

Relaxation on Contributions to the Employment Social Security Programme during the COVID-19 pandemic ^{P1}

Tax rate reduction for public companies – reporting requirements ^{P3}

Relaxation on Contributions to the Employment Social Security Programme during the COVID-19 pandemic

Considering the COVID-19 pandemic impact on Indonesian business, on 1 September 2020 the Government issued Government Regulation No. 49 Year 2020 (GR-49) to provide relief to taxpayers by relaxing the rules on contributions to the Employment Social Security Programme.

The relaxation period under GR-49 started from August 2020 and runs until January 2021. In particular, the following relaxation is granted:

- a. payment deadline extension for contribution of work accident protection (*Jaminan Kecelakaan Kerja/JKK*), death protection (*Jaminan Kematian/JKM*), old age protection (*Jaminan Hari Tua/JHT*), and pension protection (*Jaminan Pensiun/JP*);
- b. reduction of JKK and JKM contributions; and
- c. partial postponement of JP contribution payment.

Payment deadline extension

Contributions for JKK, JKM, JHT, and JP which normally must be paid by the 15th of the following month, can be paid by the 30th of the following month during the relaxation period. If the 30th falls on a holiday, the contribution must be paid on the working day prior to the 30th day.

Reduction of JKK and JKM contributions

GR-49 provides a 99% reduction on the JKK and JKM contributions during the relaxation period. During this time, the JKK/JKM contribution to be paid is only 1% of the normal JKK/JKM contribution. For example, an employer who normally pays 0.24% of JKK and 0.3% of JKM only needs to pay 0.0024% of JKK and 0.003% of JKM.

Eligibility

The eligibility requirements are as follows:

- Employers and participants must be registered prior to August 2020 and must have paid the contributions up to July 2020.
- Participants who register after July 2020 must first pay the JKK and JKM contribution for the first two months and then can start enjoying the reduction from the third month (except if the third month falls outside the relaxation period).

Relief mechanism

The relief is given directly by the Employment Social Security Administration Body (*Badan Penyelenggara Jaminan Sosial/BPJS Ketenagakerjaan*) through the Participant Reporting Information System (*Sistem Informasi Pelaporan Peserta/SIPP*) managed by BPJS Ketenagakerjaan (no application needed).

In the event that there is an excess from payment of August 2020 period or any subsequent month, then the excess will be compensated for the next contribution payment.

Partial postponement of JP contribution payment

Generally, JP contribution consists of 3% of the imposition base, where 1% is collected from employee and 2% is borne by the employer. The total 3% will then be paid by the employer to BPJS Ketenagakerjaan.

Under GR-49, employer may postpone 99% of the total 3% contribution payment during the relaxation period and only pay 1% of it. The remaining 99% portion may be paid in lump sum or in instalments later, which must start to be paid no later than 15 May 2021 and must be settled no later than 15 April 2022.

Eligibility

The eligibility requirements for medium and large enterprise are as follows:

- a. the main business activities are disrupted due to COVID-19 resulting in a more than 30% decrease in monthly turnover based on monthly report from February 2020 along with a statement letter from the top management; and
- b. the employer must have registered the participants prior to August 2020 and must have paid the contribution up to July 2020. If the employees are registered after July 2020, the employer can immediately start paying only 1% of the JP contribution.

As for micro and small-scale enterprises, to be eligible for the postponement they only need to fulfil point (b) above.

Relief mechanism

For medium and large enterprises, the employer must submit an application for a postponement to BPJS Ketenagakerjaan, where BPJS Ketenagakerjaan will verify the applications within three days and notify the rejection or approval of the postponement within one day after the verification result. The above processes can be done manually or electronically through BPJS Ketenagakerjaan website.

For micro and small-scale enterprises, the employer only needs to notify BPJS Ketenagakerjaan and BPJS Ketenagakerjaan will notify the enforcement of the postponement within one day after the notification from the enterprise.

If a participant makes JP claims within the relaxation period and gets a lump sum benefit, the postponed contribution must be fully paid before the benefit is paid to the participant.

Late payment of the contribution will be subject to a penalty of 0.5% per month. However, the postponed JP contribution payment will not be subject to this penalty as long as it is settled within the specified period.

Tax rate reduction for public companies – reporting requirements

Public companies that satisfy listing requirements under Government Regulation No. 30 Year 2020 (GR-30) are entitled to a Corporate Income Tax (CIT) reduction of 3% from the standard rate, giving them a corporate tax rate of 19% for fiscal year 2020-2021 and 17% starting in fiscal year 2022. Please refer to our [TaxFlash No.27/2020](#) for a discussion on GR-30.

As regulated in GR-30, taxpayers must submit a report to the Directorate General of Taxes (DGT) as part of the fulfilment of listing requirements. On 2 September 2020 the Minister of Finance issued Regulation No.123/PMK.03/2020 (PMK-123) that sets out the standards of this report and information that must be declared by the taxpayer in the report. This report consists of:

- a. Monthly report on shares ownership as regulated under Capital Markets Law, either prepared by an outsourced share administrator body (*Biro Administrasi Efek*) or prepared by the listed company itself using a template provided under [Attachment C](#) of PMK-123; and
- b. Report on shares ownership by related parties which template is provided under [Attachment A](#) of PMK-123.

The taxpayers should attach these two reports with the submission of annual CIT Return.

As part of the cross-checking process, the Head of Board of Commissioner of the Capital Market Authority (*Otoritas Jasa Keuangan/OJK*) must also submit a list of qualifying listed companies to the DGT at the latest by the end of the month following each fiscal year.

Your PwC Indonesia contacts:

Abdullah Azis
abdullah.azis@pwc.com

Gerardus Mahendra
gerardus.mahendra@pwc.com

Peter Hohtoulas
peter.hohtoulas@pwc.com

Adi Poernomo
adi.poernomo@pwc.com

Hasan Chandra
hasan.chandra@pwc.com

Raemon Utama
raemon.utama@pwc.com

Adi Pratikto
adi.pratikto@pwc.com

Hendra Lie
hendra.lie@pwc.com

Runi Tusita
runi.tusita@pwc.com

Alexander Lukito
alexander.lukito@pwc.com

Hisni Jesica
hisni.jesica@pwc.com

Ryuji Sugawara
ryuji.sugawara@pwc.com

Ali Widodo
ali.widodo@pwc.com

Hyang Augustiana
hyang.augustiana@pwc.com

Soeryo Adjie
soeryo.adjie@pwc.com

Amit Sharma
amit.xz.sharma@pwc.com

Kianwei Chong
kianwei.chong@pwc.com

Sujadi Lee
sujadi.lee@pwc.com

Andrias Hendrik
andrias.hendrik@pwc.com

Laksmi Djuwita
laksmi.djuwita@pwc.com

Sutrisno Ali
sutrisno.ali@pwc.com

Anton Manik
anton.a.manik@pwc.com

Lukman Budiman
lukman.budiman@pwc.com

Suyanti Halim
suyanti.halim@pwc.com

Antonius Sanyojaya
antonius.sanyojaya@pwc.com

Mardianto
mardianto.mardianto@pwc.com

Tim Watson
tim.robert.watson@pwc.com

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

Margie Margaret
margie.margaret@pwc.com

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

Brian Arnold
brian.arnold@pwc.com

Oki Octabiyanto
oki.octabiyanto@pwc.com

Turino Suyatman
turino.suyatman@pwc.com

Dexter Pagayonan
dexter.pagayonan@pwc.com

Omar Abdulkadir
omar.abdulkadir@pwc.com

Yessy Anggraini
yessy.anggraini@pwc.com

Enna Budiman
enna.budiman@pwc.com

Otto Sumaryoto
otto.sumaryoto@pwc.com

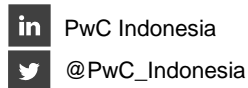
Yuliana Kurniadjaja
yuliana.kurniadjaja@pwc.com

Gadis Nurhidayah
gadis.nurhidayah@pwc.com

Parluhutan Simbolon
parluhutan.simbolon@pwc.com

Yunita Wahadaniah
yunita.wahadaniah@pwc.com

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.

DISCLAIMER: This content is for general information purposes only, and should not be used as a substitute for consultation with professional advisors.

© 2020 PT Prima Wahana Caraka. All rights reserved. PwC refers to the Indonesian member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.