



Indonesia Tax Info November 2020

Reference interest rate for November 2020

Following the promulgation of Law Number 11 on 2 November 2020 regarding Employment Creation (Omnibus Law), one of the matters that attracts a lot of attention in the field of taxation is the reference interest rate (*Suku Bunga Acuan* (SBA)) (please refer to [Tax Info October 2020](#)). Omnibus Law only regulates that SBA will be used to calculate the interest penalty and interest compensation, replacing the previously used monthly interest rate of 2%. The Omnibus Law does not provide further information regarding the SBA and when it should be applicable.

On 26 November 2020, the Minister of Finance (MoF) issued Decision Number 540/KMK.010/2020 (KMK-540) to address this matter. KMK-540 covers the interest rates used to calculate interest penalty and interest compensation, as well as when they should start to apply for tax purpose.

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Under KMK-540, the following SBAs are applicable for the decisions issued between 2-30 November 2020 (covering the calculation of interest penalties started before the promulgation of Omnibus Law):

Events resulting in interest penalty	SBA (6.84%)	
	Formula	Effective Rate (per month)
<ul style="list-style-type: none"> <u>Article 19(1) of Law on General Tax Provisions and Procedures Law (KUP Law)</u> Late settlement of tax underpayment assessment letter (<i>Surat Ketetapan Pajak Kurang Bayar (SKPKB)</i>), additional tax underpayment assessment letter (<i>Surat Ketetapan Pajak Kurang Bayar (SKPKBT)</i>), objection decision letter (<i>Surat Keputusan Keberatan</i>), amendment decision letter (<i>Surat Keputusan Pembetulan</i>), appeal verdict letter (<i>Putusan Banding</i>), judicial review verdict letter (<i>Putusan Peninjauan Kembali</i>). <u>Article 19(2) of KUP Law</u> Request for a delay or settlement of tax underpayment through installment. <u>Article 19(3) of KUP Law</u> Tax underpayment due to extension for submission of annual corporate income tax return (CITR). 	SBA/12 month	0.57%
<ul style="list-style-type: none"> <u>Article 8(2) of KUP Law</u> Tax underpayment due to revision of annual income tax return by taxpayer. <u>Article 8(2a) of KUP Law</u> Tax underpayment due to revision of monthly tax return by taxpayer. <u>Article 9(2a) of KUP Law:</u> Late settlement of monthly tax payment. <u>Article 9(2b) of KUP Law</u> Late settlement of annual tax payment. <u>Article 14(3) of KUP Law</u> Tax underpayment due to mistype/miscalculation/current year income tax. 	(SBA + 5%)/ 12 month	0.99%
<ul style="list-style-type: none"> <u>Article 8(5) of KUP Law</u> Tax underpayment arising from voluntary disclosure after the start of tax audit. 	(SBA + 10%)/ 12 month	1.40%
<ul style="list-style-type: none"> <u>Article 13(2) of KUP Law</u> Tax underpayment due to issuance of SKPKB or tax underpayment due to issuance of tax identification number (<i>Nomor Pokok Wajib Pajak</i>) or VAT registration number (<i>Nomor Pengukuhan Pengusaha Kena Pajak</i>) ex officio. <u>Article 13(2a) of KUP Law</u> VAT entrepreneur (<i>Pengusaha Kena Pajak (PKP)</i>) that has not made a delivery or export of taxable goods and/or taxable services but has already claimed for a VAT restitution or VAT credit. 	(SBA + 15%)/ 12 month	1.82%

Under KMK-540, the following SBAs are applicable for the decisions issued between 2-30 November 2020 (covering the calculation of interest compensations started before the promulgation of Omnibus Law):

Events resulting in interest compensation	SBA (6.84%)	
	Formula	Effective Rate (per month)
<ul style="list-style-type: none"> <u>Article 11(3) of KUP Law</u> Late provision of interest compensation for tax overpayment arising from a request for tax refund. <u>Article 17B(3) of KUP Law</u> Late issuance of tax overpayment assessment letter (<i>Surat Ketetapan Pajak Lebih Bayar</i> (SKPLB)). <u>Article 17B(4) of KUP Law</u> Late issuance of SKPLB related to an audit on preliminary evidence. <u>Article 27B(4) of KUP Law</u> Interest Compensation for tax overpayment due to approval of: <ul style="list-style-type: none"> - An objection/appeal/judicial review; - A revision/reduction/cancellation of a tax assessment letter; or - A reduction/cancellation of a tax collection letter. 	SBA/12 month	0.57%

Updates on tax holiday facility

On 18 September 2020, the MoF issued Regulation Number 130/PMK.010/2020 (PMK-130) as the new implementing regulation for tax holiday facility, replacing Regulation Number 150/PMK.010/2018 (PMK-150) issued in 2018. PMK-130 is expected to simplify the process for tax holiday facility provision, thus encouraging more taxpayers to utilize this facility.

PMK-130 aims to simplify the process for tax holiday facility provision.

Summary

The tax facility under PMK-130 is still the same as PMK-150, in which qualifying projects in high-priority sectors may be granted with a corporate income tax (CIT) reduction of 100% for a minimum of five years up to a maximum of 20 years, followed by a 50% reduction in CIT for the subsequent two years, starting from the commencement of commercial operations. The minimum investment is IDR 500 billion and the length of the tax holiday depends on the value of the investment.

A 50% reduction in CIT for five years from the commencement of commercial operations may be granted for projects with investment of between IDR 100 billion and IDR 500 billion, with a 25% reduction in CIT for the subsequent two years. The tax holiday period commences from the year of commercial production.

Requirements

PMK-130 updates some of the requirements for the tax holiday facility as follows:

Under PMK-150	Under PMK-130
<ul style="list-style-type: none"> • Taxpayer in pioneer industry; • An Indonesian legal entity; • Conducting new investment, in which a decision on granting or rejecting notification of tax holiday has not been issued by the MoF; • Minimum investment of IDR 100 billion; and • Fulfilling provision regarding debt-to-equity ratio. 	<ul style="list-style-type: none"> • Taxpayer in pioneer industry; • An Indonesian legal entity; • Conducting new investment, in which a decision on granting or rejecting notification of tax holiday or tax allowance facility or super tax deduction facility for labor-intensive project or tax facility for special economic zone has not been issued by the MoF; • Minimum investment of IDR 100 billion; • Fulfilling provision regarding debt-to-equity ratio; and • Taxpayer is committed to start realizing the investment plan at the latest one year after tax holiday facility is granted.

Pioneer industries

The list of qualifying industries under PMK-130 underwent no change at 18 pioneer industries.

Under PMK-150, if the taxpayer applies for the facility with its Indonesian Standard Industrial Classification (*Klasifikasi Baku Lapangan Usaha* (KBLI)) not in the list of the pioneer industries, the Indonesian Investment Coordinating Board (*Badan Koordinasi Penanaman Modal* (BKPM)) will coordinate with the relevant ministries to determine whether the project can be categorized as pioneer industry. However, there is no clear guidance on how the evaluation is done.

Under PMK-130, the inter-departmental discussion is no longer necessary to determine whether the project can be categorized as pioneer industry. Instead, the taxpayer can carry out a self-assessment on whether its project meets the following quantitative criteria:

- Having broad linkages;
- Providing high added value and externality;
- Introducing new technology; and
- Having a strategic value for the national economy.

Each of the criteria above has sub criteria which carries certain score. To pass the pioneer industry quantitative criteria test, it must show a minimum score of 80%. The self-assessment result must be attached with the application, which serves as taxpayer's commitment to fulfill the required pioneer industry criteria.

New investment that passes a minimum score of 80% in the self-assessed pioneer industry quantitative criteria test is eligible for tax holiday facility.

National Strategic Projects

Taxpayers that are instructed by the government to carry out investment due to National Strategic Projects are eligible for the tax holiday facility. If the implementation of the government instruction is carried out through business spin-off, the tax holiday facility will cover both the business spin-off and the new investment amount. The period for the tax facility is determined from:

- All investment value (new investment value plus investment value resulting from business spin-off), if the amount of the new investment value is greater than the investment value resulting from business spin-off; or

- New investment value, if the new investment value is less than the investment value resulting from business spin-off.

Application

Similar to PMK-150, the application for the facility must be submitted before the commencement of commercial production, with the following criteria:

- Concurrently with the registration of business identification number (*Nomor Induk Berusaha* (NIB)) by new taxpayer; or
- At the latest one year after the issuance of business license for new investment.

BKPM will issue the decision for granting the tax holiday facility within five working days.

If the taxpayer applies for the facility by filing self-assessed quantitative criteria test, BKPM will check whether the project passes the minimum 80% score. If the project passes the minimum score, BKPM will process the facility application; otherwise, BKPM will notify that the taxpayer does not fulfill the criteria.

Start of facility utilization and field audit implementation

The tax holiday facility can be utilized starting from the fiscal year when:

- The taxpayer starts commercial production; or
- The taxpayer has realized its entire new investment plan (for taxpayers that obtain tax holiday facility under National Strategic Projects).

The taxpayer applies for the facility utilization through the Online Single Submission system. The Directorate General of Taxation (DGT) will conduct an audit to:

- Determine the commencement of commercial production;
- Test the amount of realized new investment amount at the time of commencement of commercial production;
- Test the amount of realized new investment amount when the taxpayer informs that it has realized all of its new investment plan (for taxpayers that received instruction from the government to carry out such instruction);
- Test the alignment of realized investment with main activity plan; and
- Test the time compliance for requesting the facility.

If the tax facility is granted for taxpayer which KBLI is not in the list of pioneer industry, the DGT will re-evaluate the pioneer industry quantitative criteria test to ensure that the 80% minimum score is still met.

The audit will be done within 45 working days from the time the tax audit notification letter is delivered to the taxpayer.

If the investment realized is less than planned but more than IDR 100 billion, the facility's income tax reduction and period will be adjusted to follow the actual condition.

If the tax facility is granted for taxpayer which KBLI is not in the list of pioneer industry, the DGT will re-evaluate the pioneer industry quantitative criteria test to ensure that the 80% minimum score is still met.

Reporting

Taxpayer that has been granted with the facility must submit the investment realization report or facility utilization report at the latest 30 days after the fiscal year ends. If the taxpayer fails to submit the required reports or started its investment late, the DGT may issue a warning letter, to which the taxpayer must respond. Otherwise, the taxpayer may be audited for tax purpose.

Revocation

The facility may be revoked if:

- The realized investment is lower than IDR 100 billion;
- The business activity plan differs from the investment realization plan;
- The facility is applied after the project has entered into commercial production;
- The project does not meet the quantitative criteria test;
- The business is intended to import/purchase secondhand capital goods (with certain exception);
- There is transfer of assets during tax holiday period; and/or
- The taxpayer relocates investment to any foreign country.

As the result of revocation, the tax holiday facility that has been utilized by the taxpayer has to be repaid and subject to tax penalty. Furthermore, the taxpayer can no longer apply for tax holiday facility.

Transitional provisions

PMK-130 provides the following transitional provisions:

- Taxpayers that have already obtained and/or utilized the tax holiday facility under previous tax holiday facility regulation may enjoy the facility until the end of the provision period;
- Taxpayers who have obtained tax holiday facility under MoF Regulation Number 35/PMK.010/2018 as amended by PMK-150 has to observe PMK-130 for some of the changes that are applicable, such as: procedures to determine commencement of commercial production, reporting requirements, and others;
- For tax holiday facility application that has been submitted but not yet issued with decision, the facility application and the commencement of commercial production application will be processed under PMK-150. However, if the project is not in the pioneer industry list, the taxpayer has to self-assess its project to determine whether it can fulfill the criteria following PMK-130;
- Taxpayers whose business licenses issued after PMK-150 but before PMK-130 can apply for tax holiday facility, provided that:
 - The project is in the list of pioneer industry or it passes the quantitative criteria tests;
 - The application is submitted before the commercial production; and
 - The application is submitted at the latest one year after PMK-130 enters into effect (apply before 8 October 2021);

Taxpayer whose business license is issued after PMK-150 but before PMK-130 can apply for tax holiday facility before 8 October 2021.

- For taxpayers who have obtained tax holiday facility under MoF Regulations Number 130/PMK.011/2011 and 192/PMK.011/2011, but not yet utilize the facility:
 - The application for determining the start of commercial production is to follow PMK-130;
 - The report on the use of fund and investment realization report are to follow DGT Regulation Number PER-44/PJ/2011; and
 - The process to determine the commencement of commercial production is to follow DGT Regulation Number PER-45/PJ/2011.

Closing remarks

Taxpayers that have obtained the tax holiday facility should observe the PMK-130 to ensure that the changes that are relevant to them have been properly updated. By the issuance of PMK-130, it is expected that tax holiday facility application process would be simpler and more taxpayers are encouraged to apply for the facility.

Promulgation of Omnibus Law on Employment Creation

As mentioned on the first page, the draft Omnibus Law on Employment Creation was finally signed by the Indonesian President as Law Number 11 of 2020 on 2 November 2020 (Omnibus Law). Following the Omnibus Law, implementing regulations need to be issued in order to govern new provision and to synchronize the existing implementing regulations with the provisions under the Omnibus Law, by three months after the Law is enacted, i.e., 1 February 2021. Please refer to our [Tax Info October 2020](#) for key points on provisions on existing tax laws affected by Omnibus Law.

R&D super deduction implementing regulation issued

Last year, the Government Regulation Number 45/2019 (PP-45/2019) was issued to introduce new income tax facilities in Indonesia (please refer to [Tax Alert July 2019 – 2nd edition](#)). These “super tax deductions” apply to:

1. Labor-intensive industries;
2. Human resource development expenditures; and
3. Research and development (R&D) expenditures.

The implementing regulations for the first two points, i.e, human resources development expenditures and labor-intensive industries, were issued in September 2019 and March 2020, respectively (please refer to [Tax Info September 2019](#) and [Tax Info March 2020](#)).

The issuance of the implementing regulation on the last point, R&D expenditures, finally follows last month through MoF Regulation Number 153/PMK.010/2020 (PMK-153) dated 9 October 2020. Some of the key points of PMK-153 are discussed below.

PMK-153 provides an additional deduction of up to 200% of qualifying R&D expenses, for a total maximum deduction of 300% of qualifying R&D expenses.

Additional deduction rate

On top of the standard deduction for 100% of R&D expenditures in the year they are incurred, PMK-153 provides an additional deduction of up to 200% of qualifying R&D expenses, for a total maximum deduction of 300% of qualifying R&D expenses. The breakdown of the additional 200% deduction and the related prerequisites in four scenarios are as follows:

Prerequisites	Additional deduction (%)
a. The result of the R&D is registered for intellectual property rights (either in the form of a patent or rights of protection for plant varieties) (IPR) in Indonesia	50%
b. The result of the R&D is registered for IPR in Indonesia and overseas	25%
c. The R&D reaches commercialization	100%
d. The R&D is conducted together with a governmental research institute and/or Indonesian university and meets the requirements in points a, b, and/or c above	25%

Requirements for additional deduction

For the R&D expenditures to qualify for the additional deduction, the following requirements must all be met:

- The R&D is carried out by a taxpayer that is not operating under an arrangement of production sharing contract, contract of work, or mining contract where the tax treatment follows *lex specialis* principle;
- The R&D is carried out after 26 June 2019 (after PP-45/2019 came into effect); and
- The R&D meets the following criteria:
 - The R&D aims for a new discovery;
 - The R&D has an original concept/hypothesis;
 - The end result is unknown;
 - The R&D activities are planned and budgeted;
 - The purpose of the R&D is to create something that can be transferred freely or traded in the market; and
 - The focus and theme of the R&D is in line with those listed in Attachment A of PMK-153. Attachment A contains 11 focus points of R&D activities, covering 106 themes.

PMK-153 further specifies a list of expenditures that qualifies vs unqualifies for the additional deduction. In a general summary, expenditures that qualify for the additional deduction are as follows:

- Tangible and intangible assets (excluding land and buildings) that have not been subject to an approved tax holiday or a tax allowance facility in the form of:
 - Depreciation and/or amortization; or
 - Supporting expenses of the tangible fixed assets (i.e., utilities, fuel, and maintenance fees);
- Goods and materials;
- Salary and individual remuneration expenses related to the R&D activities;

- Expenses related to IPR registration; and
- Remuneration paid to the Indonesian research institute and/or university in its role as subcontractor.

How to apply

To apply for the super deduction facility, the taxpayer must submit a request, either through Online Single Submission (OSS) or in person to the Ministry of Research and Technology, with the proposal for the R&D and the taxpayer's fiscal certificate (*Surat Keterangan Fiskal* (SKF)) enclosed to the application.

In cases where the taxpayer cooperates with another party to conduct the R&D activities, each party has to apply for the facility separately according to its respective R&D tasks and budget.

Reporting requirements

Once the super deduction facility request is approved, taxpayer must submit the following reports to the tax authorities, no later than when the taxpayer submits its annual CIT return:

- An annual expenditure report to inform the progress of the R&D activities; and
- A detailed annual facility realization report (after the taxpayer meets the requirement(s) for the additional deduction mentioned above).

The additional deduction is calculated as follows:

- The total additional deduction is the percentage of additional deduction multiplied by the accumulated eligible R&D expenses for the five years prior to the earlier of:
 - The date the IPR is registered; or
 - The date the R&D reaches commercialization stage;
- The additional deduction begins when:
 - The IPR is registered; or
 - The R&D reaches commercialization stage;
- The maximum allowable annual additional deductible amount is capped at 40% of the taxable income before the facility; and
- Any excess of the additional deductible amount that has not been utilized can be carried forward to the following years.

PMK-153 provides examples of the additional deduction calculation.

Restrictions and sanctions

To claim the additional deduction, the IPR has to be registered either in the name of the taxpayer or collectively with other taxpayers that cooperate with the R&D.

In addition, the IPR may not be transferred to another party until the IPR expires. If the IPR is transferred, the additional deduction taken will have to be included as income and taxed at the time of the transfer.

If the taxpayer fails to meet the reporting requirements, the tax office will issue a warning letter. Noncompliance may result in the tax authorities' denial of the additional deduction.

In cases where the taxpayer cooperates with another party to conduct the R&D activities, each party has to apply for the facility separately according to its respective R&D tasks and budget.

The maximum allowable annual additional deductible amount is capped at 40% of the taxable income before the facility.

Transition rule for R&D made prior to the issuance of PMK-153

Taxpayers that conducted R&D after the issuance of PP-45/2019 (26 June 2019) but before PMK-153 (9 October 2020) can apply for the facility, provided that:

- The taxpayer has not registered IPR for the R&D and/or the R&D has not reached the commercialization stage;
- The application is submitted at the latest three months after the effective date of PMK-153 (thus the deadline is 8 January 2021) by attaching:
 - The R&D proposal along with a list of the R&D activities and results to date; and
 - The taxpayer's SKF;
- The taxpayer submits the R&D expense report for fiscal year 2019 along with the submission of the CIT return for fiscal year 2020; and
- If the facility approval letter is received after the deadline of the CIT return for fiscal year 2020 has passed, the expense report is submitted at the latest three months after the approval letter is received.

Comments

With the issuance of PMK-153, all implementing regulations related to super tax deduction facilities have been issued. Companies should review the regulations to determine if they qualify for the super deduction.

The MoF extends tax reliefs for activities related to handling of COVID-19

In an effort to fight the COVID-19 pandemic, the MoF issued Regulation Number 28/PMK.03/2020 (PMK-28) in April 2020 to provide tax reliefs for businesses and activities that contribute to the fight against COVID-19 (please refer to [Tax Alert April 2020](#)). Since the pandemic has not subsided and the tax reliefs are still considered necessary, the MoF issued Regulation Number 143/PMK.03/2020 (PMK-143) on 1 October 2020 to replace PMK-28, which expired on 31 September 2020.

In general, the reliefs provided under PMK-143 are similar to those under PMK-28. Some of the major changes provided by PMK-143 are discussed below.

VAT

- The following are added as parties that are eligible for the reliefs:
 - Taxpayers in the pharmaceutical industry that are working to produce vaccines and/or medicines for COVID-19; and
 - Taxpayers that may obtain vaccines and/or medicines for COVID-19 from the pharmaceutical industry.
- The following activities are eligible for the VAT borne by the government facility, provided that the taxpayers in pharmaceutical industry has obtained a recommendation letter from the National Disaster Management Agency (*Badan Penanggulangan Bencana Nasional (BNPB)*) that is valid until 31 December 2020:
 - The import and/or delivery of raw materials for the production of vaccines and/or medicines for COVID-19 by the taxpayers in pharmaceutical industry; and
 - The delivery of vaccines and/or medicines for COVID-19 by a PKP to the taxpayers in pharmaceutical industry.

VAT on the delivery of vaccines and/or medicines for COVID-19 by the taxpayers in pharmaceutical industry is borne by the government.

- VAT on the delivery of vaccines and/or medicines for COVID-19 by the taxpayers in pharmaceutical industry is borne by the government;
- For the following to be eligible for the VAT borne by the government facility, the goods and/or services have to be later delivered to appointed governmental bodies/institutions and/or hospitals for handling COVID-19 without remuneration or compensation and the purchase of goods and/or services must not be intended for the party's own use:
 - The delivery of essential taxable goods and/or taxable services by a PKP to certain parties, and
 - The utilization within the Customs Area by certain parties of essential taxable services from outside the Customs Area;
- The facility realization report is changed from a quarterly report to a monthly report with a submission deadline of the 20th of the following month.

Article 22 income tax exemption

PMK-143 adds that taxpayers in the pharmaceutical industry that import and/or purchase raw materials to produce vaccines and/or medicines for COVID-19 are now eligible for the Article 22 income tax exemption, as long as the taxpayer has obtained a recommendation letter from BNPB (and a tax exemption letter (*Surat Keterangan Bebas* (SKB)) for the purchase). This relief is valid from October 2020 to December 2020.

Reports on the reliefs that have been utilized must be submitted monthly by the 20th of the following month.

Article 21 income tax exemption

To be eligible for the Article 21 income tax exemption under PMK-143, certain parties must provide withholding tax slips to the domestic individuals and the realization report must be submitted monthly by the 20th of the following month.

Article 23 income tax exemption

Article 23 income tax relief under PMK-143 is similar to the relief under PMK-28 except that the realization report has to be submitted monthly by the 20th of the following month.

Facilities under PP-29 extended until December 2020

The following facilities were valid until September 2020 under PP-29 (please refer to [Tax Alert June 2020](#)):

- Additional deduction for taxpayers producing certain medical equipment and/or household health supplies;
- Additional deduction for donations to certain institutions;
- Final 0% income tax rate for qualifying individuals providing health services; and
- Final 0% income tax rate on compensation for the use of assets to support health services.

PMK-143 extends the above facilities until December 2020.

PMK-143 extends facilities under PP-29 until December 2020.

Transitional provisions

- SKBs that have been issued for Article 22 and 23 income taxes are valid until December 2020; and
- The realization reports for VAT borne by the government from July 2020 until September 2020 are to follow the format under PMK-28 and be reported on monthly basis, with a submission deadline of 31 October 2020.

Customs Focus

Imposition of customs duty between ASEAN countries and People's Republic of China

In the effort to provide more legal certainty in providing services for customs activities, the MoF has issued Regulation Number 171/PMK.04/2020 (MoF-171) regarding the International Agreement for ASEAN Member Countries and People's Republic of China (PRC) in ACFTA (ASEAN-China Free Trade Agreement) on 27 October 2020.

Under MoF-171, the MoF has added a new policy for business actors and/or entities in Special Economic Zone (*Kawasan Ekonomi Khusus* (KEK)) with regard to the utilization of preferential tariff. The aim is to improve investment and encourage economic growth in KEK. MoF-171 partially revokes MoF Regulation Number 229/PMK.04/2017, as most recently amended by MoF Regulation Number 124/PMK.04/2019 (hereinafter referred to as the 'Previous Regulations').

Salient changes under MoF-171 are as follows:

1. Preferential Tariff imposition

As departure from Previous Regulations, the preferential tariff shall apply on:

- Imported goods (for utilization purpose) that is being declared as using the Import Declaration (*Pemberitahuan Impor Barang* (PIB));
- Imported goods from Bonded Stockpiling Site (*Tempat Penimbunan Berikat* (TPB)); and
- Imported goods from Bonded Logistic Center (*Pusat Logistik Berikat* (PLB)).

Specifically for delivery of goods from KEK into Other Places in Customs Territory (*Tempat Lain Dalam Daerah Pabean* (TLDDP)), the following provisions shall apply:

- Business actors and/or entities shall submit the original Certificate of Origin (*Surat Keterangan Asal* (COO)) to Customs Official no later than 3 days since the customs declaration of goods entry;
- For business actors and/or entities that have been determined as Main Customs Partner (*Mitra Utama Kepabeanan* (MITA)) and/or Authorized Economic Operator (AEO), they may submit the original COO to Customs Official no later than five days since customs declaration of goods entry; and
- Business actors and/or entities shall input reference number, facility code, and COO date in customs declaration of goods entry.

2. Retroactive Check and Verification Visit request procedures

According to the Previous Regulations, the verification process by Customs Official that includes request for Retroactive Check, the implementation of Verification Visit, and determination of COO verification result shall be conducted within a maximum period of 180 days after the receipt of request for Retroactive Check.

Under MoF-171, this time period may be extended to a maximum period of 270 days from the date of receipt of request for Retroactive Check, if there is a notification of extended submission of response filed by the importer.

3. Movement Certificate (Back-to-Back COO)

Previous Regulations stipulate that Movement Certificate issued by the second exporter country must have the same information as the COO issued by the first exporter country, except for the total quantity of imported goods and freight cost (FOB).

Under MoF-171, the exception of FOB has been revoked. As such, the exception is only for the total quantity of imported goods.

4. Utilization of Preferential Tariff without using COO Form E

In order to obtain preferential tariff without using COO Form E, MoF-171 now requires the importer to submit a statement letter from the exporter describing the originating goods from Exporting Member Country based on imported goods with Free-on-Board (FOB) amount of less than USD 200.

MoF-171 comes into force on 3 November 2020.

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