

The end of the COVID-19 pandemic in Indonesia – What does it mean for tax? ^{P1}

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On 22 June 2023, the President issued a Presidential Decree No.Keppres-17¹ regarding the determination of the end of the COVID-19 pandemic status in Indonesia, which is effective since 21 June 2023. This means that as of 21 June 2023, Indonesia is no longer under a COVID-19 pandemic period. This status marked an important milestone for determining the validity of certain tax law and regulations.

In the beginning of COVID-19 pandemic, the government issued Perppu-1², which was later passed into Law-2³, that was intended to help secure economic stability during the COVID-19 pandemic. Law-2 governed new economic policy in the areas of taxation, government spending and financing related to COVID-19 pandemic.

In 2021, the Constitutional Court pronounced Decision No.PUT-37⁴ which decided that Law-2 shall come into force on the date of promulgation and shall be declared invalid when the President officially announces that the COVID-19 pandemic status has ended in Indonesia. This means that with the issuance of Keppres-17, the provisions under Law-2 are no longer valid as of 21 June 2023.

Based on the above, we set out below our analysis with regards to the impact of Keppres-17 on the tax policies that were governed under Law-2:

- **Corporate Income Tax (“CIT”) reduction**

Law-2 set a gradual CIT reduction to 20%. This policy was overruled by the Harmonisation of Tax Regulations (*Harmonisasi Peraturan Perpajakan/“HPP Law”*) which reversed this reduction and set the CIT rate to remain at 22%. Therefore, Keppres-17 does not have any impact on this matter.

¹ Presidential Decree No.17 Year 2023 (“Keppres-17”) dated 22 June 2023 and effective from 21 June 2023

² Government Regulation in Lieu of Law No.1 Year 2020 (“Perppu-1”) dated and effective from 31 March 2020 (See [TaxFlash No.09/2020](#) for more details)

³ Law No.2 Year 2020 (“Law-2”) dated 18 May 2020 and effective from 31 March 2020 (See [TaxFlash No.21/2020](#) for more details)

⁴ Constitutional Court Decision No.37/PUU- XVIII/2020 (“PUT-37”) which was pronounced at the Plenary Session on 28 October 2021

- **Taxation on e-commerce**

There are two aspects of e-commerce that was regulated under Law-2, i.e. Value-Added Tax (VAT) and Income Tax. The same VAT provisions have been regulated in the HPP Law and therefore should remain valid despite the invalidity of Law-2. The Income Tax aspect has not been further implemented nor regulated under other laws and therefore should no longer be valid upon the issuance of Keppres-17.

- **Deadline extensions for tax filings and submissions**

Law-2 provided deadline extensions for tax filings and submissions (i.e. submission of tax objection letter, payment of tax refunds, issuance Overpayment Tax Assessment Letter, issuance of Tax Objection decision and some decisions related to Article 36 paragraph (1) of General Provisions and Tax Procedures (*Ketentuan Umum dan Tata Cara Perpajakan/KUP*) Law. These deadline extensions should no longer be valid as of 21 June 2023.

- **Customs facility for certain goods**

The customs facility for certain goods was implemented by the issuance of several Minister of Finance regulations which have varying validity period, which have expired before the issuance of Keppres-17, and therefore, there should be no impact on this matter.

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