

TaxFlash



New rules for a proxy in handling tax affairs

On 18 December 2014, the Minister of Finance (MoF) issued Regulation No. 229/PMK.03/2014 (PMK-229) concerning the requirements and implementation of the rights and obligations of a proxy. PMK-229 has been effective since 18 December 2014 and revokes the previous MoF Regulation No. 22/PMK.03/2008 (PMK-22) regarding the same matter.

One of the significant improvements in this regulation is that there is no longer an annual turnover threshold for individual and corporate taxpayers to give a proxy to their employees. A new requirement for an employee proxy is that the employee must be a permanent employee and actively receiving income, which must be proven by submitting a list of permanent employees in Article 21 Income Tax Return (form 1721 – D).

The general requirements for an employee to be able to be a proxy mainly remain the same, as follows:

- a. Mastering provisions of tax legislation, which must be proven by:
 - Having a Brevet certificate;
 - Having a certificate of formal education in the field of taxation issued by a state university or a private university with accreditation status of A, at least Diploma III level; or
 - Having a tax consultant license issued by the Organizing Committee of Tax Consultant Certification (*Panitia Penyelenggara Sertifikasi Konsultan Pajak/PPSKP*).
- b. Has a proxy letter from the authorising taxpayer.
- c. Has a Tax Identification Number (*Nomor Pokok Wajib Pajak/NPWP*).
- d. Has submitted the Annual Income Tax Return of the last tax year,
- e. Has never been convicted for committing a criminal act in the field of taxation - **new**

A proxy can now only be a tax consultant or an employee of the taxpayer, and thus a third party person that is not the taxpayers' employee or a licensed tax consultant cannot become a proxy for that taxpayer.

PMK-229 also regulates a new requirement for a taxpayer that revokes its assignment to a proxy. The requirement is that the taxpayer must submit a written notification to the authorised tax officers, otherwise the proxy letter will still be deemed as valid until the end of assignment as stated in the proxy letter.

Non-VATable educational services

The MoF issued Regulation No.223/PMK.011/2014 (PMK-223) dated 10 December 2014 regarding the criteria of educational services that fall under services not subject to VAT (non-VATable services).

According to PMK-223, non-VATable educational services shall cover the following:

- a. The service of a school (Formal education), consisting of early childhood education, primary school, high school and higher education; and
- b. The service of education outside school:
 - Non-formal education, consisting of life skill education, early childhood education, youth education, woman empowerment education, literacy education, skills and job training education, and accreditation education
 - Informal education, consisting of independent learning conducted by family and the community.

Excluded from the above non-VATable educational services are:

- a. Formal, non-formal and informal educational services that are not listed above;
- b. Formal and non-formal educational services that are not held by a licensed educational institution; or
- c. Educational services (training) which are part of the delivery of other goods and/or services.

New rules on tax audit on preliminary evidence

The MoF issued Regulation No. 239/PMK.03/2014 (PMK-239) concerning The Procedure of Tax Audit on Preliminary Evidence revoking the previous MoF Regulation regarding the same matter (i.e., MoF Regulation No. 18/PMK.03/2013 (PMK-18)). PMK-239 is dated 22 December 2014 and has been effective since 1 January 2015.

We highlight below some of the changes under PMK-239:

a. Longer deadline

The deadline set is now 12 months (and can be extended) from the date of notification to the taxpayer (for an open audit) or from the issuance of a tax audit instruction letter to the tax auditor (for a closed audit). Previously, it was six months.

b. More possibility towards tax investigation

There are several conditions which can now trigger tax investigation, such as:

- ***Failure to meet a deadline to deliver supporting evidence***
Supporting evidence must be submitted within 14 days from the data request letter, otherwise, the tax auditor can propose a tax investigation. Previously, the deadline was seven days, with further warning letters I and II within a seven day period each, and there was no tax investigation element in failing the deadline.
- ***Immediate tax crime finding***
In the case there is a spontaneous tax crime discovery, this could be followed up with a tax investigation without a prior tax audit on preliminary evidence.

Transitional provisions

Outstanding tax audit on preliminary evidence for which an instruction letter was issued prior to the enactment of PMK-239 should be resolved according to PMK-239, except for that the provisions concerning the deadline must be concluded on 31 December 2016 at the latest.

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

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

Parluhutan Simbolon

parluhutan.simbolon@id.pwc.com

Paul Raman

paul.raman@id.pwc.com

Peter Hohtoulas

peter.hohtoulas@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

If you would like to be removed from this mailing list, please reply and write UNSUBSCRIBE in the subject line, or send an email to maria.purwaningsih@id.pwc.com.

DISCLAIMER: This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

© 2015 PT Prima Wahana Caraka. All rights reserved. PwC refers to the Indonesia member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.