



## Facility for Human Resources Development in Certain Competencies

On 9 September 2019, the Minister of Finance (MoF) issued Regulation No.128/PMK.010/2019 (PMK-128) regarding “the facility for human resources development in certain competencies”. PMK-128 represents an implementing regulation to Government Regulation No.45 Year 2019 (GR-45), and is effective from 9 September 2019.

GR-45 provides a facility in the form of a (up to) 200% deduction for costs incurred in relation to internship programs, and/or vocational training programs in certain competencies. PMK-128 clarifies that the 200% deduction consists of a 100% deduction for the actual amount spent plus an additional 100% deduction.

The additional deduction cannot however result in the taxpayer being in a tax loss position. If the taxpayer (before the additional deduction) is in profit, then the maximum deduction is only available to the extent that the taxable income becomes zero.

### Eligibility

Eligibility for this facility is as follows:

- a) the taxpayer has carried out an internship program and/or a vocational training program in order to develop competency-based human resources;
- b) the taxpayer has a Cooperation Agreement (*Perjanjian Kerja Sama*) with:
  - i. a vocational education institution at a high school,
  - ii. a vocational education institution at diploma level (*sekolah menengah kejuruan dan perguruan tinggi program diploma pada pendidikan vokasi*),
  - iii. a training centre (*balai latihan kerja*), and/or
  - iv. a vocational program run by the Government;
- c) the taxpayer is not in a fiscal loss position in the fiscal year for which the additional deduction is claimed; and
- d) the taxpayer has requested a Tax Clearance Letter (*Surat Keterangan Fiskal*) from the Directorate General of Tax (DGT).

This facility is not applicable for taxpayers enjoying the Tax Holiday or Tax Allowance facility.

For this facility, the taxpayer should submit a notification (template provided in PMK-128), along with the Cooperation Agreement and Tax Clearance Letter, through the Online System Submission (OSS) portal. The DGT has authority to disallow the facility if the implementation of the program is not in accordance with the regulation.

**Scope of activity and field competency**

The activities eligible for this facility are as follows:

- a) Internship programs for:
  - i. students and teachers from vocational education institutions in a high school, a diploma level institution, or a training centre; or
  - ii. a vocational program for unemployed people run by the Government.
 Both must be conducted by the taxpayer at its place of business as part of a vocational education curriculum in order to master skills or expertise in certain fields; and/or
- b) Vocational training, which means training activities conducted by parties assigned by a taxpayer in a vocational education institution in either a high school, a diploma level institution, or a training centre.

Vocational education institutions which can enter into Cooperation Agreements are based on fields of competency. The field of competency is different for each educational institution level. The primary fields are as follows:

Sectors	High school level	Diploma level	Training centre
Manufacturing	√	√	√
Health	√	√	
Agribusiness	√	√	√
Tourism and creative industry	√	√	√
Digital economy		√	√
Migrant worker			√

Please refer to the attachment of [PMK-128](#) for details of each of the primary fields of competencies.

**Eligible costs**

Costs that are entitled to an additional deduction include:

- a) the provision of special physical facilities (e.g. training venues) in the form of depreciation expense that is prorated based on the usage period in a tax year; and their supporting costs (including electricity, water, fuel, maintenance costs, and other related costs for carrying out internship activities) which should be prorated in the event that they are joint costs with the costs for commercial production;
- b) instructors/teachers who supervise the activities;
- c) materials used in carrying out internship and/or vocational activities;
- d) honorariums or similar payments to students, individuals who are not employed, teachers, lecturers, and/or instructors who are internship participants (unless made to a related person of the taxpayer’s management); and/or
- e) certification costs for students, individuals who are not employed, teachers, lecturers, and/or instructors who are internship participants with an authorised institution.

For internships, all of the above costs are eligible. For vocational training programs, only categories (b) and (c) are eligible.

When the costs outlined in categories (a) and (c) are also used for commercial production, additional deduction is not applicable.

Taxpayers are also required to submit an annual cost report (template provided in PMK-128) with the Corporate Income Tax Return.

## Your PwC Indonesia contacts:

**Abdullah Azis**  
[abdullah.azis@id.pwc.com](mailto:abdullah.azis@id.pwc.com)

**Gerardus Mahendra**  
[gerardus.mahendra@id.pwc.com](mailto:gerardus.mahendra@id.pwc.com)

**Raemon Utama**  
[raemon.utama@id.pwc.com](mailto:raemon.utama@id.pwc.com)

**Adi Poernomo**  
[adi.poernomo@id.pwc.com](mailto:adi.poernomo@id.pwc.com)

**Hasan Chandra**  
[hasan.chandra@id.pwc.com](mailto:hasan.chandra@id.pwc.com)

**Runi Tusita**  
[runi.tusita@id.pwc.com](mailto:runi.tusita@id.pwc.com)

**Adi Pratikto**  
[adi.pratikto@id.pwc.com](mailto:adi.pratikto@id.pwc.com)

**Hendra Lie**  
[hendra.lie@id.pwc.com](mailto:hendra.lie@id.pwc.com)

**Ryosuke R Seto**  
[ryosuke.r.seto@id.pwc.com](mailto:ryosuke.r.seto@id.pwc.com)

**Alexander Lukito**  
[alexander.lukito@id.pwc.com](mailto:alexander.lukito@id.pwc.com)

**Hisni Jesica**  
[hisni.jesica@id.pwc.com](mailto:hisni.jesica@id.pwc.com)

**Ryuji Sugawara**  
[ryuji.sugawara@id.pwc.com](mailto:ryuji.sugawara@id.pwc.com)

**Ali Widodo**  
[ali.widodo@id.pwc.com](mailto:ali.widodo@id.pwc.com)

**Hyang Augustiana**  
[hyang.augustiana@id.pwc.com](mailto:hyang.augustiana@id.pwc.com)

**Soeryo Adjie**  
[soeryo.adjie@id.pwc.com](mailto:soeryo.adjie@id.pwc.com)

**Amit Sharma**  
[amit.xz.sharma@id.pwc.com](mailto:amit.xz.sharma@id.pwc.com)

**Kianwei Chong**  
[kianwei.chong@id.pwc.com](mailto:kianwei.chong@id.pwc.com)

**Sujadi Lee**  
[sujadi.lee@id.pwc.com](mailto:sujadi.lee@id.pwc.com)

**Andrias Hendrik**  
[andrias.hendrik@id.pwc.com](mailto:andrias.hendrik@id.pwc.com)

**Laksmi Djuwita**  
[laksmi.djuwita@id.pwc.com](mailto:laksmi.djuwita@id.pwc.com)

**Sutrisno Ali**  
[sutrisno.ali@id.pwc.com](mailto:sutrisno.ali@id.pwc.com)

**Anton Manik**  
[anton.a.manik@id.pwc.com](mailto:anton.a.manik@id.pwc.com)

**Lukman Budiman**  
[lukman.budiman@id.pwc.com](mailto:lukman.budiman@id.pwc.com)

**Suyanti Halim**  
[suyanti.halim@id.pwc.com](mailto:suyanti.halim@id.pwc.com)

**Antonius Sanyojaya**  
[antonius.sanyojaya@id.pwc.com](mailto:antonius.sanyojaya@id.pwc.com)

**Mardianto**  
[mardianto.mardianto@id.pwc.com](mailto:mardianto.mardianto@id.pwc.com)

**Tim Watson**  
[tim.robert.watson@id.pwc.com](mailto:tim.robert.watson@id.pwc.com)

**Ay Tjhing Phan**  
[ay.tjhing.phan@id.pwc.com](mailto:ay.tjhing.phan@id.pwc.com)

**Margie Margaret**  
[margie.margaret@id.pwc.com](mailto:margie.margaret@id.pwc.com)

**Tjen She Siung**  
[tjen.she.siung@id.pwc.com](mailto:tjen.she.siung@id.pwc.com)

**Brian Arnold**  
[brian.arnold@id.pwc.com](mailto:brian.arnold@id.pwc.com)

**Mohamad Hendriana**  
[mohamad.hendriana@id.pwc.com](mailto:mohamad.hendriana@id.pwc.com)

**Turino Suyatman**  
[turino.suyatman@id.pwc.com](mailto:turino.suyatman@id.pwc.com)

**Deny Unardi**  
[deny.unardi@id.pwc.com](mailto:deny.unardi@id.pwc.com)

**Oki Octabiyanto**  
[oki.octabiyanto@id.pwc.com](mailto:oki.octabiyanto@id.pwc.com)

**Yessy Anggraini**  
[yessy.anggraini@id.pwc.com](mailto:yessy.anggraini@id.pwc.com)

**Dexter Pagayonan**  
[dexter.pagayonan@id.pwc.com](mailto:dexter.pagayonan@id.pwc.com)

**Omar Abdulkadir**  
[omar.abdulkadir@id.pwc.com](mailto:omar.abdulkadir@id.pwc.com)

**Yuliana Kurniadjaja**  
[yuliana.kurniadjaja@id.pwc.com](mailto:yuliana.kurniadjaja@id.pwc.com)

**Engeline Siagian**  
[engeline.siagian@id.pwc.com](mailto:engeline.siagian@id.pwc.com)

**Otto Sumaryoto**  
[otto.sumaryoto@id.pwc.com](mailto:otto.sumaryoto@id.pwc.com)

**Yunita Wahadaniah**  
[yunita.wahadaniah@id.pwc.com](mailto:yunita.wahadaniah@id.pwc.com)

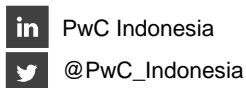
**Enna Budiman**  
[enna.budiman@id.pwc.com](mailto:enna.budiman@id.pwc.com)

**Parluhutan Simbolon**  
[parluhutan.simbolon@id.pwc.com](mailto:parluhutan.simbolon@id.pwc.com)

**Gadis Nurhidayah**  
[gadis.nurhidayah@id.pwc.com](mailto:gadis.nurhidayah@id.pwc.com)

**Peter Hohtoulas**  
[peter.hohtoulas@id.pwc.com](mailto:peter.hohtoulas@id.pwc.com)

[www.pwc.com/id](http://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 [contact.us@id.pwc.com](mailto:contact.us@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.

© 2019 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](http://www.pwc.com/structure) for further details.