

TaxFlash

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Updated rules on the use of book value for the transfer and acquisition of assets in the context of merger, consolidation, spin-off, or acquisition

To support the restructuring process of State-Owned Enterprises (SOEs), the Minister of Finance (MoF) has adjusted tax policies related to the use of book value for the transfer and acquisition of assets in the context of mergers, consolidations, spin-offs, or acquisitions by issuing MoF Regulation No. PMK-1.

The noteworthy changes under PMK-1 are as follows.

1. Expanded definition of SOEs

PMK-1 expanded the definition of SOEs to cover any organisation that meets at least one of the following criteria:

- a. All or the majority of its capital is owned by the Government of the Republic of Indonesia through direct participation; or
- b. There are special rights that are held by the Government of the Republic of Indonesia. - *new*

2. Business continuation period

As part of the business purpose test requirements, the business activities of the taxpayers transferring and receiving the assets before a merger, consolidation, spin-off (receiving only), or acquisition takes place must be continued for at least four years (previously five years) from the effective date of the merger, consolidation, spin-off, or acquisition.

If a taxpayer has obtained approval to use book value but later fails to comply with the requirements (for example, not meeting the business purpose test, transferring assets without submitting an application for asset transfer within one month, etc.), then the transfer value of the assets in a merger, consolidation, spin-off, or acquisition that was originally based on book value must be recalculated using market value.

PMK-1 also provides an exception from the requirement to recalculate using market value if the taxpayer:

- a. Has obtained approval to use book value before this MoF regulation (*Peraturan Menteri Keuangan/PMK*) becomes effective;
- b. Has fulfilled the business purpose test (where the business activities of the entity transferring and receiving the assets are continued for at least four years after the effective date of the merger, consolidation, spin-off or acquisition); and
- c. Has conducted another merger, consolidation, spin-off, or acquisition after this PMK becomes effective.

3. Evaluation of the provisions on the use of book value

The MoF has the authority to evaluate the provisions on this regulation within three years from the effective date of this PMK. In addition, the authority to conduct this evaluation of the book-value provisions is delegated to the Director General of Taxes (DGT) and the Director General of Economic and Fiscal Strategy.

Transitional provisions

The transitional provisions stipulated in this PMK are as follows:

- a. The approvals to use of book value that were issued before 22 January 2026 shall remain valid;
- b. Applications for the use of book value that were submitted before 22 January 2026 and have not yet received a decision from the DGT will be processed based on the previous regulation (PMK-81² as last amended by PMK-54³).

Implementing rules of the tax collection process

On 12 June 2023, the MoF issued PMK-61⁴ to stipulate procedures for the collection of outstanding tax amounts. Please refer to our [TaxFlash No. 06/2023](#) for a discussion on PMK-61.

On 31 December 2025, the DGT issued two regulations to implement the provisions stipulated in PMK-61, namely:

1. PER-26⁵, which provides detailed procedures for the blocking, seizure, and sale of shares traded on the stock exchange, as well as the transfer of funds held in Customer Funds Accounts (*Rekening Dana Nasabah/RDN*), to recover outstanding tax debts; and
2. PER-27⁶, which sets out procedures for issuing recommendations and/or submitting requests to restrict or block access to certain public services to support tax collection. PER-27 significantly expands the scope of enforcement tools available to the DGT and formally revokes PER-24.

The noteworthy changes under each DGT regulations are as follows.

Procedures for seizure and sale of listed shares for tax collection purposes

PER-26 covers the types of accounts used, the blocking of shares in Securities Sub-Accounts and assets held in RDN, and the seizure and sale of shares on the stock exchange. The DGT is required to maintain its own Securities Account, RDN, and Temporary Holding Account to carry out seizure and sale actions.

The enforcement process consists of:

- Request for account information;
- Request for blocking via the Financial Services Authority (*Otoritas Jasa Keuangan*), Indonesia Central Securities Depository (*Kustodian Sentral Efek Indonesia*), and/or RDN banks;
- Seizure by a Tax Bailiff (*Jurusita Pajak*);
- Transfer of seized shares to the DGT's Securities Sub-Account;
- Sale through a licensed broker; and
- Management and remittance of sale proceeds to the state treasury.

If the taxpayer fails to settle outstanding tax debts within 14 days after seizure, the DGT may sell the seized shares and/or transfer funds from the taxpayer's RDN to the DGT's RDN.

Any excess cash or remaining shares must be returned to the taxpayer following the revocation of the seizure.

⁴ MoF Regulation No. 61 Year 2023 (PMK-61) dated and effective from 12 June 2023

⁵ DGT Regulation No. PER-26/PJ/2025 (PER-26) dated and effective from 31 December 2025

⁶ DGT Regulation No. PER-27/PJ/2025 (PER-27) dated and effective from 31 December 2025. PER-27 revokes

DGT Regulation No. PER-24/PJ/2017 (PER-24)

Blocking and restriction of public services for tax collection purposes

PER-27 expands the scope of PER-24, where it was previously limited only to customs access. PER-27 now covers access to the Legal Entity Administration System (*Akses Sistem Administrasi Badan Hukum/AHU*), customs systems, and other public services administered by government bodies.

PER-27 stipulates that blocking or restriction may be imposed where:

- Tax debts with final and binding amount to at least IDR100 million – does not apply if it is carried out to support the seizure of land/buildings; and
- A Distress Warrant (*Surat Paksa*) has been formally served to the taxpayer.

PER-27 expands grounds for lifting restrictions or blocks, including:

- Tax debt and collection fees have been paid off;
- There is a tax court verdict;
- Seizure has been carried out with sufficient value;
- There is an instalment agreement;
- The collection period has expired;
- A recommendation from a collection officer; or
- Obligation to pay access blocking opening fee to the Ministry of Law – applicable for AHU only.

All ongoing requests for blocking or unblocking which has not been completed until 31 December 2025 must be resolved in accordance with PER-27 by 31 January 2026.

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