



Indonesia Tax Info September 2020

Reliefs for Premium Contributions to Social Security Program

To ease the cash flow burden for companies affected by COVID-19 pandemic, the Indonesian government issued Regulation Number 49 of 2020 (PP-49) on 31 August 2020 to provide reliefs for premium contributions to Indonesia's Social Security Program for Employees (*Badan Penyelenggara Jaminan Sosial Ketenagakerjaan (BPJS Ketenagakerjaan)*). PP-49 aims to ensure that the social security program operates without disruption and that employees' rights to the social security services are maintained.

The reliefs provided by PP-49 are:

- A 99% reduction of premiums for Working Accident Protection Insurance (*Jaminan Kecelakaan Kerja (JKK)*) and Death Insurance (*Jaminan Kematian (JKM)*);
- A 99% deferral of Pension Plan Contributions (*Jaminan Pensiun (JP)*); and
- An extension of premium payment deadlines.

In this issue:

1. [Reliefs for Premium Contributions to Social Security Program](#)
2. [Reinstatement of COVID-19 Prevention Period in the Tax Court](#)

Customs Focus:

3. [New Restrictions on Import of Footwear, Electronics, as well as Bicycles and Tricycles](#)

99% reduction on JKK and JKM premiums

PP-49 provides a 99% reduction of JKK and JKM premiums, therefore requiring companies to pay only 1% of the normal premium contributions.

The reduction is provided automatically and applies to all companies and participants, provided that they are registered with *BPJS Ketenagakerjaan* before August 2020 and the premiums due for JKK and JKM up to July 2020 have been settled. Participants registered after July 2020 are allowed for the reduction starting from the third month provided that the normal premium contributions for JKK and JKM for the first two months have been settled in full (unless the third month falls outside the relief period).

The reduction is provided to premiums for the periods of August 2020 to January 2021. Where a company has overpaid its premium contributions, the overpayment can be carried forward to the next period.

The table below illustrates the effect of PP-49 on JKK and JKM contribution calculations using an example of IDR3,000,000 wage per month:

Description	Contribution rate (%)	Wage/month (IDR)	JKK and JKM contribution/month/person (IDR)		
			Normal	Reduction per PP-49	To be paid
JKK	0.24	3,000,000	7,200	7,128	72
JKM	0.30	3,000,000	9,000	8,910	90
Total contribution (JKK + JKM)			16,200	16,038	162
In %			100%	99%	1%

The 99% reduction of JKK and JKM premiums is provided automatically.

99% deferral of JP contributions

PP-49 also allows companies to defer the payment of 99% of their normal JP premium contributions for the periods of August 2020 to January 2021. As such, a company only needs to pay 1% of the normal contribution by the 30th day of the following month (see [Extension of contribution payment deadlines](#) below). The payment of the remaining 99% can be deferred until 15 May 2021 and must be settled (either in full or by installment) by 15 April 2022 at the latest. The deferred payment will not be subject to late payment penalty as long as it is settled within the specified period.

To be eligible for the deferral, a medium and large company has to:

1. Apply to *BPJS Ketenagakerjaan* by submitting a report consisting of monthly data that shows a decline in revenue of more than 30% starting from February 2020, accompanied by a statement from the director of the company; and
2. Have registered its employees as participants before August 2020 and settled its JP premiums up through July 2020, or have registered its employees as participants after July 2020 and settled part of the JP premiums.

BPJS Ketenagakerjaan will issue a decision to approve or decline the application within four days after it is submitted.

The payment of the remaining 99% of JP contributions can be deferred until 15 May 2021 and must be settled by 15 April 2022 at the latest.

To be eligible for the deferral, a micro and small company only needs to fulfill requirement (2) above and submit a notification to *BPJS Ketenagakerjaan*. *BPJS Ketenagakerjaan* will inform the company when the deferral becomes effective on the day after the notification is received. There is no requirement for the micro and small company to provide monthly revenue data to *BPJS Ketenagakerjaan*.

If a participant submits a claim during the period of August 2020 to January 2021 and would like to receive a lump-sum benefit, the outstanding deferred contribution must first be settled.

The table below illustrates the effect of PP-49 on JP contribution calculations using an example of IDR5,000,000 wage per month:

Description	Contribution fee (%)	Wage/month (IDR)	JP contribution/month/person (IDR)		
			Normal	Deferral per PP-49	To be paid
JP		5,000,000			
Employee contribution	1.00		50,000	45,500	500
Employer contribution	2.00		100,000	99,000	1,000
Total contribution			150,000	148,500	1,500
In %			100%	99%	1%

Extension of contribution payment deadlines

Under normal circumstances, the deadline for settlement of premium contributions for JKK, JKM, Old Age Saving Insurance (*Jaminan Hari Tua (JHT)*), and JP is on the 15th day of the following month. PP-49 extends the deadline to settle these premium contributions to the 30th of the following month. If the 30th day falls on a public holiday or weekend, the deadline for the settlement is the nearest business day before the 30th day.

The late settlement of premium contributions normally is subject to a late payment penalty of 2% per month. However, PP-49 reduces the late payment penalty to 0.5% per month.

Other matters

The above reliefs should not affect the amount of benefits that can be claimed by the participants.

It is important to note that the premium reductions provided under PP-49 will affect the Article 21 income tax calculation since these reductions will change the amount of employee's taxable income.

The premium reductions provided under PP-49 will affect the Article 21 income tax calculation.

Comments

The above reliefs aim to ease of the burden of companies while allowing the participants the same level of benefits. Companies should review the rules provided under PP-49 and consider utilizing the available reliefs where possible.

Reinstatement of COVID-19 Prevention Period in the Tax Court

Due to the surge in COVID-19 cases in Jakarta, the Governor of DKI Jakarta province has reinstated the Large-Scale Social Restriction policy (*Pembatasan Sosial Berskala Besar*) in Jakarta, starting from 14 September 2020.

In response, the Tax Court has issued Circular Letter Number SE-15/PP/2020 to postpone hearings and temporarily cease face-to-face administrative services in the Tax Court for one week starting 14 September 2020. This circular has been renewed several times, with SE-20/PP/2020 being the newest letter in this regard. Under SE-20/PP/2020, the postponement of the hearings and temporary cessation of face-to-face administrative services is extended until 2 October 2020. E-hearings will resume on 5 October 2020, and in-person hearings will be rescheduled. During this period, taxpayers can submit appeal/lawsuit and other documentation through the postal service.

The temporary cessation period will not be counted for purposes of time limits for Tax Court preparations or procedures.

The Tax Court has once again postpone hearings and temporarily cease face-to-face administrative services in the Tax Court.

Customs Focus

New Restrictions on Import of Footwear, Electronics, as well as Bicycles and Tricycles

Since the second quarter of 2020, there has been a massive growth of importation for footwear, electronics, bicycles and tricycles products. In order to suppress the import of such goods and to sustain the local industry's competitiveness, the Minister of Trade (MoT) imposes stricter requirements on the said imports, through the issuance of Regulation Number 68 Year 2020 (MoT-68).

MoT-68 partially revokes MoT Regulation Number 84 (MoT-84) and Number 87 Year 2015 (MoT-87). Summary of salient changes are as follows:

1. The category of footwear, electronics, bicycles and tricycles governed under MoT-68 are limited to the following imported goods (the Goods):
 - a. Sports footwear (e.g., tennis, basketball and gym shoes);
 - b. Split system air conditioner; and
 - c. Racing, folding, and children bicycles.

MoT-68, however, do not apply to imports of footwear, electronics, two-wheeled bicycles, and tricycles for consigned goods, personal belonging of passengers, and crew of cargo airlines (subject to a maximum of two items/goods and other conditions as stated in Indonesian Customs Law). Other categories of footwear, electronics, bicycles, and tricycles are still subject to the applicable provisions of MoT-84 and MoT-87.

2. MoT-68 restricts importation of the Goods by appending Import Approval (PI) as mandatory requirement, which was not stipulated previously under MoT-87.
3. MoT-68 also requires importer of bicycles and tricycles to obtain a Surveyor Report (LS), which contains a report on verification and/or technical inspection performed by a surveyor appointed by the MoT, at loading dock or Bonded Logistics Center (PLB).
4. The Goods can only be imported through the following ports:
 - a. **Seaport:** Belawan (Medan), Tanjung Priok (Jakarta), Tanjung Emas (Semarang), Tanjung Perak (Surabaya), Soekarno Hatta (Makassar), Dumai, Jayapura, Tarakan, Krueng Geukuh (North Aceh), Bitung, Merak Mas (Cilegon), and Kuala Langsa (Langsa).
 - b. **Dry Port:** Cikarang Dry Port (Bekasi).
 - c. **Airport:** Kualanamu (Deli Serdang), Soekarno Hatta (Tangerang), Ahmad Yani (Semarang), Juanda (Surabaya), and Hasanuddin (Makassar).
5. MoT-68 do not apply to imports of the Goods shipped from outside Indonesian Customs Area into the following specific customs territory and/or zone:
 - a. Free-Trade-Zone (FTZ) for the needs of its residents. Note that the Goods that have entered FTZ are prohibited to be released into Other Places Within Customs Territory (TLDDP);
 - b. Special Economic Zone (KEK) and PLB. Note that if the Goods are to be released into TLDDP, a verification and/or technical inspection by a surveyor appointed by the MoT is required.

MoT-68 imposes stricter requirements, such as Surveyor Report and Import Approval.

As aforementioned, MoT-68 adds Import Approval and Surveyor Report as mandatory requirements to restrict the importation of the Goods. Their absence shall trigger scrutiny by the Directorate General Customs and Excise (DGCE) and will cause longer holding time at Temporary Stockpiling Area (TPS). Importers must anticipate and plan ahead to minimize disruption in the supply chain. Our team is able to assist importers in identifying potential issues in the supply chain as well as in obtaining relevant Import Approval.

MoT-68 comes into force starting from 28 August 2020.

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 individuals:

Business Tax

Melisa Himawan

Tax Managing Partner

mehimawan@deloitte.com

Business Tax and M&A

John Lauwrenz

jlauwrenz@deloitte.com

Transfer Pricing

Roy David Kiantiong

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: iddtl@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.