

TaxFlash



New Tax Amnesty Rules

The Minister of Finance (MoF) has recently issued Regulation No.165/PMK.03/2017 (PMK-165) on the Tax Amnesty implementation. PMK-165 has been effective since 20 November 2017 and serves as a second amendment to MoF Regulation No.118/PMK.03/2016 (PMK-118), which has been amended by MoF Regulation No.141/PMK.03/2016.

Key points of PMK-165 are set out below.

Voluntary declaration

PMK-165 provides an avenue for taxpayers to voluntarily declare previously-undeclared assets, as long as the following assets have not already been discovered by the Director General of Tax (DGT):

- a. Undeclared assets in the Tax Amnesty Declaration Letter (*Surat Pernyataan Harta untuk Pengampunan Pajak/SPHPP*) for those who have participated in the Tax Amnesty program; or
- b. Unreported assets in the Annual Income Tax Returns for those who did not participate in the Tax Amnesty program.

Upon declaration, these assets will be deemed as additional income that is subject to final tax at the following rate, which is similar to the rates under Government Regulation No.36/2017:

- a. 25% for corporate taxpayers;
- b. 30% for individual taxpayers; or
- c. 12.5% for certain other taxpayers.

This final tax will be applied to the following tax imposition base:

No.	Type of asset	Tax imposition base	Reference
1	Cash or equivalent	Nominal value	-
2	Land and/or building	Sale value (NJOP)	Government
3	Motor vehicles	Sale value (NJKB)	Government
4	Gold or silver	Sale value	PT Aneka Tambang Tbk.
5	Shares of listed company	Shares price	PT Bursa Efek Indonesia
6	Warrant	Warrant price	PT Bursa Efek Indonesia
7	Government or corporate bonds	Bonds price	PT Penilai Harga Efek Indonesia

In the event that there is no reference on the asset value, taxpayers can use a value determined by a licensed appraiser, or they can request the DGT to do a valuation.

This voluntary declaration should be submitted using an Article 4(2) Final Tax Return along with a Tax Payment Slip of the payment of the final tax due (using Tax Account Code No.411128 and Deposit Code No.422). This submission procedure will be governed by a separate DGT regulation.

The DGT may assess the correctness of the taxpayer's voluntary declaration. If the DGT finds that there is a shortage of payment in the taxpayer's calculation, the DGT will issue an underpaid tax assessment letter.

Alternative to income tax exemption letter

With regard to income tax exemption on the transfer of titles on land and/or buildings for tax amnesty purposes, taxpayers can use a copy of a Tax Amnesty Approval (*Surat Keterangan Pengampunan Pajak/SKPP*) to be presented to the notary as an alternative to a Tax Exemption Letter from the tax office. To enjoy the income tax exemption, the transfer of title should be completed by 31 December 2017.

Tax amnesty annual reporting compliance

Under PMK-118, failure to submit Tax Amnesty annual reports will be deemed as a failure to hold onshore assets or failure to repatriate offshore assets, which will lead to the assets being treated as an additional income that is subject to final tax. Under PMK-165, the DGT first needs to ascertain whether such failure has actually occurred, prior to deeming the asset as an additional income.

Dispute resolution avenue

PMK-165 adds provisions regarding the dispute resolution avenue, which state that any dispute on the tax underpayment assessment letter issued in relation to PMK-165 will be processed under prevailing tax administration regulations.

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

Alexander Lukito

alexander.lukito@id.pwc.com

Ali Widodo

ali.widodo@id.pwc.com

Andrias Hendrik

andrias.hendrik@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

Dany Karim

dany.karim@id.pwc.com

Deny Unardi

deny.unardi@id.pwc.com

Engeline Siagian

engeline.siagian@id.pwc.com

Enna Budiman

enna.budiman@id.pwc.com

Gadis Nurhidayah

gadis.nurhidayah@id.pwc.com

Gerardus Mahendra

gerardus.mahendra@id.pwc.com

Hanna Nggelan

hanna.nggelan@id.pwc.com

Hasan Chandra

hasan.chandra@id.pwc.com

Hendra Lie

hendra.lie@id.pwc.com

Hisni Jesica

hisni.jesica@id.pwc.com

Hyang Augustiana

hyang.augustiana@id.pwc.com

Laksmi Djuwita

laksmi.djuwita@id.pwc.com

Lukman Budiman

lukman.budiman@id.pwc.com

Mardianto

mardianto.mardianto@id.pwc.com

Margie Margaret

margie.margaret@id.pwc.com

Mohamad Hendriana

mohamad.hendriana@id.pwc.com

Otto Sumaryoto

otto.sumaryoto@id.pwc.com

Parluhutan Simbolon

parluhutan.simbolon@id.pwc.com

Peter Hohtoulas

peter.hohtoulas@id.pwc.com

Raemon Utama

raemon.utama@id.pwc.com

Runi Tusita

runi.tusita@id.pwc.com

Ryosuke R Seto

ryosuke.r.seto@id.pwc.com

Ryuji Sugawara

ryuji.sugawara@id.pwc.com

Soeryo Adjie

soeryo.adjie@id.pwc.com

Sujadi Lee

sujadi.lee@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

Turino Suyatman

turino.suyatman@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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