



Shape the future  
with confidence

June 2026

## Tax Alert

News from EY Indonesia Tax Services

# Indonesia's Latest Tax and Financial Regulatory Updates

In this edition, we present an overview of three significant regulatory developments issued by the Government of Indonesia, each of which is expected to have a meaningful impact on the country's tax and financial landscape. **Government Regulation No. 20 Year 2026 (GR-20)** introduces important amendments to existing income tax provisions, including the explicit disallowance of expenses related to bribery and corruption in line with international standards.

Furthermore, we examine **Minister of Finance Regulation No. 28 Year 2026 (PMK-28)**, which refines the procedures for preliminary refunds of excess tax payments by strengthening eligibility requirements and providing greater clarity on administrative processes. Lastly, **Government Regulation No. 21 Year 2026 (GR-21)** revises the framework governing foreign exchange proceeds from natural resource exports (DHE SDA), emphasizing the retention of export proceeds within the domestic financial system to support macroeconomic stability and national economic resilience.

## Government Regulation Number 20 Year 2026 - Income Tax Regulations

On 22 April 2026, the Government of Indonesia issued Regulation No. 20 Year 2026 (GR-20) in relation to Amendment to Government Regulation Number 55 Year 2022 (GR-55) concerning Adjustments to Income Tax Regulations.

Key takeaways from GR-20:

- The regulation clarifies that bribery-and corruption-related expenses are non-deductible for tax purposes in line with OECD recommendations.
- The regulation limits the application of the Final Income Tax regime on certain gross turnover only to individual taxpayers and single-shareholder corporations or cooperatives.

## 1. Gratification Clause

Expenses in the form of bribes, gratuities, and/or other payments in any name or form as referred to under the laws and regulations governing corruption and/or bribery offenses, including those made to foreign public officials, shall not constitute deductible expenses incurred to earn, collect, or maintain income for the purpose of calculating taxable income.

The term "foreign public official" refers to any person appointed or elected to hold a legislative, executive, administrative, or judicial office in a foreign country, any person performing a public function for a foreign country, including for a public agency or State-Owned Enterprise, as well as any official or representative of a public international organization.

## 2. Final Income Tax for Small Taxpayers

Taxpayers with certain gross turnover is subject to 0.5% Final Tax on its turnover. The Final Income Tax regime applies to resident individual taxpayers and single-shareholder corporations or cooperatives with annual gross turnover not exceeding IDR 4.8 billion. Under the previous regulation, the Final Income Tax regime covers a wide range of corporate taxpayers.

However, the Final Income Tax regime does not apply to:

- Taxpayers who opted for the regular income tax rates to apply
- Permanent establishments
- Certain taxpayers receiving other tax incentives
- Professional service providers through single-shareholder corporations
- Individual taxpayers or single-shareholder corporations whose owner is the same individual where the combined turnover exceeds the threshold, and
- A cooperative after four years of its registration

There is no eligibility time limit, except for cooperatives, which are eligible only for up to four years from their registration date. Once a taxpayer is excluded from or opts out of the Final Income Tax regime, the taxpayer cannot reapply for the Final Income Tax regime in subsequent fiscal years.

### Transitional provisions

- Individual taxpayers whose eligibility for the Final Income Tax regime under GR-55 expired in Fiscal Year 2024 may continue applying the Final Income Tax regime for Fiscal Years 2025 and 2026, provided they still meet the eligibility criteria.
- Individual taxpayers and single-shareholder corporations whose eligibility expired in Fiscal Year 2025 may continue applying the Final Income Tax regime for Fiscal Year 2026, subject to meeting the relevant criteria.
- Cooperatives registered before this regulation takes effect, whose eligibility under GR-55 expires between Fiscal Years 2024 and 2029, may continue applying the Final Income Tax regime for Fiscal Years 2025-2029 if they remain eligible.

---

## Minister of Finance Regulation No. 28 Year 2026 - Preliminary refund of excess tax payments procedures

---

This tax alert outlines the regulations and procedures for the preliminary refund of excess tax payments by the Indonesian Ministry of Finance. This regulation applies to Taxpayer with the following status:

1. Certain Criteria Taxpayer
2. Taxpayer Meeting Certain Conditions
3. Low-Risk VAT-able Entrepreneur

## Overview of Indonesian Tax Refund Regulation

On 30 April 2026, the Indonesian Minister of Finance (MOF) issued Regulation No. 28 Year 2026 (PMK-28) in relation to preliminary refund of excess tax payments procedures. PMK-28 establishes procedures for the preliminary refund of excess tax payments, focusing on criteria, application processes, and investigation procedures to ensure legal certainty and accuracy in tax refunds. PMK-28 is effective on 1 May 2026.

Key takeaways from PMK-28:

- The eligibility requirements for Certain Criteria Taxpayer, Certain Conditions Taxpayer and Low-Risk VAT-able Entrepreneur remains unchanged from the previous regulation. However, PMK-28 provides more detailed conditions for each criterion, making the eligibility requirements more stringent.
- There are changes in the thresholds for Corporate Taxpayers and VAT-able Entrepreneurs to be eligible for preliminary tax refund under the category of Taxpayer Meeting Certain Conditions.
- Any decision regarding Certain Criteria Taxpayer issued prior to the enforcement of PMK-28 is automatically revoked. Affected taxpayer should resubmit the application by 10 June 2026.

### 1. Certain Criteria Taxpayer

#### Eligibility Criteria and Registration

Taxpayers meeting the following certain criteria can receive preliminary refunds for overpayments of Income Tax as well as VAT:

- (i) Timely submission of tax returns
- (ii) No tax arrears except for deferred or instalment payments that have been approved
- (iii) Three consecutive years of unqualified opinion of audited financial statements and
- (iv) The taxpayers must not have been convicted of tax-related criminal offenses in the last five years

PMK-28 provides detailed conditions for the above certain criteria:

1. The requirement of having no tax arrears also includes having no history of late tax payments during the past five years.
2. The audited financial statement must be reported in the Corporate Income Tax Return (CITR) and must not be a restated audited financial statement.
3. Taxpayers must respond and discuss any request for clarification on fiscal profit/loss data issued at least 3 months before the determination as a Certain Criteria Taxpayer in accordance with tax regulations.
4. There must be no adjustment exceeding 5% of the taxable profit or loss resulting from tax audits for the last three fiscal years. This requirement applies only to tax assessments that have been agreed to by the taxpayer or are final and legally binding.
5. The public accountant conducting the audit must comply with the five-year limitation period for the provision of audit services on historical financial information, as stipulated under government regulations governing public accountancy practices. In addition, taxpayers must also provide a statement letter confirming compliance with the financial statement criteria.

The eligible taxpayer must submit the application electronically via the taxpayer's portal or physically (i.e., directly or by mail through a logistics or courier service) to the tax office by 10 January. The Directorate General of Taxes (DGT) will review the application and issue a decision within 30 working days; otherwise, the application will be deemed approved.

#### Revocation of Status

The decision to grant a Certain Criteria Taxpayer status remains valid from the date of issuance until it is revoked by the DGT. The DGT may revoke the status if the taxpayer:

- Submits Annual Tax Returns late
- Submits Periodic (Monthly) Tax Returns late for two consecutive tax periods, or three tax periods within a calendar year, or beyond the deadline for submitting the subsequent Periodic Tax Return
- Has outstanding tax liabilities that remain unpaid when due
- Is late in paying approved tax installments or deferred tax payments

- Submits financial statements that do not meet the eligibility criteria
- Fails to respond to requests for clarification of tax data or fiscal profit/loss information or
- Becomes subject to a preliminary tax crime investigation or formal tax crime investigation after receiving the decision

The revocation is carried out through the issuance of a formal revocation decision, which will be notified to the taxpayer. A taxpayer whose status has been revoked may reapply in accordance with the applicable requirements.

### **Tax Refund Process**

Certain Criteria Taxpayer can apply for a preliminary refund after their designation.

- Refund requests are filed through the relevant tax return by completing the preliminary refund section.
- Formal requirements include valid designation status, timely tax filings, no outstanding tax liabilities, and audited financial statements with unqualified opinions.
- If the DGT finds the Taxpayer fails to satisfy the formal requirements, the DGT will deny the refund application and revoke the status of Certain Criteria Taxpayer
- Subsequently, if the Taxpayer passes the formal requirements, the DGT will review tax records, withholding/payment evidence, Input VAT validity, and business activity fulfilment for requests submitted before year-end.
- Refund decisions must be issued within three months for Income Tax and one month for VAT; otherwise, the request is deemed approved.
- If discrepancies arise between the requested and approved amount, taxpayers can resubmit a separate application within 2 years before the expiry of the statute of limitation provided the DGT has not yet commenced an audit or initiate preliminary tax criminal investigation.

## **2. Taxpayer Meeting Certain Conditions**

Taxpayers who meet certain conditions may also apply for receiving preliminary refunds of excess tax payments. The eligible Taxpayers include:

- Individual taxpayers who do not operate a business or engage in freelance work (i.e., employees) and submit their annual income tax returns showing an overpayment.
- Individual taxpayers who operate a business or engage in self-employment and submit their annual income tax returns showing an overpayment in the amount of up to IDR 100 million.
- Corporate taxpayers that submit an overpayment annual income tax returns with turnover up to IDR 50 billion and overpayment amount up to IDR 1 billion.
- VAT-able Entrepreneurs that submit overpayment VAT returns with delivery amount up to IDR 4.2 billion and VAT overpayment amount up to IDR 1 billion for a particular Tax Period. However, it does not include any pre-production VAT-able Entrepreneurs.

### **Tax Refund Process**

Taxpayers meeting certain conditions must submit the requests via their tax return by filling out the designated sections in the tax return. The DGT then conducts examinations to verify the accuracy of tax entries, evidence of withholding, input tax credits, and activities.

- Verification includes checking tax calculations, withholding/payment evidence, and input tax documentation.
- Evidence must be issued or validated through the DGT's administration system, including electronic exchanges and validation of State Revenue Transaction Numbers.
- Activities carried out by taxpayers during the tax period are verified to ensure compliance.
- Input VAT must meet specific criteria, including proper documentation and validation. Input tax not meeting such criteria is excluded from the overpayment calculations.

### **Decision Issuance and Notification Procedures**

Decisions on preliminary refunds are issued within specified time frames or deemed granted if deadlines are missed.

- For Individual Income Tax refunds, the decision shall be issued within 15 working days.
- For Corporate Income Tax and VAT refunds, the decision shall be issued within 1 month.

- If there is no decision issued within the period, the request is deemed granted.
- The decision or notification states whether the refund is granted or denied based on the examination results.
- If discrepancies arise between the requested and approved amount, taxpayers can resubmit a separate application within 2 years before the expiry of the statute of limitation provided the DGT has not yet commenced an audit or initiate preliminary tax criminal investigation.

### 3. Low-Risk VAT-able Entrepreneurs

VAT-able Entrepreneurs who are eligible to apply for Low-Risk VAT-able Entrepreneurs status are as follows:

- Companies whose shares are traded on the Indonesia Stock Exchange
- State-Owned Enterprises
- VAT-able Entrepreneurs who are designated as Customs Primary Partner (*Mitra Utama Kepabeanan*)
- Authorized Economic Operators (AEO)
- Certain manufacturers with their own manufacturing facilities
- Pharmaceutical wholesaler who has pharmaceutical distribution certificate or pharmaceutical distributor license
- Medical equipment distributor who has medical equipment certificate or medical equipment distributor license or
- Companies where more than 50% of their shares are directly owned by State-Owned Enterprises as stated in the consolidated financial statements of the parent State-Owned Enterprises

#### Application, Revocation and Re-application Processes

Applications shall be submitted by taxpayers via electronic or physical means (i.e., directly, mail, logistic service or courier service) to the tax office, with supporting documents.

- Criteria include timely VAT returns, no ongoing audits or investigations, and no recent criminal convictions.
- The DGT conducts compliance examinations and issues decisions within 15 working days after the application is received in full; if delayed, the request is deemed granted.
- Designation is valid until revoked due to non-compliance or other reasons.
- Decisions can be revoked if taxpayers fail to meet criteria, are late in submissions, or are involved in investigations or tax criminal cases.
- Revocations are issued with formal notices, and effective from the date of issuance. Taxpayers can reapply for low-risk VAT-able Entrepreneur after revocation.
- Low-risk VAT-able Entrepreneurs may request a preliminary VAT refund by completing the relevant section in the VAT return.
- The DGT first review the formal requirements, including valid low-risk status, timely VAT filings for the last 12 months, no ongoing tax audit, no preliminary tax crime investigation, and no final tax crime conviction within the last five years.
- Taxpayers that fail to meet the formal requirements are not eligible for the preliminary refund.
- If the formal requirements are met, the DGT reviews the VAT return, including qualifying business activities, tax calculations, and the validity of Input VAT credits and self-assessed VAT.
- The DGT verifies that at least 80% of the taxpayer's transactions relate to qualifying taxable supplies or exports.
- The results of the DGT's review form the basis for approving or rejecting the preliminary VAT refund.

#### Decision Issuance and Notification Procedures

The DGT will issue a Preliminary Tax Refund Decision Letter if the taxpayer satisfies the formal requirements and the review confirms an overpayment of tax.

- The DGT will reject the request and notify the taxpayer if the formal requirements are not met or if no tax overpayment is identified.
- The refund decision or rejection notice must be issued within one month from receipt of the request. If the DGT does not issue a decision within one month, the refund request is deemed approved.
- If discrepancies arise between the requested and approved amount, taxpayers can resubmit a separate application within 2 years before the expiry of the statute of limitation provided the DGT has not yet commenced an audit or initiate preliminary tax criminal investigation.

### Transitional and Final Provisions

At the time PMK-28 is made effective on 1 May 2026:

- Any decision regarding Certain Criteria Taxpayer issued prior to the effective date of PMK-28 is deemed revoked. The affected Taxpayer may resubmit the application for designation as Certain Criteria Taxpayer from 1 June to 10 June 2026. The DGT will issue the decision within 30 working days from the submission of the application, provided the requirements under PMK-28 are met.
- Application for preliminary refund of excess tax payment for taxpayers meeting certain criteria that is made in the tax return, or via a separate letter that has been submitted but where the refund has not yet been processed, shall be processed under the provisions of PMK-28.
- Application for preliminary refund of excess tax payment for taxpayers meeting certain conditions or for Low-Risk VAT-able Entrepreneurs that is made in the tax return, or via a separate letter that has been submitted but where the refund has not yet been processed, shall be processed under the provisions of MOF Regulation No.39/PMK.03/2018 as last amended by MOF Regulation No.119 Year 2024.

---

## Government Regulation Number 21 Year 2026 - Updated Regulation on Foreign Exchange Proceeds from Natural Resource Export Activities (DHE SDA)

---

On 6 May 2026, the Government of Indonesia issued Regulation No. 21 Year 2026 (**GR-21**) in relation to the third Amendment to Government Regulation Number 36 Year 2023 (**GR-36**) concerning Foreign Exchange Proceeds from Export Activities in the Business, Management, and/or Processing of Natural Resources.

GR-21 emphasizes that Indonesia's natural resources and related export proceeds (**DHE SDA**) must be utilized to maximize public welfare and strengthen national economic resilience. Exporters in the mining, plantation, forestry, and fisheries sectors that benefit from state facilities or domestic bank financing are required to place export proceeds within Indonesia's domestic financial system. The policy aims to support foreign exchange reserves, economic stability, financial market deepening, and sustainable national development.

GR-21 introduces new provision specifically for transaction using bilateral trade agreements or other trade-related arrangements:

- At least 30% of DHE SDA in the mining sector must remain deposited for a minimum of 3 months in a special DHE SDA account.
- Mining-sector DHE SDA may be deposited in a Special DHE SDA Account at a bank authorized to conduct foreign exchange business.
- Conversion of mining-sector DHE SDA into Rupiah may also be conducted through such authorized foreign exchange banks.
- The authorized foreign exchange banks are designated by Bank Indonesia.

Key transitional provisions of the regulation are as follows:

- The new regulation applies to Export Proceeds Notifications (**PPE**) issued from 1 June 2026 onward.
- **PPE issued before 1 June 2026 and still under supervision by Bank Indonesia and/or the Financial Services Authority (OJK) are deemed to have fulfilled all obligations.**
- Existing regulations related to natural resource export proceeds (DHE SDA) remain valid provided they do not conflict with and have not been replaced by GR-21.
- The regulation comes into effect on 1 June 2026.

END

## Contact us

Tax Services Leader	E-mail
Bambang Suprijanto	bambang.suprijanto@id.ey.com

  

Partner/Director/Senior Advisor	E-mail
Agung Wicaksono	agung.wicaksono@id.ey.com
Anna Tasya Daru Pratiwi	anna.pratiwi@id.ey.com
Anita Priyanti	anita.priyanti@id.ey.com
Ben Koesmoeljana	ben.koesmoeljana@id.ey.com
Dany H. Karim	dany.karim@id.ey.com
David Setiyawan	david.setiyawan@id.ey.com
Dicky Hertanto	dicky.hertanto@id.ey.com
Dodi Suryadarma	dodi.suryadarma@id.ey.com
Elly Djoenaidi	elly.djoenaidi@id.ey.com
Fahrul S. Yusuf	fahrul.yusuf@id.ey.com
Henry Tambingon	henry.tambingon@id.ey.com
Ihsan Muttaqien	ihsan.muttaqien@id.ey.com
Iman Santoso	iman.santoso@id.ey.com
Jonathon McCarthy	jonathon.mccarthy@id.ey.com
Kartina Indriyani	kartina.indriyani@id.ey.com
Markus Hidajat	markus.hidajat@id.ey.com
Melyana Trisanty	melyana.trisanti@id.ey.com
Micky M.A. Soeradiredja	micky.mintarsyah@id.ey.com
Nathanael Albert	nathanael.albert@id.ey.com
Nitya Citra Ayu	nitya.ayu@id.ey.com
Novita Fitriawatie	novita.fitriawatie@id.ey.com
Peter Mitchell	peter.mitchell@id.ey.com
Peter Ng	peter.ng@id.ey.com
Prasetya H. Lam	prasetya.h.lam@id.ey.com
Rasono	rasono.rasono@id.ey.com
Roy M. Sibuea	roy.m.sibuea@id.ey.com
Ryosuke Seto	ryosuke.seto@id.ey.com
Santoso Goentoro	santoso.goentoro@id.ey.com
Sharala Panjanadan	sharala.panjanadan1@id.ey.com
Sri Rahayu	sri.rahayu@id.ey.com
Triadi H. Mukti	triadi.mukti@id.ey.com
Yan Hardyana	yan.hardyana@id.ey.com
Yudie Paimanta	yudie.paimanta@id.ey.com

  

Ernst & Young LLP (United States), Indonesia Tax Desk, Chicago	E-mail
Ibnu Aryo Baskoro	ibnu.a.baskoro1@ey.com

### EY | Building a better working world

EY is building a better working world by creating new value for clients, people, society and the planet, while building trust in capital markets.

Enabled by data, AI and advanced technology, EY teams help clients shape the future with confidence and develop answers for the most pressing issues of today and tomorrow.

EY teams work across a full spectrum of services in assurance, consulting, tax, strategy and transactions. Fueled by sector insights, a globally connected, multi-disciplinary network and diverse ecosystem partners, EY teams can provide services in more than 150 countries and territories.

### All in to shape the future with confidence.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via [ey.com/privacy](https://www.ey.com/privacy). EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit [ey.com](https://www.ey.com).

© 2026 Ekasurya Yasa Consult.  
All Rights Reserved.

APAC No.00001197

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice. Please refer to your advisors for specific advice.

[ey.com/id](https://www.ey.com/id)

For other services contact:

**Business Development**  
[business.development@id.ey.com](mailto:business.development@id.ey.com)