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

On 17 April 2020, the Directorate General of Taxation (DGT) extended the ongoing limitation of tax office services until **29 May 2020** through the issuance of Circular Letter No.SE-23/PJ/2020.

The limitations were initially introduced on 15 March 2020 and cover certain services within Indonesian Tax Offices (ITO) that involve direct contact with taxpayers as originally outlined in Circular Letter No.SE-13/PJ/2020 and previously extended under Circular Letter No.SE-21/PJ/2020.

The impacted services include the processing of certain types of taxpayer applications and matters related to conducting the tax dispute process through electronic communication channels.

Please refer to our [TaxFlash No.04/2020](#) for a discussion on the specific services that are impacted.

Annual Income Tax Returns Submission during COVID-19 Pandemic

The DGT issued Regulation No.PER-06/PJ/2020 (PER-06) on 17 April 2020 that outlines specific procedures for taxpayers to follow when submitting their 2019 Annual Income Tax Return (AITR) during the COVID-19 pandemic.

Most of the content of PER-06 is already governed under existing regulations. Below are some key highlights.

AITR submission

During this period, AITR cannot be submitted manually to the ITO and can only be submitted through e-Filing and postal/courier services.

AITR supporting documents

PER-06 relaxes the supporting documents required by taxpayers. In particular, it is not required to submit the Audited Financial Statement (FS) and other mandatory documents with the AITR, such as nominative lists, fiscal depreciation/amortisation lists, etc., when filing by 30 April 2020.

Therefore, the taxpayer only needs to complete the following attachments to submit by the 30 April 2020 submission deadline:

- a. for corporate taxpayers:
 1. Form 1771 and mandatory attachments of I – VI;
 2. Transcript of FS (Special Attachment 8A) for taxpayers whose FS is not audited or the audit process has not been completed; and
 3. Tax Payment Slip if the AITR is in an underpayment position.
- b. for individual taxpayers:
 1. Form 1770 and mandatory attachments of I – IV;
 2. Simplified FS as provided in Attachment A of PER-06; and
 3. Tax Payment Slip if the AITR is in underpayment position.

The above exemption from attaching other documents can be done with a preliminary online notification to the DGT. If the online system is not yet available or is in an error state, the taxpayer can submit a notification via email to the ITO where the taxpayer is registered or via postal/courier services.

However, the above document exemption is not available for taxpayers that:

- a. File a 2019 AITR with a tax overpayment position where the taxpayer is requesting a preliminary tax refund on the overpayment; or
- b. File the 2019 AITR after the 30 April 2020 deadline.

The documents that are normally mandatory to be attached to the AITR when filed but not submitted by 30 April 2020 deadline in accordance with the above, should be submitted to the DGT by 30 June 2020 at the latest by submitting them through an Amendment of the 2019 AITR. Failure to submit the Amendment of the 2019 AITR with the complete mandatory documents will result in the AITR being considered as not having been submitted and subject to administrative sanctions accordingly.

Customs Incentive in response to COVID-19

The Ministry of Finance (MoF) issued Regulation No.34/PMK.04/2020 (PMK-34) in order to implement the customs facilities granted under the Government Regulation in Lieu of Law No.1 Year 2020. PMK-34 covers customs facilities for a list of goods needed in handling the COVID-19 pandemic and is effective from 17 April 2020.

The key highlights are as follows:

The Facilities

PMK-34 provides an exemption from import duties and Article 22 import tax and provides that Value Added Tax (VAT)/Luxury goods Sales Tax will not be collected for the importation of the following goods from overseas or from Bonded Logistics Centres (BLC) (details of each category are listed in Attachment A of PMK-34):

- a. Hand sanitiser and disinfectant products;
- b. Laboratory test kits and reagents (such as Rapid test, PCR test);
- c. Media transfer virus (such as processed culture media for swab tests/*media kultur olahan untuk swab test*);
- d. Medicines and vitamins;

- e. Medical equipment (such as thermometer, ventilator);
- f. Personal protective equipment (such as masks, protective clothes, gloves).

PMK-34 also stipulates that the above facilities can be granted for the goods mentioned above which are:

- a. Entered from Bonded Zone (BZ) or Bonded Warehouse (BW);
- b. Entered from Free Trade Zone (FTZ) or Special Economic Zone (SEZ);
- c. Entered from Companies granted with Import Facility for Export Purposes (*Kemudahan Impor Tujuan Ekspor/KITE*).

For the release or delivery of goods listed in Attachment-A of PMK-34 from BZ, BW, FTZ, SEZ, and KITE Company, the Entrepreneur of the said facility does not have to pay the Import Duty (including antidumping duties, etc.), Excise, Import Taxes, and/or domestic VAT on the raw materials that was previously not collected. In other words, there is no claw back of duties and taxes that might otherwise apply.

The application of the facilities may differ depending on the origin and destination of the goods and also depends on the type of facilities granted to each type of taxpayer.

Application process

The “Person” (i.e. individual, central government, regional government, legal entity, and non-legal entity) receiving such goods must apply for an exemption approval (electronically through the National Single Window system). If there is a problem with the electronic system, the application may be submitted manually to the Minister of Finance through the Head of Customs and Excise Office at the port of entry (if imported from overseas or BLC) or at the place of release of goods (if released from a BZ, BW, FTZ, SEZ, KITE).

After conducting a review on the fulfilment of the requirements, the Head of Customs and Excise Office will issue a decision (either an approval or rejection) within two working hours for electronic submission or two working days for manual submission. The technical guidelines for simplifying the procedure on this matter is stipulated by the Directorate General of Customs and Excise.

There are exceptions for the need to apply for this exemption approval: courier goods less than USD 500 and passenger goods less than USD 500.

For those requiring approval, if the exemption approval is still in progress but the goods have to be cleared or released sooner, the person can apply for pre-clearance importation by providing customs with a guarantee which could be in the form of a written guarantee.

PMK-34 is valid from 17 April 2020 until the end of the prevention period of the COVID-19 pandemic as referred to by the National Disaster Management Authority (*Badan Nasional Penanggulangan Bencana*). This regulation can be applied to the customs documents which inward manifest (for importation/BC 1.1) or releasing documents (for release of goods from BLC, BZ, BW, FTZ, SEZ, KITE) has obtained a registration number and date starting from 17 April 2020.

Monitoring and Evaluation

The Customs & Excise Officer can carry out monitoring and evaluation activities on the implementation of these facilities, including a customs audit.

If the taxpayers misuse these facilities, the Custom and Excise Officer may collect the liable Import Duty, Excise, and Import Taxes and impose the following administrative sanctions:

- fines of 100% up to 500% of the liable import duties (including other fines based on excise and/or taxation laws), and
- blocking the taxpayer's customs access for one year.

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