



Procedures for tax collection of outstanding tax amounts ^{P1}

Procedures for tax collection of outstanding tax amounts

The Minister of Finance (MoF) issued PMK-61¹ to stipulate procedures for the collection of outstanding tax amounts. PMK-61 is effective from 12 June 2023 and revokes PMK-189² which covers similar issues.

Whilst the procedures in this PMK are largely the same as the previous regulation we highlight the notable changes below.

1. Additional range of taxes

This is to include those new taxes introduced under the Harmonisation of Tax Regulations (*Harmonisasi Peraturan Perpajakan/HPP*) Law and PMK-61 (which includes the Carbon Tax) within the range of taxes where tax collection efforts can be implemented.

2. Expiration of tax collection timeline – additional events

One of the events which historically extended the tax collection expiration date was the acknowledgement of the tax payable by the taxpayer, either directly or indirectly. PMK-61 adds to the events which can be considered as “indirect” acknowledgement. This now includes the taxpayer filing an objection or an appeal against a Tax Assessment Letter (*Surat Ketetapan Pajak/SKP*) to the extent of tax disputed by the taxpayer in a closing conference. This extension only applies to a Tax Collection Letter (*Surat Tagihan Pajak/STP*) for penalties related to a failure to comply with Value-Added Tax Invoice requirements. Presumably, this STP should be related to the SKP that is being objected or appealed against. In this case, the tax collection expiration period starts from the date of the issuance of the objection or appeal decision letter.

3. Additional measures to support tax collection efforts

To reinforce the tax collection efforts, PMK-61 now allows the following extra measures to be carried out against a Tax Bearer (*Penanggung Pajak*):

- a. The Director General of Taxes (DGT) may request the relevant authority to restrict or block access to certain public services (i.e. for services provided

¹ MoF Regulation No.61 Year 2023 (PMK-61) dated and effective from 12 June 2023

² MoF Regulation No.189 Year 2020 (PMK-189) dated and effective from 27 November 2020

by government agencies) for Tax Bearers who fail to pay tax arrears. This can occur after the issuance of a Distress Warrant.

- b. An MoF-appointed official may provide a third party with a notification letter containing the name of the Tax Bearer stated in the Distress Warrant.

After certain follow-up events (e.g. the taxpayer paying all tax arrears and tax collection costs or the tax collection right has expired), the DGT may request to lift the previous blocking of public services.

4. Elaboration on certain procedures

- a. Elaboration on tax to be borne by certain Tax Bearers

In principle, tax collection is carried out against a Tax Bearer. In certain situations, the Tax Bearer of an individual taxpayer's tax arrears can be extended to a custodian (e.g. the heirs of a deceased taxpayer, the guardian of a minor or the guardian of people under custody). PMK-61 elaborates that the tax arrears to be borne by these types of Tax Bearers are limited to the amount of assets under their custody.

- b. Lifting of the blocking of certain assets traded in the capital markets

The procedures for the tax collection against assets traded in the capital market are unchanged with regards to a Tax Bearer (i.e. trading can be restricted). PMK-61 extends the procedures to allow the removal of this trading restriction. This is similar to the procedures for assets held in other financial service institutions.

- c. Tax Collection cooperation with Treaty Partner Jurisdictions

PMK-61 elaborates on the procedures for implementing tax collection in cooperation with Treaty Partner Jurisdictions to include:

- i. a request for tax collection assistance; or
- ii. a provision of tax collection assistance (i.e. collection of "Tax Claims").

Tax Claims are defined as legal instruments from a Treaty Partner Jurisdiction in relation to their request for tax collection assistance.

Other than detailed procedures on correspondence with authorised officials in Treaty Partner Jurisdictions, the procedures for tax collection assistance on Tax Claims is generally the same as the procedure for domestic tax collection efforts.

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