



NIK as Taxpayer Identification Number

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On 8 July 2022, the Minister of Finance (MoF) issued a Regulation No.PMK-112¹ which regulates the change in approach to the use of Taxpayer Identification Numbers (*Nomor Pokok Wajib Pajak/NPWP*) for Individuals, Corporates and Government Agencies.

PMK-112 serves as one of many implementing regulations of the Harmonisation of Tax Regulations (*Harmonisasi Peraturan Perpajakan/HPP*) Law² which governed the change in use of a separate NPWP for an individual taxpayer who is a resident of Indonesia. Under the new rules, taxpayers that reside in Indonesia should start using their Residential Identity Number (*Nomor Induk Kependudukan/NIK*) as a Tax ID instead of the previously used NPWP.

Some highlights of PMK-112 are as follows:

1) Taxpayers who already have NIK

Theoretically, starting from 14 July 2022, an Individual taxpayer who is Resident (*Penduduk*) in Indonesia should use their NIK in place of their NPWP. For Individual taxpayers who already have 15-digit-NPWP before this PMK takes effect (i.e. before 8 July 2022), the Directorate General of Taxes (DGT) will activate the NIK as the new Tax ID based on the taxpayer registration application or by ex-officio means.

The term Resident referred to in PMK-112 includes Indonesian Citizens and Foreigners residing in Indonesia (and have an NIK). We noted that this definition is in line with Law-24³ where it is also stipulated that all residents will be given an NIK, including foreigner residing in Indonesia.

In the using of NIK in place of a separate NPWP, the DGT can perform matching of identity data with population data at the Directorate General of Population and Civil Registration (Ministry of Home Affairs).

¹ MoF Regulation No.112/PMK.03/2022 (PMK-112) dated and effective from 8 July 2022

² Article 2 paragraph (1a) of HPP Law in the cluster of General Tax Provisions and Procedure (*Ketentuan Umum dan Tata Cara Perpajakan*)

³ Law No.23 Year 2006 as lastly amended by Law No.24 Year 2013 (Law-24) regarding Administration of Resident (*Administrasi Kependudukan*)

The results of data matching above will produce valid data (already matched) or invalid data (not matched with population data).

In cases of invalid data, the DGT will then submit a request for clarification on invalid data (such as data on email address, residential address, etc.) and therefore the taxpayer should make changes to the data as requested.

In principle, the use of NIK in place of NPWP is starting from 14 July 2022 if the NIK data is a matching result, or in case of invalid data once the data have been changed to the valid data, which is then notified to the taxpayer.

If the taxpayer does not change the data (invalid status), the taxpayer can only use the 15-digit-NPWP up to 31 December 2023 for tax administration services and administration of other parties which require NPWP.

PMK-112 stipulates that starting from 1 January 2024, the taxpayer must use NIK in place of NPWP in all tax administration services and with other parties' services.

2) Taxpayers that do not use NIK

Theoretically starting on 14 July 2022, taxpayers who do not have NIK (i.e. Non-resident individuals, Corporate and Government agency taxpayers) will use a new 16-digit-NPWP (to make the digit number match with those using 16 digit NIK in place of NPWP).

The DGT will provide 16-digit-NPWP for new taxpayers who register themselves to be given an NPWP or are given an NPWP by ex-officio after 8 July 2022.

For taxpayers (that will not use NIK) with an existing 15-digit NPWP, the DGT will provide a 16-digit-format based on the taxpayer registration application or by ex-officio. The 16-digit-NPWP is created by simply adding the number 0 (zero) in front of the existing 15-digit-NPWP.

In transitioning to the 16-digit-NPWP, the DGT may ask for clarifications from this group of taxpayers (such as email address, Classification of Business Fields (*Klasifikasi Lapangan Usaha*) data, etc.), and then the taxpayer should submit a response in the form of approval (if the data is appropriate) or correction (if the data does not match with the actual condition).

In addition, if the tax administration and other administrations have not been able to accommodate the new 16-digit-NPWP, the taxpayers above can still use the existing 15-digit-NPWP until 31 December 2023.

Starting from 1 January 2024, the taxpayers use the new 16-digit-NPWP format in tax administration services and other parties' services.

3) The branch taxpayer

In the future, the DGT will provide a separate Identity Number for separate branches of companies that is different from an NPWP (currently such branches are issued separate NPWP). The new Identity Number for a separate Place of Business Activities (*Nomor Identitas Tempat Kegiatan Usaha/NITKU*) for the branch taxpayers who already had NPWP before 8 July 2022. The Branch NPWP may still be used for the exercise of rights and fulfilment of tax obligations until 31 December 2023.

The DGT will provide branch NPWP and NITKU for the new branch taxpayer who register themselves to be given an NPWP or are given an NPWP by ex-officio within the period 8 July 2022 – 31 December 2023.

Starting from 1 January 2024, the branch taxpayer uses only the NITKU as the identity of the place of business activity that is separate from the place of main registered head office (which will continue to use NPWP).

Others

Several other provisions regulated in PMK-112 are as follows:

- The DGT provides services to other parties that require the use of NPWP in the form of matching NPWP data for the category of taxpayers who have or do not have NIK in the administrative system of other affected parties.
- The DGT on behalf of the MoF may extend the time limit to other parties based on the consideration of the readiness of the other party's administrative system. The administrative services provided by other parties' services include export-import services, banking and other financial sector services, application for business licence and other services that require the use of NPWP.
- At the time this PMK-112 comes into effect, the provisions regarding the inclusion of 15-digit-NPWP and issued before 1 January 2024 remain in effect and no correction or replacement is required for the provisions of the inclusion of 15-digit-NPWP.

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