



Indonesia Tax Info June 2020

Requirements for publicly listed corporate taxpayers to enjoy reduced corporate income tax rate facility

In March 2020, the Government issued Government Regulation (GR) in Lieu of Law Number 1 (PERPU-01) that has been enacted as a Law by the Parliament through Law Number 2 of 2020, which reduces the corporate income tax (CIT) rate for domestic corporate taxpayers from 25% to:

- 22% for fiscal years (FY) 2020 and 2021; and
- 20% for FY 2022 and subsequent years.

PERPU-01 also stipulates that for certain publicly listed corporate taxpayers, the applicable CIT rate could be 3% lower than the new statutory rate (please refer to [Tax Alert April 2020 edition](#)). As an implementation to PERPU-01, the government has issued GR Number 30 of 2020 (PP-30) to stipulate the criteria of the publicly listed corporate taxpayers that can enjoy the 3% lower CIT rate facility. PP-30, which came into effect from 19 June 2020, revoked GR Number 77 of 2013 as amended by GR Number 56 of 2015 (PP-77).

In this issue:

1. [Requirements for publicly listed corporate taxpayers to enjoy reduced corporate income tax rate facility](#)
2. [Introduction of e-hearings in the Tax Court](#)

Customs Focus:

3. [Amendment to customs declaration for entry and release of goods from and to Free Trade Zone and Free Port](#)
4. [Additional incentives for bonded area entrepreneur and/or import facility for export purpose \(KITE\) during COVID-19 pandemic](#)

PP-30 stipulates that the new statutory CIT rate can be reduced by 3% for publicly listed corporate taxpayers that have a minimum of 40% of their shares held by public investors and meet the following criteria:

- a. The shares are held by a minimum of 300 shareholders;
- b. Each shareholder in point a owns less than 5% of the shares from paid-up capital;
- c. The shareholding requirements in points a and b are maintained for a minimum of 183 days within one fiscal year; and
- d. The publicly listed corporate taxpayer submits a report to the Director General of Tax (DGT) on the fulfilment of criteria in points a, b, and c.

Publicly listed corporate taxpayers that fulfil certain requirements may enjoy 3% lower CIT rate

For the purposes of assessing criteria in points a and b above, a shareholder does not include:

- The publicly listed corporate taxpayer that buys back its shares; and/or
- A party that is considered related party to the publicly listed corporate taxpayer.

PP-30 also stipulates that a party is considered related to the publicly listed corporate taxpayer if that party:

- Fulfils the related party definition under Income Tax Law; or
- Is a controlling shareholder and/or a main shareholder as defined under Capital Market Law.

PP-30 provides some examples on how to determine the fulfilment of criteria in points a and b above as well as how the share buy-back will affect the 40% shares threshold.

Under certain circumstances, a publicly listed corporate taxpayer that buys back its shares may still be considered as a shareholder that meet the criteria in points a and b above. An example would be a share buy-back that is carried out by a publicly listed corporate taxpayer due to a policy of the central government or Financial Services Authority (*Otoritas Jasa Keuangan (OJK)*) (please refer to [Tax Alert June 2020 edition](#)).

The OJK or its authorized representative will provide to the DGT with a list of publicly listed corporate taxpayers that qualify for this facility. The format and reporting to the DGT as well as the list of qualified taxpayers will be regulated further by the Minister of Finance.

PP-30 provides the following transitional provisions:

- The existing implementing regulations under PP-77 would still apply as long as they do not contradict PP-30.
- For FY 2020, the fulfilment of minimum 183 days criteria is determined as follows:
 - From 1 January until 18 June 2020, follows the provisions in PP-77; and
 - From 19 June until 31 December 2020, follows the provisions in PP-29.
- PP-77 still applies for the reporting of CIT returns for FY 2019 and before, including their amendments.

Introduction of e-hearings in the Tax Court

The Tax Court issued Decision Letter Number 016/PP/2020 (KEP PP–016) on 9 May 2020, which introduces electronic Tax Court hearings (e-hearings). This new technology-based means of communications is designed to improve the conduct of the hearing sessions in a more effective and efficient manner.

The steps for having e-hearing in the Tax Court are as follows:

1. Electronic subpoena

The Tax Court will electronically send subpoena letters to the taxpayer and the DGT and a consent form for the conduct of the e-hearing to the taxpayer. The taxpayer must respond to the consent form by signing and affixing stamp duty no later than three days before the hearing date, or otherwise the e-hearing will not proceed.

2. Hearing sessions

The e-hearing session is conducted via video conference, with a registrar recording each step of the hearing session electronically.

The disputing parties must submit their evidence and documents for the e-hearing according to the following procedures:

- a. Electronic documents are to be submitted no later than the scheduled hearing session;
- b. Parties that do not submit the electronic documents by the deadline may be regarded as not exercising their rights;
- c. When necessary, the panel may request the parties to submit physical documents; and
- d. Examination of witnesses, experts, or translators, including the taking of oaths, can be carried out through audio-visual communication.

3. Verdicts

The Tax Court will announce their verdict electronically. The verdict letter will be in electronic format and signed electronically in accordance with the relevant regulations. Where an electronic signature is not available, the decision can be signed manually. The verdict letter will be made public in the Tax Court's information system.

Under the Tax Court Law, the Tax Court is domiciled in the capital city, i.e. Jakarta. However, in certain cases, the tax court hearings can be conducted outside of Jakarta. On 29 May 2020, the Tax Court issued Circular Letter Number 12/PP/2020 to regulate the e-hearings procedures conducted outside of Jakarta. Under the circular letter, a Tax Court e-hearing can be conducted during the COVID-19 outbreak without seeking consent from the taxpayer, using procedures that generally are similar to those under KEP PP-016. For Yogyakarta and Surabaya, the taxpayer can attend the hearings via video conference either from their place of choice or from a dedicated room in the State Financial Building (*Gedung Keuangan Negara*).

The Tax Court introduces e-hearings to improve the conduct of the hearing sessions in a more effective and efficient manner

Customs Focus

Amendment to customs declaration for entry and release of goods from and to Free Trade Zone and Free Port

On 24 April 2020, the Minister of Finance (MoF) issued Regulation Number 42/PMK.04/2020 (PMK-42), which amends Regulation Number 48/PMK.04/2012 (PMK-48) concerning Customs Declaration in the Context of Entering and Releasing Goods From and To Area Already Stipulated as Free Trade Zone and Free Port Facility.

Salient points of PMK-42 are described in the table below:

Description	PMK-48 (Old Regulation)	PMK-42 (New Regulation)
Additional Customs Declaration for release of goods from Free Trade Zone (BC 1.2-FTZ)	<p>Customs declaration for Release of goods from Free Trade Zone is necessary for the following instances:</p> <ol style="list-style-type: none"> 1. from Free Trade Zone to Outside Customs Area; 2. from Free Trade Zone to Bonded Stockpiling Area; 3. from Free Trade Zone to Special Economic Zone; 4. from Free Trade Zone to other Free Trade Zone; 5. from Free Trade Zone to Other Places Within Customs Area; and 6. from Customs Zone Within Free Trade Zone for transportation into Temporary Stockpiling Area in Other Customs Zone Within Free Trade Zone. 	<p>PMK-42 added two instances requiring Customs Declaration for release of goods from Free Trade Zone as previously governed under PMK-48, which are:</p> <ol style="list-style-type: none"> 1. Release of goods from Customs Zone Within Free Trade Zone for transportation into Temporary Stockpiling Area in Customs Zone Within Other Free Trade Zone; and 2. Release of goods from Customs Zone Within Free Trade Zone for transportation into Temporary Stockpiling Area of Other Customs Zone in Other Places Within Customs Area.
Additional provisions on Customs Declaration format	Not available	Customs Declaration previously submitted via PPFTZ-01, PPFTZ-02, and PPFTZ-03 shall now use 1 (one) Customs Declaration format.
Additional details of customs supporting documents for submission of Customs Declaration	Certificate of Origin (CoO) is not necessary.	CoO is now required for entry or release of goods from and to Free Trade Zone.

PMK-42 comes into force starting from 23 May 2020.

Additional incentives for bonded area entrepreneur and/or import facility for export purpose (KITE) during COVID-19 pandemic

On 13 April 2020, the MoF issued Regulation Number 31/PMK.04/2020 (PMK-31) concerning Additional Incentives for Companies Obtaining Bonded Area Facility and/or Import Facility for Export Purpose (KITE) for Handling of COVID-19 Pandemic. Details of additional incentives for each category of the companies as mentioned above are as follows.

Description	Details
Additional Incentives for Companies Obtaining Bonded Area Facility	<ol style="list-style-type: none"> 1. Release of Bonded Area products to Other Places Within Customs Area shall not reduce the product sales quota to Other Places Within Customs Area for the current year. 2. Bonded Area or Bonded Area Entrepreneur is permitted to import the following goods: <ol style="list-style-type: none"> a. Disinfectants; b. Face masks; c. Personal Protective Equipment (PPE); d. Body thermometer; and/or e. Other goods necessary for handling COVID-19 pandemic. 3. Import of the goods as mentioned above from Outside Customs Area shall be: <ol style="list-style-type: none"> a. Granted with Import Duty deferment; and b. Exempted from Import Taxes (PDRI). 4. Import of the goods as mentioned above from Other Places Within Customs Area (TLDDP) shall be exempted from VAT or Luxury Goods Sales Tax (LGST). 5. Import of PPE from Outside Customs Area is not imposed with provisions on import restriction/ limitation.
Additional Incentives for Companies Obtaining Import Facility for Export Purpose (KITE)	<ol style="list-style-type: none"> 1. VAT and LGST shall not be collected on goods originating from Other Places Within Customs Area by a company that has obtained Import Facility for Export Purpose – Exemption (Exemption KITE)¹ or Import Facility for Export Purpose – Small and Medium Enterprise (IKM KITE) for further processing or combining with their products. This facility shall be granted to companies with 100% of their products bound for export. 2. In relation to entry of goods by companies obtaining Exemption KITE or IKM KITE, taxable entrepreneurs that provide taxable goods: <ol style="list-style-type: none"> a. Are required to prepare tax invoice affixed with the information “VAT not collected”; and b. Are not permitted to use combined tax invoice, by using Minutes of Goods Delivery (<i>Surat Serah Terima Barang/SSTB</i>). 3. Companies obtaining Exemption KITE and Refund KITE² may deliver their products to Bonded Area for further processing or combining with the products of Bonded Area. Such delivery shall obtain the facility of Import Duty deferment and VAT or LGST non-collection, which shall be notified via settlement document of imported goods granted with KITE (BC 2.4). 4. Companies obtaining Exemption KITE and IKM KITE may sell their products to other parties in Other Places Within Customs Area with maximum 50% of the previous year export amount realization.

PMK-31 comes into force starting from 13 April 2020.

¹ “Exemption KITE” entails exemption of Import Duty, Value Added Tax, and LGST.

² “Refund KITE” entails refund of Import Duty that has been paid for import of goods and raw materials from outside Customs Area for processing, assembly, or installation on other goods with export purpose.

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:

Business Tax

Melisa Himawan

Tax Managing Partner

mehimawan@deloitte.com

Business Tax and M&A

John Lauwrenz

Deputy Tax Leader

jlauwrenz@deloitte.com

Transfer Pricing

Roy David Kiantiong

Deputy Tax Leader

rkiantiong@deloitte.com

Business Tax

Ali Mardi Djohardi

alimardi@deloitte.com

Business Tax and Business Process Solutions

Ratna Lie

ratnalie@deloitte.com

Transfer Pricing

Balim

bbalim@deloitte.com

Business Tax and International Tax

Cindy Sukiman

csukiman@deloitte.com

Business Tax, Business Process Solutions and Gi3

Roy Sidharta Tedja

roytedja@deloitte.com

Transfer Pricing

Shivaji Das

shivdas@deloitte.com

Business Tax

Dionisius Damijanto

ddamijanto@deloitte.com

Business Tax and Indirect Tax

Turmanto

tturmanto@deloitte.com

Global Employer Services and Business Process Solutions

Irene Atmawijaya

iatmawijaya@deloitte.com

Business Tax

Heru Supriyanto

hsupriyanto@deloitte.com

Business Tax and Tax Management Consulting

Yan Hardyana

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

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

About Deloitte Indonesia

In Indonesia, services are provided by Deloitte Touche Solutions.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.