

Managing Your Work and Stay Visa during COVID-19 Pandemic: An Update for Foreigners in Indonesia ^{P1}

Further Guidelines for Deadline Extensions for Certain Tax Matters During the COVID-19 Pandemic ^{P3}

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The Ministry of Manpower and Ministry of Law and Human Rights has issued a series of regulations and policies to address specific issues and concerns related to visas and work and stay permits for foreigners visiting and working in Indonesia during this emergency phase of this COVID-19 pandemic.

The following are some highlights from those regulations and policies as of 14 April 2020:

1. Temporary Travel Restriction

The Ministry of Law and Human Rights issued Regulation No. 11 Year 2020 concerning Temporary Travel Restrictions into Indonesia for Foreign Citizens. The regulation temporarily prohibits foreigners from entering or transiting through Indonesia starting from 2 April 2020.

There are however a number of exclusions. In particular, the following categories of foreigners are still allowed to enter Indonesia subject to certain conditions:

- a. Permanent (*Izin Tinggal Tetap/ITAP*) and Limited Stay Permit (*Izin Tinggal Terbatas/ITAS*) holders;
- b. Diplomatic and Service/Official Visa holders;
- c. Diplomatic and Service Stay Permit holders;
- d. Medical aid and support personnel, for food and humanitarian reasons;
- e. Members/crew of means of transport; and
- f. Foreigners who are working for National Strategic Projects (*Proyek Strategis Nasional/PSN*)

For these categories of foreigners, the following conditions must be met for entry to Indonesia, and sufficient evidence must be provided to the immigration authority upon arrival:

- a. A certificate of health (Health Certificate/Fit to Fly certificate) in English that has been issued by a local government health authority;
- b. A statement of willingness to enter quarantine organised by the Indonesian government for a period of 14 days; and

- c. Proof (an immigration stamp or a boarding pass) that they have previously resided/stayed in a coronavirus-free area (district) for 14 days. However, given the condition that COVID-19 is now a global pandemic, this requirement has been acknowledged as being effectively impossible and therefore suspended in practice at least according to the Immigration FAQ on COVID-19.

2. Visa Relaxation for Foreigners in Indonesia

The above Ministry regulation also provides emergency relief to foreigners holding visit visa and/or stay permit who are currently in Indonesia and/or unable to depart from Indonesia:

- a. Foreigners with expired ITAP or ITAS will be automatically granted an Emergency Stay Permit without having to apply to the Immigration Office.
- b. Similarly, foreigners with expired Visit Visa (Visa on Arrival, Single Entry Visa, Multiple Entry Visa, or Visa Exemption) will also be automatically granted an Emergency Stay Permit without having to apply to the Immigration Office.
- c. Foreigners who already received Exit Permit approval (Exit Permit Only/EPO) can remain in Indonesia during the emergency period of the pandemic, on the condition that they are no longer entitled to work (i.e. stay permit extended but not work permit).

The Emergency Stay Permit is valid until the COVID-19 pandemic emergency period has been declared over by the Indonesian authority. Holders of these permits will be exempted from overstay penalty/fine during this period.

Unfortunately, similar emergency relief is not available for foreigners who went abroad and continue to stay outside Indonesia during this pandemic. If their ITAP or ITAS expires while they remain abroad, the immigration office will automatically cancel it. If they intend to re-enter Indonesia with ITAP or ITAS status, they must first re-apply for a new one. If the permit is still valid but their Multiple Exit Re-entry Permit (MERP) expires, similarly a MERP extension cannot be granted. In this instance, to enter Indonesia a new visa and permit must also be obtained.

3. Temporary Suspension of Visa Services

The Immigration offices have temporarily suspended visa services except for Diplomatic Visas, Service Visas, and Foreign Workers' Limited Stay Visas (Visa 312) for people who are specifically working on the PSN. This suspension of activities is effective starting 1 April until further notice.

4. Temporary Suspension of Work Permit Application

Starting 8 April 2020 until further notice, the Ministry of Manpower has also suspended new work permit applications including Foreign Workers Utilisation (*Rencana Penggunaan Tenaga Kerja Asing*) and Work Permit Notification.

The suspension excludes the following cases:

- a. foreigners who are working on the PSN, in accordance with statutory provisions; and
- b. foreign workers holding ITAS/ITAP who are still in Indonesia.

Foreign Workers who are employed for short-term and long-term contracts, and who are still in Indonesia, but cannot return to their home country due to destination country entry restrictions, can extend their work permit by applying through their employer.

If you would like to further discuss particular issues with respect to your foreign workers formalities in Indonesia, please contact our Global Mobility Services team.

Further Guidelines for Deadline Extensions for Tax Matters During the COVID-19 Pandemic

On 31 March 2020, the Government issued Government Regulation in Lieu of Law No.1 Year 2020 (Perppu-1) with a view to helping secure national economic stability during the COVID-19 pandemic. Perppu-1 governs, among other things, deadline extensions for certain tax matters, where the current deadline falls within a *force majeure* period (defined in the regulation), as a consequence of COVID-19 pandemic. Please refer to our previous [TaxFlash No.09/2020](#) for a more detailed discussion of Perppu-1.

On 9 April 2020, the Directorate General of Taxation (DGT) issued Circular Letter No.SE-22/PJ/2020 (SE-22), providing further guidelines for DGT officers in implementing the deadline extensions as governed by Perppu-1.

SE-22 updates the *force majeure* period, which now runs until 29 May 2020, in accordance with the Head of National Disaster Management Authority (*Badan Nasional Penanggulangan Bencana*) regulations. This period may be further extended, if it is deemed necessary.

Submission of Tax Objections by Taxpayers

Tax Objection must normally be submitted within three months of the delivery date of the relevant Tax Assessment Letter (*Surat Ketetapan Pajak/SKP*), or from the date of the initial tax withholding/collection. Perppu-1 extends the submission period for another six months, resulting in the submission period being nine months in total.

However, this deadline extension does not cover Tax Objections relating to Land and Building Taxes (*Pajak Bumi dan Bangunan/PBB*). Taxpayers should refer to the relief that is provided in the PBB Law if they are unable to meet the submission deadlines due to circumstances beyond the taxpayer's control.

Settlement of Tax Refunds

Perppu-1 extends the tax refund settlement period which now became two months in total from the following:

- a) the issuance of an Overpayment SKP;
- b) the issuance of a Decision on a Preliminary Tax Refund;
- c) the issuance of a Decision on a Tax Objection, Amendment, Reduction/ Elimination of an Administrative Sanction, Reduction/Cancellation of an Incorrect SKP, or Interest Compensation; or
- d) receiving a Decision on a Tax Appeal or a Reconsideration Request that results in a tax overpayment position.

Decision on Tax Refund Requests

Perppu-1 extends the completion period for the Indonesian Tax Office (ITO) to conduct a tax audit and issue an SKP by six months, resulting in the deadline for issuing an SKP becoming a maximum of 18 months from receiving a completed tax refund request.

However, from a practical perspective, SE-22 provides internal guidelines for the tax auditors about how they should apply the potential extension period for ongoing audits – in which case it depends upon which stage of the process the taxpayer/tax auditor is currently at, as follows:

1. If the tax audit is still at the examination stage and the Notification of the Tax Audit Result (*Surat Pemberitahuan Hasil Pemeriksaan/SPHP*) has not been delivered to the taxpayer, then the tax audit examination process extension should become:
 - a) 10 months for field audits (originally six months); or
 - b) eight months for office audits (originally four months).
2. If the SPHP has already been delivered to the taxpayer and resulted in a tax overpayment or tax underpayment finding, and if the taxpayer has submitted a written response letter and a tax audit result approval letter, then the closing conference is to be carried out in accordance with the timeline under the existing tax audit regulations, i.e. two months from the delivery date of the SPHP.
3. If SPHP has already been delivered to the taxpayer, and resulted in tax overpayment or tax underpayment finding, where:
 - a) the taxpayer has submitted a response letter that refutes the tax audit findings; or
 - b) the taxpayer has not submitted a response letter due to the limitations resulting from the COVID-19 pandemic;then the timeline of the closing conference can run for four months (originally two months) in total.

The Heads of the ITOs may adjust the above timeline in situations where the tax audit process cannot be completed due to the limitations resulting from the COVID-19 pandemic.

If the *force majeure* period ends on 29 May 2020 without any further extensions, then the ITO will process regular Value Added Tax and Corporate Income Tax refund requests with deadlines from 30 May 2020 onwards in accordance with the timeline under the existing tax audit regulations, meaning that there will be no extension for these deadlines.

Decisions on Tax Objections

Perppu-1 extends the Tax Objection period resulting in the deadline for issuing a Decision being 18 months of receiving a Tax Objection letter.

SE-22 stipulates that:

- a) If the ITO has sent an Invitation Letter (*Surat Pemberitahuan Untuk Hadir/SPUH*) to the taxpayer prior to the issuance of SE-22, the Tax Objection Decision is to be issued within one month of the end of the *force majeure* period.
- b) If the SPUH has not been sent, the 18-month deadline will still apply, but the ITO should send the SPUH to the taxpayer within one month of the end of the *force majeure* period.

As mentioned above, this deadline extension however does not cover Tax Objections regarding PBB.

Decisions as Governed under Article 36 (1) of the General Tax Provisions and Procedures (*Ketentuan Umum dan Tata Cara Perpajakan*) Law

Perppu-1 extends the processing period for the following matters resulting in the deadline for the ITO to issue a Decision being 12 months (originally six months) in total:

- a) Decisions on Reduction/Elimination of an Administrative Sanction (for first and second attempts);
- b) Decisions on Reduction/Cancellation of an Incorrect SKP (for first and second attempts);
- c) Decisions on Reduction/Cancellation of a Tax Collection Letter (for first and second attempts); and
- d) Decisions on Cancellation of a Tax Audit Result.

This deadline extension also covers similar requests regarding PBB.

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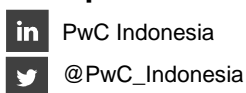
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