



TaxFlash

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Procedures for Tax Investigation of Criminal Acts

On 25 February 2025, the Minister of Finance (“MoF”) issued PMK-17¹ regarding the Procedures for Tax Investigation of Criminal Acts. Whilst most provisions in PMK-17 were already stipulated under General Provisions and Tax Procedures (*Ketentuan Umum dan Tata Cara Perpajakan*/"KUP") Law, GR-50², PMK-55³, and SE-06⁴, it provides more detailed procedures and new provisions particularly on the time period for several Tax Investigation of Criminal Acts processes. PMK-17 also revokes PMK-55 and Article 108 of PMK-18/2021 which only covered the process of terminating tax investigation and incorporates the updated content in PMK-17. The detailed procedures are generally in accordance with the provisions stipulated in the Criminal Code (*Kitab Undang-Undang Hukum Pidana*) Law as well as Prevention and Eradication of Money Laundering (*Pencegahan dan Pemberantasan Tindak Pidana Pencucian Uang*) Law.

The detailed procedures stipulated under PMK-17 cover the following activities:

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|---|---|
| a) Summoning (<i>Pemanggilan</i>); | g) Handling of Electronic Data (<i>penanganan Data Elektronik</i>); |
| b) Examination (<i>Pemeriksaan</i>); | h) Prevention (<i>Pencegahan</i>); |
| c) Arrest (<i>Penangkapan</i>); | i) Determination of Suspect (<i>penetapan Tersangka</i>); |
| d) Detention (<i>Penahanan</i>); | j) Filing (<i>Pemberkasan</i>); |
| e) Search (<i>Penggeledahan</i>); | k) Submission of case files (<i>penyerahan berkas perkara</i>); |
| f) Blocking and/or Seizure (<i>Pemblokiran dan/atau Penyitaan</i>); | l) Transfer of responsibility for the Suspect and evidence (<i>penyerahan tanggung jawab atas Tersangka dan barang bukti</i>); and/or |
| | m) Termination of Investigation (<i>penghentian Penyidikan</i>); |

¹ MoF Regulation No.17 Year 2025 (“PMK-17”) dated and effective from 25 February 2025

² Government Regulation No.50 Year 2022 (“GR-50”) dated and effective from 12 December 2022

³ MoF Regulation No.55/PMK.03/2016 (“PMK-55”) dated and effective from 8 April 2016 as amended by MoF Regulation No.18/PMK.03/2021 (“PMK-18/2021”) dated and effective from 17 February 2021

⁴ Director General of Taxes (“DGT”) Regulation No.SE-06/PJ/2014 (“SE-06”) dated and effective from 3 February 2014

Whilst this TaxFlash is not intended to cover every change brought about by PMK-17, we highlight noteworthy updates below:

1. Issuance of Notification Letter of Commencement of Investigation

Tax investigation is conducted based on an Investigation Order Letter (*Surat Perintah Penyidikan*/"*Sprindik*") that is made based on the Incident Report. The Sprindik will then become the basis for issuing a Notification Letter of Commencement of Investigation (*Surat Pemberitahuan Dimulainya Penyidikan*/"*SPDP*"). PMK-17 stipulates that the SPDP must be delivered to the Public Prosecutor (via the investigator of the Indonesian National Police) and the Reported Party/Suspect no later than seven days after the issuance of the Sprindik.

2. Blocking (*Pemblokiran*)

Blocking can be carried out by the Investigator for the purpose of evidence or guaranteeing the recovery of losses to state revenue by submitting a request for Asset Blocking to the National Land Agency, banks, the Traffic Corps of the Indonesian National Police, and/or other agencies that manage asset data administration (hereinafter referred to as "authorised party"). PMK-17 stipulates that when Blocking is no longer required, the Investigator can request the authorised party to unblock the assets by submitting an unblocking request.

3. Prevention (*Pencegahan*)

Prevention is carried out for the purpose of Investigation based on the Prevention Decree issued by the MoF to the Suspect/Witness if they are indicated to be leaving Indonesia or if their good faith in the Investigation process is doubtful. PMK-17 stipulates that the prevention period is valid for a maximum of six months. The Decree is submitted to be executed to the Ministry of Immigration and Correction within three days of the issuance of the Decree and given to the Suspect/Witness within seven days of the issuance of the Decree.

PMK-17 also stipulates that in urgent circumstances the MoF may request prevention directly to the immigration officials at the directorate in charge of prevention, or at immigration checkpoints, prior to the issuance of the Prevention Decree. The MoF still needs to submit the Prevention Decree to the Ministry of Immigration and Correction no later than 20 days from the date of the urgent prevention request, otherwise the urgent prevention is declared ended and cannot be re-submitted.

PMK-17 also states that the MoF may issue a Decree to extend/revoke the prevention with the following deadline:

- Submission to the Ministry of Immigration and Correction – no later than three days prior to the expiration of the initial prevention period (for extension) or from the issuance date of the Revocation Decree (for revocation); and
- Submission to the Suspect/Witness (including to their families and representative of their countries) no later than seven days from the issuance date of the extension or revocation Decree.

Prevention can be extended once with a maximum validity period of six months.

4. Determination of Suspect (*penetapan Tersangka*)

PMK-17 stipulates that the determination of a Suspect must be notified to the Public Prosecutor (via the investigator of the Indonesian National Police) and the Suspect no later than seven days following the determination of the Suspect.

5. Submission of case files (*penyerahan berkas perkara*)

In the event that the case file is declared complete by the Public Prosecutor, PMK-17 stipulates that the Investigator must notify the Suspect of the progress of the handling of the case as stipulated in Article 38, Article 39, and/or Article 39A of the KUP Law no later than seven days after receiving the notification that the case file is declared complete.

6. Termination of Investigation (*penghentian Penyidikan*)

In the event that the Investigation is terminated but there are still evidence/assets that have been seized (except for the termination due to the Suspect passing away), PMK-17 stipulates that the Investigator must return the seized evidence/assets to:

- the party from whom the seizure was made;
- the rightful party; or
- the party designated by the legislation/court decision.

7. Amount to be paid for the termination of the Investigation

To determine the amount that must be paid off for the Investigation to be terminated, the Taxpayer/Suspect must submit a written request to the DGT and the DGT must provide a written response no later than one month from the date the request is received. If the response has not included the amount that must be paid off, the DGT will provide written information containing the amount that must be paid off after sufficient evidence is obtained.

If the Taxpayer/Suspect only pays part of the amount that must be paid off, PMK-17 stipulates that the Investigation continues, and the amount paid by the Taxpayer/Suspect can be considered as:

- a) part of the payment at the time of transfer of responsibility for the Suspect and evidence to the Public Prosecutor or at the time the criminal case is submitted to the court; or
- b) payment of criminal fines.

PMK-17 also stipulates that when a Criminal Act is committed by more than one Taxpayer/Suspect, the amount that must be paid off by each Taxpayer/Suspect is calculated proportionally by considering:

- a) the contribution to the loss incurred based on the evidence found;
- b) the benefits received by the Taxpayer/Suspect;
- c) the degree of fault and actions; and/or
- d) other considerations that can describe the role of the Taxpayer/Suspect in the Criminal Act.

Each Suspect has the right to submit a request to terminate the Investigation along with payment according to their own proportion.

PMK-17 also stipulates that if the Taxpayer/Suspect has obtained information on the amount that must be paid off but:

- a) The Taxpayer/Suspect does not or has not made the payment;
- b) The DGT rejects the request for termination of the Investigation submitted by the Taxpayer/Suspect; or
- c) The Attorney General rejects the request for termination of the Investigation by the MoF,

and the Investigation case file has been declared complete, the responsibility for the Suspect and the evidence will be handed over from the Investigator to the Public Prosecutor.

8. Request for information on amount to be paid

PMK-17 stipulates that when the responsibility for the Suspect and evidence has been handed over from the Investigator to the Public Prosecutor or the criminal case has been submitted to the court, the Suspect/Defendant (*Terdakwa*) can still pay off the payable amount. If needed, the Public Prosecutor can submit a written request to the DGT for information on the amount to be paid. The information must be provided by the DGT (via the Head of the Law Enforcement Implementation Unit) no later than five working days from the date the request for information is received by the DGT.

9. Transitional provisions

PMK-17 provides a transitional provision stating that requests for the amount that must be paid off to apply for the termination of the Investigation, which have been submitted but have yet to receive a response by 25 February 2025, will be responded to no later than one month from 25 February 2025.

Sanction waivers in relation to the implementation of Core Tax

During the transitional period of the implementation of Core Tax system, which was launched on 1 January 2025, it is possible that taxpayers may experience delays in tax payments and tax returns submission processes. Therefore, the DGT has issued a policy on the administrative sanctions waiver through the issuance of KEP-67⁵. Under this policy, a Tax Collection Letter will not be issued on certain late tax payment and reporting during the transitional period, or, if the Tax Collection Letter has been issued, the Head of Regional Office of the DGT will eliminate the sanctions by ex-officio.

The administrative sanction waiver is given on the late tax payment and reporting that is carried out after the due date up to the following periods:

1. Late payment
 - a. Income Tax Article 15, 21, 22, 23, 25, 26 and 4(2), except for Land and/or Buildings (“L&B”) transfer:
 - January 2025 tax period – up to 28 February 2025.
 - b. Income Tax Article 4(2) for L&B transfer and Stamp Duty collected by the Stamp Duty Collector:
 - December 2024 tax period – up to 31 January 2025;
 - January 2025 tax period – up to 28 February 2025.
 - c. Value-Added Tax (“VAT”) or Luxury-goods Sales Tax (“LST”):
 - January 2025 tax period – 10 March 2025.
2. Late reporting
 - a. Income Tax Article 21/26, 25, 4(2) on small taxpayers with certain turnover, and Unification tax return:
 - January 2025 tax period – up to 28 February 2025;
 - February 2025 tax period – up to 31 March 2025;
 - March 2025 tax period – up to 30 April 2025.

⁵ DGT Decree No.KEP-67/PJ/2025 (“KEP-67”) dated and effective from 27 February 2025

- b. Income Tax Article 4(2) for L&B transfer and Stamp Duty:
 - December 2024 tax period – up to 31 January 2025;
 - January 2025 tax period – up to 28 February 2025;
 - February 2025 tax period – up to 31 March 2025;
 - March 2025 tax period – up to 30 April 2025.
- c. VAT/LST:
 - January 2025 tax period – 10 March 2025;
 - February 2025 tax period – 10 April 2025;
 - March 2025 tax period – 10 May 2025.

Temporary VAT incentive for economy class domestic flights

On 28 February 2025, the MoF issued PMK-18⁶ to provide VAT incentive in the form of partial VAT borne by the government on domestic flight services for the upcoming Eid al-Fitr holiday.

This incentive is applicable only on economy class tickets for scheduled domestic flight services for the following periods:

- ticket purchase period from 1 March 2025 to 7 April 2025; and
- travel period from 24 March 2025 to 7 April 2025.

Under normal circumstances, these tickets are subject to VAT at “effective” rate of 11% in accordance with the provisions set forth in PMK-131⁷. The VAT base includes all services provided by airline companies, e.g. base fare, fuel surcharge, and other costs paid by the passenger, but not including airport taxes.

The incentive under PMK-18 provides that the total 11% VAT will be:

- 5% borne by the service recipient (in this case, the passenger); and
- 6% borne by the government.

The airline companies utilising this facility are required to:

- issue VAT invoices on the 5% VAT portion; and
- submit the detailed list of VAT borne by the government electronically no later than 30 June 2025.

The above VAT invoices and detailed list must be reported cumulatively in the relevant Monthly VAT Return.

⁶ MoF Regulation No.18 Year 2025 (“PMK-18”) dated 28 February 2025 and effective from 1 March 2025

⁷ MoF Regulation No.131 Year 2024 (“PMK-131”) dated 31 December 2024 and effective from 1 January 2025

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