The Minister of Finance (MoF) of the Republic of Indonesia has issued Regulation No. 9/PMK.03/2018 (PMK 9), which contains some important changes to tax administration in Indonesia. PMK 9 is an amendment to MoF Regulation No. 243/PMK.03/2014 and states that the changes have been made in the interests of simplifying the administration of tax returns, supporting the ease of doing business and to give legal certainty on the tax returns acceptance. Some key changes are:

A. Tax return examination by the Directorate General of Tax (DGT) when accepting a tax return is now only to validate the completeness of the tax return.

B. The statement for Part of a Tax Year (“Bagian Tahun Pajak”) in the tax return is now clarified.

C. The obligation to use electronic filing for monthly and annual tax returns for certain taxpayers.

D. The obligation to submit tax returns through certain channels for taxpayers, which must submit their monthly and annual tax returns electronically.

E. The removal of reporting requirements for certain types of monthly tax returns that show a nil return.

F. Payment on VAT for self-construction activity and the use of intangible taxable goods and/or taxable service from overseas by an individual or a corporate that is not a VAT-able Entrepreneur is also considered as VAT reporting.

G. A taxpayer that submit annual tax return, which has filed an extension to submit its tax return, where the annual tax return shows a lower amount of underpaid income tax than its temporary tax return can overbook the overpaid tax; or ask for tax refund.

H. The tax office should issue a hard copy or an electronic tax receipt only when it receives a complete tax return.
A. Tax examination

The tax return examination process conducted by the tax office when accepting a tax return is now only to validate the completeness of a tax return and its attachments, without validating the accuracy of its wording and calculations.

B. Part of a Tax Year is clarified

The statement for Part of a Tax Year (“Bagian Tahun Pajak”) in the annual income tax return is now clarified as follows:

1) To use a calendar year in case Part of a Tax Year covers one calendar year;

2) To use a calendar year that has more months in case Part of a Tax Year covers two different calendar years; or

3) To use the first calendar year, in case Part of a Tax Year covers two calendar years with the same amount of months for each calendar year.

C. Obligation to use electronic tax returns for certain taxpayers

Certain taxpayers must report their monthly and annual tax returns electronically. These taxpayers, among others, are:

1) Taxpayers that withhold Article 21/26 income tax from wages of more than 20 employees in one tax period;

2) Taxpayers that withhold final Article 21/26 income tax with more than 20 withholding tax slips in one tax period;

3) Taxpayers that issue more than 20 Article 23/26 withholding tax slips in one tax period;

4) Taxpayers that withhold Article 23/26 income tax from payments with gross amount of more than IDR100 million in one withholding tax slip;

5) VAT-able Entrepreneur when reporting its VAT obligations;

6) Tax Collector, other than Government Treasurer, when reporting its VAT obligations;

7) Taxpayers that are registered in the Middle Tax Office (“KPP Madya”), tax offices within Jakarta Special Regional Office (“Kanwil Jakarta Khusus”), and tax offices within Large Taxpayer Regional Office (“Kanwil Wajib Pajak Besar”);

8) Taxpayers that use tax consultant service when fulfilling its annual income tax return obligation;

9) Taxpayers for which the financial statements are audited by a public accountant; and/or

10) Taxpayers that have previously filed monthly and annual tax returns electronically before the issuance of this regulation.

For these taxpayers, the Directorate General of Tax (DGT) will not issue any tax receipt for the submitted tax returns and the tax returns are considered never been submitted, if they still submit their tax returns in hardcopy form.
D. **Obligation to submit electronic tax returns through certain channels**

Taxpayers that must report their tax returns electronically must submit their electronic tax returns through certain channels, which are:

1) DGT’s website;
2) Electronic tax return supplier’s website;
3) Digital sound channels (i.e. telephone line) determined by DGT for certain taxpayers;
4) Data communication network linked specifically between DGT and the taxpayer; and
5) Other channel determined by DGT.

The obligation to submit electronic Article 21/26 income tax return and VAT returns through certain channels is effective for tax returns submitted starting April 2018. If the electronic tax returns are submitted through other way than the above channels, the DGT will not issue any tax receipt and the tax returns are considered to have never been submitted.

E. **Removal of reporting requirement for certain tax returns that show a nil position**

Monthly Article 21/26 income tax return that show nil return, except for the month of December and nil tax return caused by Certificate of Tax Domicile, are no longer required to be reported. A taxpayer with a nil Article 25 income tax installment is also not required to report an Article 25 income tax return. A VAT Collector is no longer required to report a VAT return if, in a particular tax period, there is no transaction where the VAT and/or Luxury Goods Sales Tax (LGST) must be collected.

F. **No separate VAT reporting is required**

An individual or a corporate, which is not a VAT-able Entrepreneur must report the self-assessed VAT paid on the self-construction activity and the use of intangible taxable goods and/or intangible taxable service from overseas by the end of the following month after the end of a tax period. Previously, it must report the VAT payment by using page 3 of a tax payment slip to the tax office where the building is located; or where the taxpayer is domiciled. However, based on this regulation, payment of VAT for self-construction activity and the use of intangible taxable goods and/or intangible taxable service from overseas made by an individual or a corporate that is not a VAT-able Entrepreneur, where the payment has received a validation number from State Revenue, is also considered as VAT reporting. Thus, no separate VAT reporting is required.

G. **Filing for extension of time to annual tax return**

A taxpayer that provides a notification to extend the deadline for submission of its annual tax return (which includes a preliminary calculation) must submit the annual tax return in accordance with the extension time limit stated in the notification. In case the annual tax return shows a lower tax liability than the preliminary calculation when it filed for the extension, the taxpayer can either file an application to overbook the overpaid tax, or ask for a tax refund on the overpaid tax through an application for refund.
H. Tax receipt only issued for a complete tax return

The tax office should conduct an examination of the submitted tax returns to ensure that:

1) The tax return is signed by the taxpayer;

2) The tax return is submitted using Indonesian language and with IDR currency, unless the taxpayer has received an approval from the MoF to conduct bookkeeping in foreign language and maintain its books in other currency;

3) The tax return is attached with necessary declarations and/or documents;

4) Tax returns showing an overpayment position are on time - submitted within three years after the end of Tax Period, Tax Year or Part of a Tax Year; and

5) Tax return has been submitted before the DGT has commenced a tax audit, an audit with preliminary evidence in public; or issued tax assessment letter.

If the submitted tax return meets the above requirements, the tax office will issue a hard copy or an electronic tax receipt for the tax return that is submitted by way of direct submission or submitted electronically. However, for tax returns that are submitted through post office or courier service, the post office or the courier service receipt and its mail delivery receipt are considered as a tax receipt and evidence of the submission date of the tax return. If the tax return submitted does not meet the requirements of (1), (2), (4) and (5) above, the tax return is considered not submitted and the tax office will issue a notification letter. If the tax return submitted does not meet requirement of (3) above, the tax return is considered incomplete and the tax office will issue a request letter to complete the tax return. The tax return must be completed within 30 days after the request letter is issued.
Sectors we serve in Indonesia

- Banking & capital markets
- Asset management
- Insurance
- Power & utilities
- Mining & metal
- Oil & gas
- Media & entertainment
- Telecommunications
- Technology
- Public infrastructure
- Transportation
- Real estate
- Consumer products
- Pharmaceuticals
- Plantation
- Industrial & manufacturing
- Automotive
- Government & public sector
- Not-for-profit organizations

Contact us

<table>
<thead>
<tr>
<th>Tax Services Leader</th>
<th>Phone</th>
<th>Mobile</th>
<th>E-mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santoso Goentoro</td>
<td>+62 21 5289 5584</td>
<td>+62 816 893 648</td>
<td><a href="mailto:santoso.goentoro@id.ey.com">santoso.goentoro@id.ey.com</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Partner / Director / Senior Advisor</th>
<th>Phone</th>
<th>Mobile</th>
<th>E-mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Business Tax</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yudie Paimanta</td>
<td>+62 21 5289 5585</td>
<td>+62 816 893 687</td>
<td><a href="mailto:yudie.paimanta@id.ey.com">yudie.paimanta@id.ey.com</a></td>
</tr>
<tr>
<td>Dodi Suryadarma</td>
<td>+62 21 5289 5236</td>
<td>+62 815 10000 490</td>
<td><a href="mailto:dodi.suryadarma@id.ey.com">dodi.suryadarma@id.ey.com</a></td>
</tr>
<tr>
<td>Bambang Suprijanto</td>
<td>+62 21 5289 5060</td>
<td>+62 811 326 597</td>
<td><a href="mailto:bambang.suprijanto@id.ey.com">bambang.suprijanto@id.ey.com</a></td>
</tr>
<tr>
<td>Nathanael Albert</td>
<td>+62 21 5289 5265</td>
<td>+62 811 950 926</td>
<td><a href="mailto:nathanael.albert@id.ey.com">nathanael.albert@id.ey.com</a></td>
</tr>
<tr>
<td>Sri Rahayu</td>
<td>+62 21 5289 5485</td>
<td>+62 816 883 281</td>
<td><a href="mailto:sri.rahayu@id.ey.com">sri.rahayu@id.ey.com</a></td>
</tr>
<tr>
<td>Henry Tambingon</td>
<td>+62 21 5289 5033</td>
<td>+62 816 166 1142</td>
<td><a href="mailto:henry.tambingon@id.ey.com">henry.tambingon@id.ey.com</a></td>
</tr>
<tr>
<td>B. Transaction Tax</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ben Koesmoeljana</td>
<td>+62 21 5289 5030</td>
<td>+62 819 0569 8899</td>
<td><a href="mailto:ben.koesmoeljana@id.ey.com">ben.koesmoeljana@id.ey.com</a></td>
</tr>
<tr>
<td>Triadi Mukti</td>
<td>+62 21 5289 5090</td>
<td>+62 816 186 0037</td>
<td><a href="mailto:triadi.mukti@id.ey.com">triadi.mukti@id.ey.com</a></td>
</tr>
<tr>
<td>Prasetya H. Lam</td>
<td>+62 21 5289 5022</td>
<td>+62 812 9900 8168</td>
<td><a href="mailto:prasetya.h.lam@id.ey.com">prasetya.h.lam@id.ey.com</a></td>
</tr>
<tr>
<td>C. Indirect Tax</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iman Santoso</td>
<td>+62 21 5289 5250</td>
<td>+62 811 884 267</td>
<td><a href="mailto:iman.santoso@id.ey.com">iman.santoso@id.ey.com</a></td>
</tr>
<tr>
<td>Elly Djoenaidi</td>
<td>+62 21 5289 5590</td>
<td>+62 816 893 689</td>
<td><a href="mailto:elly.djoenaidi@id.ey.com">elly.djoenaidi@id.ey.com</a></td>
</tr>
<tr>
<td>D. Human Capital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kartina Indriyani</td>
<td>+62 21 5289 5240</td>
<td>+62 811 868 336</td>
<td><a href="mailto:kartina.indriyani@id.ey.com">kartina.indriyani@id.ey.com</a></td>
</tr>
<tr>
<td>E. International Tax/Transfer Pricing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peter Ng</td>
<td>+62 21 5289 5228</td>
<td>+62 815 1800 790</td>
<td><a href="mailto:peter.ng@id.ey.com">peter.ng@id.ey.com</a></td>
</tr>
<tr>
<td>Jonathon McCarthy</td>
<td>+62 21 5289 5599</td>
<td>+62 815 1909 0233</td>
<td><a href="mailto:jonathon.mccarthy@id.ey.com">jonathon.mccarthy@id.ey.com</a></td>
</tr>
<tr>
<td>Peter Mitchell</td>
<td>+62 21 5289 5232</td>
<td>+62 813 8185 4671</td>
<td><a href="mailto:peter.mitchell@id.ey.com">peter.mitchell@id.ey.com</a></td>
</tr>
<tr>
<td>Sui Fun Chai</td>
<td>+62 21 5289 5048</td>
<td>+62 856 9220 5420</td>
<td><a href="mailto:chai.sui.fun@id.ey.com">chai.sui.fun@id.ey.com</a></td>
</tr>
<tr>
<td>F. Japanese Client Contact</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sachiko Hamada</td>
<td>+62 21 5289 5015</td>
<td>+62 815 1835 404</td>
<td><a href="mailto:sachiko.hamada@id.ey.com">sachiko.hamada@id.ey.com</a></td>
</tr>
<tr>
<td>Ryuichi Saito</td>
<td>+62 21 5289 5579</td>
<td>+62 821 40883461</td>
<td><a href="mailto:ryuichi.saito@id.ey.com">ryuichi.saito@id.ey.com</a></td>
</tr>
</tbody>
</table>