



Indonesia Tax Info

Amendment of Director General of Tax Regulation Number PER-18/PJ/2017 concerning Procedure for the Examination of Evidence of the Fulfillment of Obligation to Pay Income Tax on Incomes from the Transfer of Right to Land and/or Building as well as Land and/or Building Sale and Purchase Commitment Agreements and the Amendments Thereto

The Director General of Taxation (DGT) has issued Regulation Number PER-26/PJ/2018 which constitutes the amendment to DGT Regulation Number PER-18/PJ/2017 regarding Procedure for the Examination of Evidence of the Fulfillment of Obligation to Pay Income Tax on Incomes from the Transfer of Right to Land and/or Building as well as Land and/or Building Sale and Purchase Commitment Agreements and the Amendments thereto.

The Taxpayer should submit the application for a formality study by the Tax Office manually along with the required supporting documents. In the event the Taxpayer has registered as a Taxpayer, the Taxpayer should attach a statement letter using the letter format provided.

This regulation also stipulates that the application letter submitted by a developer should use the letter format provided. The application shall be submitted manually or electronically along with the list of payment of income tax. In the event the transaction is conducted by a Special Purpose Company in a Special Purpose Company scheme, additional supporting documents should be applied.

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The Tax office shall issue the certificate of the formality study within 10 days from when the properly completed application letter is received.

This regulation is effective since 22 November 2018.

Provision of Corporate Income Tax Deduction Facility

- Minister of Finance ("MoF") Regulation Number 150/PMK.010/2018 ("PMK-150"), issued on 26 November 2018, revokes the previous regulation Number 35/PMK.010/2018 ("PMK-35") concerning Granting of Facility of Corporate Income Tax Reduction. This regulation is effective from 27 November 2018.
- This new regulation is intended to promote an increase in domestic investment, and also to provide convenience to Taxpayers in utilizing the Corporate Income Tax Reduction.
- The major changes in PMK-150 as compared with PMK-35 are as follows:
 1. New investment value is a minimum of IDR 100.000.000.000 (one hundred billion rupiah);
 2. Corporate Income Tax reduction is granted at a maximum of 100% and minimum of 50% of the Amount of Corporate Income Tax Payable;
 3. Scope of type of pioneer industries is expanded (now 18 types);
 4. Application for Corporate Income Tax reduction is done through the OSS System.

Transitional provisions:

1. A Taxpayer that has received and/or utilized a facility of exemption or reduction of tax may continue to utilize the facility until the end of the specified time frame;
2. Proposals for granting of the tax reduction facility submitted from 4 April 2018 until before PMK-150 comes into force, will be processed based on PMK-35;
3. A Taxpayer that has a principle license, investment license, investment registration, or business license issued by the Head of Investment Coordinating Board by no later than as the effective date of MoF Regulation Number 103/PMK.010/2016 concerning Amendment to MoF Regulation Number 159/PMK.010/2015 regarding the Granting of Corporate Income Tax Deduction Facility up to the effective date of this Ministerial Regulation may submit an application for corporate Income Tax reduction to the Head of the Investment Coordinating Board based on PMK-150, except the fulfillment of the coverage of pioneer industries shall follow the provisions as stipulated in PMK-35.

Taxation Treatment of Yields Received by Purchasers in Connection with Certain Conditions in Sale and Purchase Transactions

The DGT has issued Circular Number SE-24/PJ/2018 regarding Taxation Treatment of Yields Received by Purchasers in Connection with Certain Conditions in Sale and Purchase Transactions. Certain conditions which occur in sale and purchase transactions are circumstances or events which may result in the provision of incentives from sellers to purchasers in connection with sale and purchase transactions based on written and/or unwritten contracts such as achievement of certain conditions, provision of certain space and/or equipment, and receipt of compensation received in connection with sale and purchase transactions.

Incentives for the achievement of certain conditions may be subject to Article 21 Income Tax or Article 23 Income Tax or Article 26 Income Tax and Value Added Tax (VAT). The VAT is excluded if the incentives are in the form of money or reduction of liabilities by sellers for purchasers.

Incentives for the provision of certain space and/or equipment may be subject to Article 4(2) Final Income Tax or Article 23 Income Tax or Article 26 Income Tax and VAT. Meanwhile, incentives in the form of compensation received in connection with sale and purchase transactions are not subject to Article 21 Income Tax or Article 23 Income Tax or Article 26 Income Tax but may be subject to VAT.

The circular was issued on 29 November 2018.

Presidential Regulation Number 75 of 2018

Ratification of Agreement between the Government of the Republic of Indonesia and the Government of the Republic of Serbia for the Avoidance of Double Taxation with Respect to Taxes on Income

- The Government of the Republic of Indonesia and the Government of the Republic of Serbia signed an agreement on protocol of the Indonesia-Serbia Double Tax Avoidance Agreement (DTA) at Jakarta, Indonesia on 28 February 2011.
- This protocol was ratified by the Government of the Republic of Indonesia on 17 September 2018.

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, Indirect Tax and Business Process Solutions	roytedja@deloitte.com
Turmanto	Business Tax and Global Trade Advisory (Customs)	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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