

TaxFlash



Sale value of land and building tax objects on certain industries: an update

On 11 July 2014, the Minister of Finance (MoF) issued Regulation No.139/PMK.03/2014 (PMK-139) that sets out the classification and determination of the sale value of the tax object (*Nilai Jual Objek Pajak/NJOP*) to calculate Land and Building Tax (*Pajak Bumi dan Bangunan/PBB*) on certain industries (i.e. forestry, plantation, oil gas, geothermal and mineral mining).

PMK-139 excludes all reference to PBB on rural and urban areas since it has become part of regional taxes that are governed under Regional Taxes and Retribution (*Pajak Daerah dan Retribusi Daerah/PDRD*) Law No.28/2009, in which regional government has to issue a regulation (*Peraturan Daerah/PERDA*) for PBB in its territory. Therefore, PMK-139 only applies on the above industries as well as on other industries which are not subject to PBB in rural and urban areas.

PMK-139 is applicable starting year 2014 and revokes MoF Regulation No.150/PMK.03/ 2010 (PMK-150).

PMK-139 stipulates the scope of business activities and PBB objects for each industry which is adopted from the existing Director General of Tax (DGT) regulations on PBB calculation, i.e.:

- a) Regulation No.PER-45/PJ/2013 (PER-45) for oil, gas and geothermal mining,
- b) Regulation No.PER-32/PJ/2012 (PER-32) for mineral mining,
- c) Regulation No.PER-36/PJ/2011 for forestry, and
- d) Regulation No.PER-64/PJ/2010 for plantation.

Specifically for plantations, PMK-139 stipulates that plantation business activities shall cover:

- a) plant cultivation permitted by a business license for cultivation (*Izin Usaha Perkebunan untuk Budidaya/IUP-B*), and
- b) plant cultivation integrated with the processing activities permitted by a business license (*Izin Usaha Perkebunan/IUP*)

which is adopted from the Minister of Agriculture Regulation No.26/Permentan/OT.140/2/2007. Furthermore, areas where rights are still in process also included as part of the PBB object. Plantation companies should firstly apply for business licenses, then for the right to use land.

In regard to forestry and plantation, PMK-139 adds areas outside the licensed areas that is used together to carry out business activities also as part of PBB object (adopting the provisions in PER-45 and PER-32).

Annual confirmation of income tax borne by government in relation to bonds

On 15 July 2014, the MoF issued Regulation No.149/PMK.011/2014 (PMK-149) regarding Income Tax Borne by the Government on Interest Received from Government Bonds in the International Market, and Third Parties' Income on the Services Provided to the Government in regard to the Issue and/or Buyback/Exchange of Government Bonds in the International Market for the year 2014.

PMK-149 was issued as part of the government's annual procedure of providing income tax facilities for government bonds, applicable on tax due on interest received from government bonds in the international market, and on tax due on fees received by third parties for the services provided to the government in relation to the issue and/or buyback/exchange of government bonds in the international market.

The subsidy threshold was based on Law No.23/2013 regarding the State Budget for Financial Year 2014, along with its amendment.

Early implementation for health insurance under BPJS Kesehatan for employees: Action required by 1 January 2015

From 1 January 2014, the Government of Indonesia has implemented a comprehensive social security system that covers all Indonesian citizens, including expatriates who have been working in Indonesia for more than six months. The new social security system is administered by two government agencies (*Badan Penyelenggara Jaminan Sosial/BPJS*):

- a) Social Security Agency for health insurance (*BPJS Kesehatan*) - covering health insurance
- b) Social Security Agency for workers' social security (*BPJS Ketenagakerjaan*) - covering accidents, insurance, old age savings, death insurance and pensions.

Particularly for health insurance, registration to BPJS Kesehatan should be carried out gradually. Previously, under Presidential Regulation (PR) No.12/2013 (PR-12), the deadline for the registration apart from existing participants is 1 January 2019. However, under PR No.111/2013 (PR-111) dated 27 December 2013, which amends PR-12, the implementation is set at the latest by:

- a) 1 January 2015: for state-owned enterprises, large, medium and small enterprises
- b) 1 January 2016: for micro enterprises
- c) 1 January 2019: for independent workers and non-workers

PR-111 also sets out the health insurance contribution rate to be as follows:

Effective date	Health insurance contribution rate	
	Borne by employer	Borne by employees
a. 1 Jan 2014 – 30 Jun 2015	4%	0.5%
b. 1 July 2015 onwards	4%	1%

Please refer to our [TaxFlash No.17/2013](#) for our discussion points to be considered by employers and health insurance providers due to this new system.

Your PwC Indonesia contacts

Abdullah Azis
abdullah.azis@id.pwc.com

Adi Poernomo
adi.poernomo@id.pwc.com

Adi Pratikto
adi.pratikto@id.pwc.com

Ali Widodo
ali.widodo@id.pwc.com

Alexander Lukito
alexander.lukito@id.pwc.com

Andrias Hendrik
andrias.hendrik@id.pwc.com

Anthony J. Anderson
anthony.j.anderson@id.pwc.com

Anton Manik
anton.a.manik@id.pwc.com

Antonius Sanyojaya
antonius.sanyojaya@id.pwc.com

Ay Tjhing Phan
ay.tjhing.phan@id.pwc.com

Brian Arnold
brian.arnold@id.pwc.com

Enna Budiman
enna.budiman@id.pwc.com

Engeline Siagian
engeline.siagian@id.pwc.com

Gadis Nurhidayah
gadis.nurhidayah@id.pwc.com

Hendra Lie
hendra.lie@id.pwc.com

Irene Atmawijaya
irene.atmawijaya@id.pwc.com

Ita Budhi
ita.budhi@id.pwc.com

Ivan Budiarnawan
ivan.budiarnawan@id.pwc.com

Laksmi Djuwita
laksmi.djuwita@id.pwc.com

Mardianto
mardianto.mardianto@id.pwc.com

Margie Margaret
margie.margaret@id.pwc.com

Michelle Mianova
michelle.mianova@id.pwc.com

Nigel Hobler
nigel.hobler@id.pwc.com

Parluhutan Simbolon
parluhutan.simbolon@id.pwc.com

Runi Tusita
runi.tusita@id.pwc.com

Ryuji Sugawara
ryuji.sugawara@id.pwc.com

Sutrisno Ali
sutrisno.ali@id.pwc.com

Suyanti Halim
suyanti.halim@id.pwc.com

Tim Watson
tim.robert.watson@id.pwc.com

Tjen She Siung
tjen.she.siung@id.pwc.com

Yessy Anggraini
yessy.anggraini@id.pwc.com

Yuliana Kurniadjaja
yuliana.kurniadjaja@id.pwc.com

Yunita Wahadaniah
yunita.wahadaniah@id.pwc.com

www.pwc.com/id

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