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Update on Limitation of Tax Office Services in response to COVID-19

On 15 March 2020, the Directorate General of Taxation (DGT) issued Circular Letter No.SE-13/PJ/2020 (SE-13) outlining DGT measures to help prevent the spread of COVID-19 from 16 March 2020 – 5 April 2020. Please refer to our [TaxFlash No.04/2020](#) for our discussion on SE-13.

On 2 April 2020, the DGT issued a further Circular Letter No.SE-21/PJ/2020 extending the 'prevention period' to **21 April 2020**. As a result, there will continue to be a limitation of some services within Indonesian Tax Offices that involve direct contact with taxpayers during this period as outlined in SE-13.

Update on Limitation of Tax Court Services in response to COVID-19

On 16 and 18 March 2020, the Tax Court issued Circular Letters No.SE-01/PP/2020 (SE-01) and SE-02/PP/2020 (SE-02) as part of the Government's efforts to contain the spread of COVID-19 by suspending Tax Court services during the prevention period. Please refer to our [TaxFlash No.05/2020](#) and [TaxFlash No.06/2020](#) for our discussion on SE-01 and SE-02.

On 2 April 2020, the Tax Court also issued a further Circular Letter No.SE-03/PP/2020 (SE-03) to update and add clarification to the previous Circular Letters as set out below.

1. Extension of the prevention period

SE-03 extends the prevention period to **21 April 2020**. This period will be

subject to further evaluation in accordance with direction from the Government.

2. Tax Court proceedings

All Tax Court proceedings which were originally scheduled within the prevention period will be postponed. Postponement of the proceedings will be notified to the respective parties through electronic media.

3. Clarification on Tax Appeal submissions during prevention period

a) Submission of Tax Appeal (*Banding*) directly to the Tax Court

The prevention period will not be counted as part of the time limit to submit Tax Appeals as stipulated in Article 35(2) of Law No.14/2002 (Tax Court Law). SE-03 clarifies that the submission deadlines for Tax Appeals which fall within 17 March – 21 April 2020 should be delayed by 36 days, in line with the number of days of the service suspension. For example, if the deadline to submit a Tax Appeal falls on 21 April 2020, then the deadline will be suspended for 36 days to 27 May 2020.

b) Submission of Tax Appeal through postal service

The submission deadline of a Tax Appeal that is submitted through a postal service will continue to follow the prevailing provisions of the Tax Court Law.

4. Clarification on Lawsuit submissions during prevention period

a) Submission of Lawsuit (*Gugatan*) directly to the Tax Court

The submission deadline of a Lawsuit that is submitted directly to the Tax Court follows Article 40(4) and (5) of the Tax Court Law which stipulates that, where the deadline to submit a Lawsuit cannot be fulfilled due to circumstances beyond the plaintiff's control, the deadline is extended to 14 days from the end of the relevant circumstances, i.e. in this case, the end of the prevention period. Therefore, if the deadline to submit a Lawsuit falls on any date within 17 March – 21 April 2020, then the deadline will be extended to 5 May 2020.

b) Submission of Lawsuit through postal service

As with Tax Appeals, the submission deadline of a Lawsuit that is submitted through a postal service follows the prevailing provisions of the Tax Court Law.

5. Clarification on the Tax Court preparation and proceedings time limit

The prevention period will not be counted as part of the following time limits:

- The six-month time limit from when a Tax Appeal is received until when the Judges begin proceedings.
- The three-month time limit from when the Lawsuit is received until when the Judges begin proceedings.
- The twelve-month time limit from when a Tax Appeal is received until when the Judges make a Decision for normal proceedings, which can be extended by a maximum three months under certain conditions.
- The six-month time limit from when a Lawsuit is received until when the Judges make a Decision for normal proceedings, which can be extended by a maximum three months under certain conditions.
- The 30-day time limit for the Judges to make a Decision for certain proceedings that are carried out under Expedited Proceedings (*Sidang Acara Cepat*) as governed under Article 82 of the Tax Court Law.

6. Helpdesk services

The reception service in relation to the submission of Tax Appeals, Lawsuits, or Reconsideration Requests (*Peninjauan Kembali*) as well as all information services and the submission of other Letters through the helpdesk (direct submission) is suspended during the prevention period. During this period, taxpayers are encouraged to use the available online services, such as email (informasipp@kemenkeu.go.id), website (www.setpp.kemenkeu.go.id), or WhatsApp line (+628119202032).

7. Delivery services in relation to Tax Court and Reconsideration Request Decisions

The delivery service in relation to Tax Court Decisions and Reconsideration Request Decisions will be temporarily suspended during this prevention period.

Tax incentives in relation to COVID-19 – implementing rules

On 21 March 2020, the Ministry of Finance (MoF) issued an MoF Regulation No.23/PMK.03/2020 (PMK-23) that provides several tax incentives to certain industries affected by the spread of COVID-19. Please refer to our [TaxFlash No.08/2020](#) for our discussion on PMK-23.

In order to implement this incentive, the DGT issued a Circular Letter No.19/PJ/2020 (SE-19) on 31 March 2020.

The highlights are as follows:

1. Article 21 Employee Income Tax Borne by the Government

This tax facility can be enjoyed by eligible taxpayers via notification to the DGT. The submission of the notification is carried out by the taxpayer through

the DGT online system. Based on the DGT online application checking system, a notification will be issued on whether or not they are entitled to the tax incentive. If applicable, this facility will be valid from the submission of the notification until September 2020.

The taxpayer still has to report Article 21 Income Tax including the portion borne by the government (*Ditanggung Pemerintah/DTP*). For the DTP portion, the taxpayer is to prepare a tax payment slip (*Surat Setoran Pajak/SSP*) or a print-out of *ID Billing* for Article 21 Income Tax DTP with a stamp "*PPH Pasal 21 Ditanggung Pemerintah eks PMK No.23/PMK.03/2020*". If the taxpayer uses e-SPT application, they can prepare an SSP/*ID Billing* by recording the NTPN code of 9999999999999999.

2. Article 22 Income Tax Exemption on Imports

This tax facility is granted in the form of Tax Exemption Letter (*Surat Keterangan Bebas/SKB*). In order to enjoy this tax incentive, the taxpayer must submit an exemption application through the DGT online system. The DGT will issue an SKB on Article 22 Income Tax on import if the taxpayer is entitled or will issue a rejection letter if they are not entitled.

3. Article 25 Income Tax Reduction

The 30% reduction in the Article 25 Income Tax can be enjoyed by eligible taxpayers by way of a notification to the DGT. The submission of the notification is carried out by the taxpayer through the DGT online system. Based on the DGT online application checking system, a notification will be issued on whether or not they are entitled to the tax incentive. If applicable, this facility will be valid from the submission of notification until September 2020.

The basis for the reduction in the Article 25 Income Tax monthly instalment by categories of applicant is:

- a. The Article 25 Income Tax instalments according to the 2019 Corporate Income Tax Returns (CITR) – applies if the taxpayer has submitted its 2019 CITR;
- b. The Article 25 Income Tax instalments for December 2019 fiscal period – applies if the taxpayer has not submitted the 2019 CITR;
- c. The decision on any approved reduction in the Article 25 Income Tax instalments – applies if the taxpayer has already obtained a decision for an Article 25 Income Tax instalment reduction due to declining business conditions; or
- d. The Article 25 Income Tax instalments based on the calculation under MoF Regulation that stipulates Article 25 instalments for certain taxpayers (New Taxpayers, Banks, State-Owned Enterprises, Publicly-Listed Taxpayers and Other Taxpayers that must prepare periodic financial statements, including individual taxpayers of certain entrepreneurs) – applies if they fall under this category.

4. Preliminary Refund of Value Added Tax (VAT)

The preliminary VAT refund facility as stipulated in PMK-23 is requested by way of:

- Filling out the Preliminary Refund column in the Monthly VAT Return; or

- Filing a separate letter as referred to in attachment F of MoF Regulation No.39/PMK.03/2018 to request for the difference in the refund amount in the case the taxpayer who has filed a request under a VAT Return, but the refund amount is different to the amount requested in the VAT return.

The DGT will perform formal and material examinations on the eligibility of the requesting taxpayer and will process the preliminary refund request accordingly. Please refer to SE-19 for further details regarding the procedures to be carried out by the DGT.

5. Realization reporting

Taxpayers enjoying the Article 21, 22, and 25 Income Tax facilities must submit a realization report. The taxpayer can download the realization report file from the DGT online webpage and submit via the DGT online system by:

- 20 July 2020 for the April to June 2020 fiscal period; and
- 20 October 2020 for the July to September 2020 fiscal period.

6. Other Matters

Business Classification (Klasifikasi Lapangan Usaha/KLU)

PMK-23 stipulated that the KLU requirement for each facility is based on the KLU stated in the 2018 CITR, which generally should be consistent with the Tax Registration (*Surat Keterangan Terdaftar*) that is issued to the taxpayer upon Tax ID registration and also with the master file data in the DGT system.

In the event that the above data is not consistent, SE-19 provides guidelines on avenues to resolve this under various scenarios.

Non-eligible taxpayers

In the case of a non-eligible taxpayer who continues to apply these tax incentives in their tax compliance practice, SE-19 also provides guidance for the DGT to rectify the situation.

Your PwC Indonesia contacts:

Abdullah Azis
abdullah.azis@id.pwc.com

Gerardus Mahendra
gerardus.mahendra@id.pwc.com

Peter Hohtoulas
peter.hohtoulas@id.pwc.com

Adi Poernomo
adi.poernomo@id.pwc.com

Hasan Chandra
hasan.chandra@id.pwc.com

Raemon Utama
raemon.utama@id.pwc.com

Adi Pratikto
adi.pratikto@id.pwc.com

Hendra Lie
hendra.lie@id.pwc.com

Runi Tusita
runi.tusita@id.pwc.com

Alexander Lukito
alexander.lukito@id.pwc.com

Hisni Jesica
hisni.jesica@id.pwc.com

Ryosuke R Seto
ryosuke.r.seto@id.pwc.com

Ali Widodo
ali.widodo@id.pwc.com

Hyang Augustiana
hyang.augustiana@id.pwc.com

Ryuji Sugawara
ryuji.sugawara@id.pwc.com

Amit Sharma
amit.xz.sharma@id.pwc.com

Kianwei Chong
kianwei.chong@id.pwc.com

Soeryo Adjie
soeryo.adjie@id.pwc.com

Andrias Hendrik
andrias.hendrik@id.pwc.com

Laksmi Djuwita
laksmi.djuwita@id.pwc.com

Sujadi Lee
sujadi.lee@id.pwc.com

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

Lukman Budiman
lukman.budiman@id.pwc.com

Sutrisno Ali
sutrisno.ali@id.pwc.com

Antonius Sanyojaya
antonius.sanyojaya@id.pwc.com

Mardianto
mardianto.mardianto@id.pwc.com

Suyanti Halim
suyanti.halim@id.pwc.com

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

Margie Margaret
margie.margaret@id.pwc.com

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

Brian Arnold
brian.arnold@id.pwc.com

Mohamad Hendriana
mohamad.hendriana@id.pwc.com

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

Dexter Pagayonan
dexter.pagayonan@id.pwc.com

Oki Octabiyanto
oki.octabiyanto@id.pwc.com

Turino Suyatman
turino.suyatman@id.pwc.com

Engeline Siagian
engeline.siagian@id.pwc.com

Omar Abdulkadir
omar.abdulkadir@id.pwc.com

Yessy Anggraini
yessy.anggraini@id.pwc.com

Enna Budiman
enna.budiman@id.pwc.com

Otto Sumaryoto
otto.sumaryoto@id.pwc.com


Yuliana Kurniadjaja
yuliana.kurniadjaja@id.pwc.com

Gadis Nurhidayah
gadis.nurhidayah@id.pwc.com

Parluhutan Simbolon
parluhutan.simbolon@id.pwc.com

Yunita Wahadaniah
yunita.wahadaniah@id.pwc.com

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