Taxpayers who have already secured a tax amnesty will be able to enjoy the following facilities:¹³

- Release from the obligation to pay any outstanding payable tax generated during any period before the end of the most recent tax year (i.e. 31 December 2015), including any administrative sanctions linked to such obligations; and

¹⁰ Art. 15 (1) and (3), 2016 Regulation.

¹¹ Art. 15 (2), 2016 Regulation.

¹² Art. 15 (4) and (5), 2016 Regulation.

¹³ Art. 23 (1), 2016 Regulation.

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- b. Exemption from investigations into any allegations of tax crime relating to any disclosed, outstanding payable tax obligations which occurred up to the end of the most recent tax year; and
- c. Termination of any ongoing investigations into allegations of tax crime which commenced before the tax-amnesty application was submitted. Such terminations can only be executed by an officer from the Directorate General of Taxation

Moreover, Taxpayers are also required to immediately transfer the titles of any immovable assets or shares which are registered in their names. Such transfers will be exempt from any income-tax obligations if the Taxpayer carries out the following actions before 31 December 2017.¹⁴

In order to be exempt from income-tax obligations, Taxpayers must submit an application to secure an income-tax exemption letter to the tax office where the Taxpayer was first registered, along with the following documents:¹⁵

- a. Copy of a notification letter for the most recent tax year setting out their Land and Building Tax Debt for any assets which are registered in their names;
- b. Copy of sale/purchase deeds for assets which are registered in their names;
- c. Statement letter on asset ownership which has been legalized by a notary; and so forth.

Based on the application above, the Director General of Tax will issue the income tax exemption letter within five working days of receiving any completed application.¹⁶

The 2016 Regulation has been in force since 15 July 2016.

¹⁴ Art. 24 (1), (2), and (3), 2016 Regulation

¹⁵ For a complete list of documents, see Art. 24 (4) and (5), 2016 Regulation.

¹⁶ Art. 26 (1), 2016 Regulation.

RECENTLY PUBLISHED ILB

- Govt. Redefines Procedure for Securing Borrow-to-Use Forest Area Permits
- Rejuvenation of Palm Plantations
- New Non-Taxable Income Threshold
- New Regulation on Land Management in Coastal Areas and Small Islands

RECENT REGULATION

- Presidential Regulation [No. 47 of 2016](#) on Determination of Port Patimban in the Subang District of West Java Province as a National Strategic Project
- Presidential Regulation [No. 48 of 2016](#) on Assignment of the Logistics Affair Board (BULOG) to National Food Security
- Government Regulation [No. 13 of 2016](#) on Logistics Affairs Board (BULOG)
- Government Regulation [No. 14 of 2016](#) on Management of Housing and Residential Areas

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