



Indonesia Tax Info July 2024

Thirteen jurisdictions added to list of reservations and notifications for MLI

On 13 June 2024, Indonesia's president issued Regulation Number 63 of 2024 (PERPRES-63), which came into force immediately, updating the list of reservations and notifications to add 13 additional bilateral tax treaties as "covered tax agreements" (CTAs) under the OECD's Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI). Indonesia ratified the MLI on 12 November 2019 through Presidential Regulation Number 77 of 2019 (please refer to [Tax Alert January 2020](#)).

Previously, Indonesia had identified 47 CTAs on its list of reservations and notifications. PERPRES-63 adds tax treaties with the following jurisdictions, bringing the total number to 60:

- Austria;
- Belarus;
- Germany;
- Jordan;
- Kuwait;
- Mongolia;

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- Morocco;
- Papua New Guinea;
- Singapore (treaty amended in 2021);
- Sri Lanka;
- Tunisia;
- Ukraine; and
- The UAE (treaty amended in 2021).

The expanded list of CTAs was communicated to the OECD on 27 November 2023.

Further details on the updated reservations and notifications list can be found in the appendix to PERPRES-63.

PERPRES-63 updates the list of reservations and notifications to add 13 additional bilateral tax treaties as CTAs under the MLI.

Regulation implementing the use of single identity number in tax administration services issued

In 2022, the Minister of Finance (MoF) issued Regulation Number 112/PMK.03/2022 (as amended by MoF Regulation Number 136 of 2023 (PMK-112)) regarding the use of single identity number starting 1 July 2024 (please refer to Tax Info [July 2022](#) and [December 2023](#)). On 28 June 2024, the Directorate General of Taxes (DGT) issued Regulation Number PER-6/PJ/2024 (PER-6) as the implementing regulation of Article 11(3) of PMK-112. PER-6, which comes into effect as from 1 July 2024, marks the commencement of the full implementation of single identity number in tax administration services.

Starting 1 July 2024, the use of the national identification number (*Nomor Induk Kependudukan* (NIK)) as the tax identification number (*Nomor Pokok Wajib Pajak* (NPWP)) (for Indonesian individual taxpayers), the 16-digit NPWP in place of the 15-digit NPWP (for non-Indonesian individual taxpayers, corporate taxpayers, and taxpayers that are government institutions), and the identity number for place of business activity (*Nomor Identitas Tempat Kegiatan Usaha* (NITKU)) (for branch taxpayers) is fully implemented.

Tax administration services accessible to taxpayers, which are based on the single identity number, will be updated continuously through the issuance of DGT's official announcement. Up to date, there are 21 tax administration services that use NIK as NPWP, 16-digit NPWP, and NITKU. The issuance of taxation decisions, assessments, forms, and documents will be gradually adjusted by stating both the 15-digit NPWP and the new identity numbers.

PER-6 provides a grace period until 31 December 2024 for other parties (entities or government bodies providing public or nonpublic administration services that include NPWP) to adjust their systems from using 15-digit NPWP to 16-digit NPWP.

Customs Focus

Regulation on rules of origin and certificate of origin for imported goods in relation to safeguard measures issued

In order to reduce import surges that caused a decline in production volume, domestic sales, productivity, and goods capacity utilization, the Minister of Trade (MoT) had issued Regulation Number 37/M-DAG/PER/9/2008 (Permendag-37) regarding the certificate of origin (*surat keterangan asal* (COO)) on imported goods that are subject to a safeguard measure (*tindakan pengamanan*). The safeguard measure constitutes an action taken by the government to prevent the threat of severe losses suffered by domestic industries due to a surge of imported goods that directly compete with domestic products. This action is carried out by imposing several additional import duties, among others, a safeguard duty (*bea masuk tindakan pengamanan*) which is an additional import duty aimed at recovering or preventing serious losses suffered by domestic industry. To optimize the implementation of the safeguard measure, on 2 July 2024, the MoT issued Regulation Number 16 of 2024 (Permendag-16) revoking Permendag-37 that had not accommodated the developments in laws and regulations as well as public needs. Permendag-16, which takes effect as from 16 July 2024, elaborates the detail of COO and rules of origin (*ketentuan asal barang*) for imported goods in implementing the safeguard measure.

Under Permendag-37, imported goods originating from countries exempted from the imposition of safeguard duty is required to submit a COO, i.e., a document issued by a COO issuing authority in the exporting country to prove that the exported goods have met the laws and regulations and general administrative provisions to determine the origin of goods.

Through Permendag-16, it is further specified that imported goods originating from developing countries may be exempted from the imposition of safeguard duty by including a preferential CO or nonpreferential COO for each importation, as follows:

- Preferential COO—a document used by the exporting country to obtain a reduction of or exemption from import duty from Indonesia based on an international agreement, which is verified at the time of importation in accordance with the provisions of laws and regulations on COO verification for the imposition of import duty based on an international agreement; or
- Nonpreferential COO—a document used by the exporting country without obtaining a reduction of or exemption from import duty, which is verified at the time of importation in accordance with the rules of origin and the nonpreferential COO on imported goods stipulated in Permendag-16. The nonpreferential COO includes the following data/information:
 - Name and address of the exporter;
 - Name and address of the importer or goods recipient;
 - Name of the manufacturer;
 - Description of goods and postal code/harmonized system (HS) code of goods in six digits;
 - COO document number;
 - Origin criteria;
 - A statement by the (manufacturing) exporter;

Permendag-16 now requires either preferential or nonpreferential COO for imported goods to be exempted from the imposition of safeguard duty for developing countries.

- A certification by the COO issuer in the exporting country stating that the goods mentioned on the COO have met relevant requirements, based on evidence provided, affixed with the signature and official seal of the issuer;
- Details to identify the consignment, in the form of invoice number, date of departure, vessel name or aircraft flight number, and port of discharge; and
- Goods quantity.

The rules of origin in nonpreferential COO above consist of the origin criteria, the consignment criteria, and the procedural provision, detailed as follows:

- Origin criteria, covering:
 - Imported goods that are wholly obtained or produced in one country, in the form of goods wholly obtained from sources in the exporting country or produced in the exporting country using raw materials that are wholly obtained from sources in the exporting country; or
 - Imported goods that are not wholly obtained or produced in one country, such as imported goods of which the production process uses non-originating materials (required a change in classification in the first two digits of the HS or a change in chapter) or goods originating from other countries.
- Consignment criteria, covering:
 - Goods that are shipped directly from the exporting country to Indonesia and without transit in other countries; or
 - Goods that are not shipped directly from the exporting country or undergo transit in other countries, provided that:
 - The transit of the imported goods is due to geographical reasons or special considerations related to transportation requirements;
 - The imported goods are not traded or consumed while in transit; and
 - The imported goods neither go through a production process, other than loading and unloading, nor be subject to other actions necessary to keep the goods in good condition.
- Procedural provisions, which obligate the importer to submit a nonpreferential COO issued by the exporting country to the customs authority in accordance with the provisions of laws and regulations and to meet the rules of origin.

Permendag-16 confirms that if the non-preferential COO is insufficient to prove that the rules of origin have been met and the data contained therein is deemed unreliable, the Director General of Foreign Trade and the customs authority may conduct field verification.

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