



Indonesia Tax Info

Implementing Regulations for Preliminary Tax Refund

The Director General of Taxes ("DGT") has issued PER-15/PJ/2018 ("PER-15") on 8 June 2018 as an implementing regulation to the Minister of Finance ("MoF") Regulation No. 39/PMK.03/2018 (please refer to our May 2018 Tax Info Edition) concerning Procedure for Preliminary Refund of Tax Overpayment.

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Affirmation and additional guidelines as provided under PER-15 are, among others:

- Taxable Entrepreneur (PKP) that has been classified as a Low-Risk PKP is eligible to receive Preliminary Refund facility for VAT overpayment within each relevant Tax Period.
- The Head of Tax Office may determine a PKP as Low-Risk officially or by request of the Taxpayer. Manufacturer or producer PKP may request for a Low-Risk status by submitting a prescribed statement letter form regarding production's place of domicile.
- If a Taxpayer has tax credit(s), the tax credit(s) may be taken into account by the DGT when issuing the Preliminary Tax Refund Decision Letter (SKPPKP) as long as certain requirements are met. Among others, the taxpayer must show evidence in the form of withholding tax slip, income tax payment slip, VAT invoice and/ or certain documents treated as VAT invoice, and/or VAT payment slip.
- A taxpayer may reapply for a Preliminary Refund request on tax credit that is not accounted for in the SKPPKP.

Indirect Tax and Customs Focus

Online Integrated Business Licensing Services in Customs, Excise, and Taxation

The MoF has issued Regulation No. 71/PMK.04/2018 ("PMK-71") as the implementing regulation for Government Regulation No. 24 Year 2018 ("PP-24" – please refer to our Tax Info July 2018 edition). PMK-71 aims to facilitate entrepreneurs such as exporter and importer companies dealing with Excisable Goods ("BKC") with faster and integrated service through the Online Single Submission ("OSS").

Highlights of provisions under the PMK-71 is as follows:

1. Reiterates what was stipulated under PP-24, that any entrepreneurs in the process of fulfilling its custom obligations must register to the Directorate General of Customs & Excise ("DGCE"). The prerequisite for such registration is that the entrepreneur must already have the Business Registration Number / *Nomor Induk Berusaha* ("NIB") issued by the OSS system which serves as user login to access DGCE systems/ applications.
2. PMK-71 stipulates that licensing services can be offered via the OSS system, which includes:
 - Custom Registration
 - Licensing of Bonded Warehouse / *Tempat Penimbunan Berikat* ("TPB")
 - Licensing of Ease of Import for Export / *Kemudahan Impor Tujuan Ekspor* ("KITE")
 - Licensing of Business Number of Entrepreneur of Excisable Goods / *Nomor Pokok Pengusaha Barang Kena Cukai* ("NPPBKC")
3. These licensing services are processed online, through the Indonesia National Single Window ("INSW") portal that is integrated with the OSS system.

PMK-71 is effective as of 7 August 2018.

Excise Tariff of Tobacco Products

The MoF has issued Regulation No. 146/PMK.010/2017 ("PMK-146") on 25 October 2017 regarding the Excise Tariff of Tobacco Products. PMK-146 replaces the MoF Regulation No.179/PMK.011/2012 as amended last by the MoF Regulation No. 147/PMK.010/2016. PMK-146 specifically regulates the excise tariff of Other Tobacco Processing Products / *Hasil Pengolahan Tembakau Lainnya* ("HPTL") that becomes effective as of 1 July 2018.

With the considerable time gap between the issuance and the effective dates, we reiterates below the highlights of PMK-146:

1. The excise tariff of tobacco products is imposed in a fixed Rupiah amount per each piece or gram of tobacco products based on the type of tobacco products, the entrepreneur category and the limit of retail selling price per piece or gram.
2. The MoF also regulates the excise fee for HPTL products, which include:
 - Tobacco extract (*E-Cigarette*);
 - Vape;
 - Molasses tobacco;
 - Snuff tobacco; or
 - Chewing tobacco.
3. Tobacco extract imported together with the device for its consumption is treated as a separate commodity/goods from such devices. Such tobacco extract will itself be subjected to 57% of the retail selling price set by the factory entrepreneur or the importer.

Contact Persons

Questions concerning any of the subjects or issues contained in this newsletter should be directed to your usual contact in our firm, or any of the following Tax Partners:

Melisa Himawan Tax Managing Partner	Business Tax and Corporate License	mehimawan@deloitte.com
Balim	Transfer Pricing	bbalim@deloitte.com
Cindy Sukiman	Business Tax	csukiman@deloitte.com
Dionisius Damijanto	Business Tax	ddamijanto@deloitte.com
Heru Supriyanto	Business Tax	hsupriyanto@deloitte.com
Irene Atmawijaya	Global Employer Services and Business Process Solutions	iatmawijaya@deloitte.com
John Lauwrenz	Business Tax	jlauwrenz@deloitte.com
Roy David Kiantiong	Transfer Pricing	rkiantiong@deloitte.com
Roy Sidharta Tedja	Business Tax and Business Process Solutions	roytedja@deloitte.com
Turmanto	Business Tax, Indirect Tax and Custom & Global Trade	tturmanto@deloitte.com
Yan Hardyana	Business Tax	yhardyana@deloitte.com

Deloitte Touche Solutions

The Plaza Office Tower, 32nd Floor
Jl. M.H. Thamrin Kav 28-30
Jakarta 10350, Indonesia
Tel: +62 21 5081 8000
Fax: +62 21 2992 8303
Email: iddttl@deloitte.com
www.deloitte.com/id

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