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Expansion of Types of Taxpayers Affected by COVID-19 who Receive Tax Incentive

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ABOUT DDTC Newsletter

Published every two weeks, DDTC Newsletter provides a summary of key tax law changes, both the current modifications and changes in taxation regulations, particularly those pertaining to domestic policies.

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Expansion of Types of Taxpayers Affected by COVID-19 who Receive Tax Incentive

Expansion of Taxpayers Affected by COVID-19 that Receive Tax Incentives

The government has officially expanded the taxpayers affected by the corona virus disease (COVID-19) pandemic that may receive tax incentives. The incentive recipients have been expanded due to the government's concerns over current developments and economic conditions. Further, the impact of the COVID-19 pandemic has spread to other sectors, including small and medium businesses.

The provisions on the expansion of incentive recipients are outlined in Minister of Finance Regulation No. 44/PMK.03/2020 concerning Tax Incentives for Taxpayers Affected by Corona Virus Disease 2019 (COVID-19) Pandemic (MoF Reg. 44/2020). Promulgated and enacted on 27 April 2020, this regulation simultaneously revokes the Minister of Finance Regulation No. 23/PMK.03/2020 concerning Tax Incentives for Taxpayers Affected by Corona Virus Pandemic (MoF Reg. 23/2020).

Under the regulation, the government expands the number of incentive recipients by increasing the number of business classifications (*Klasifikasi Lapangan Usaha*/KLU) that may propose incentives. In further detail, the number of taxpayers that may submit Article 21 Income Tax borne by the government (*Ditanggung Pemerintah*/DTP) incentive has risen to 1,062 KLU from 440 KLU.

In addition, the number of taxpayers' business classifications that may apply for the incentive of Article 22 Income Tax exemptions on imports and accelerated value added tax (VAT) refunds has increased from 102 KLU to 431 KLU. In contrast, the number of taxpayers that may apply for the incentive of Article 25 Income Tax installment deductions has increased to 846 KLU from 102 KLU.

The government has also expanded the taxpayer groups that may benefit from these incentives. Formerly, taxpayers that could benefit from these incentives are those with KLU codes listed in Appendix A and designated as Import Facility for Export (*Kemudahan Impor untuk Tujuan Ekspor*/KITE) Companies.

For the time being, however, taxpayers that have obtained a Bonded Zone Operator (*Penyelenggara Kawasan Berikat*) permit, Bonded Zone Companies (*Pengusaha Kawasan Berikat*) permit, or Bonded Zone Companies that are also Bonded Zone Operators (*Penyelenggara di Kawasan Berikat*/PDKB) permit may also apply for the incentives outlined in MoF Reg. 44/2020.

One of the most important additions to this regulation is the provision of incentives specifically aimed at micro, small and medium enterprises (MSMEs) or taxpayers with certain gross turnover as per the Government Regulation No. 23 of 2018 concerning Income Taxes on Business Income Received or Obtained by Taxpayers with Certain Gross Turnover (Gov. Reg. 23/2018).

These new incentives are provided in the form of final Income Tax borne by the government for the April 2020 Tax Period up to the September 2020 Tax Period. MSME players, thus, do not need to bear the final Income Tax at a rate of 0.5% of the total gross turnover as per the currently applicable provisions.

Taxpayers wishing to obtain the relief, however, must submit a certificate to utilize the final Income Tax borne by the government incentive. The regulation defines the certificate as a letter issued by the Head of the Tax Office on behalf of the Director General of Taxes outlining that the taxpayer concerned is subject to Income Tax based on Gov. Reg. 23/2018.

The obligation to submit the application letter also applies to taxpayers that already have a certificate before this ministerial regulation takes effect. Requests for certificates are to be submitted online to the Director General of Taxes through certain channels on the webpage www.pajak.go.id.

Similar to other incentives provided to address the impact of COVID-19, all taxpayers who utilize the final Income Tax borne by the government incentive are to submit a report on the realization of the final Income Tax borne by the government through certain channels on the webpage www.pajak.go.id. The realization report should be submitted using forms as per the examples in Appendix H of MoF Reg. 44/2020.

The realization report of the final Income Tax borne by the government covers the total amount of Income Tax payable for income received or earned by taxpayers, including from transactions with withholders. This report will also serve as the basis for the granting of final Income Tax borne by the government incentive.

On a side note, for the final Income Tax that has been settled through a withholding system, the tax withholders are to prepare Tax Payment Slips (*Surat Setoran Pajak*/SSP) or print a billing code affixed with the stamp or the inscription "FINAL INCOME TAX BORNE BY THE GOVERNMENT EXPORTS AS PER MoF REG. NUMBER 44/PMK.03/2020". Further, the realization report on the final Income Tax borne by the government must be attached with the Tax

Payment Slip (*Surat Setoran Pajak*/SSP) or billing code printout. Attachments of the realization report are to be submitted no later than the 20th of the following month after the tax period ends.

Guidelines for the Incentives for Taxpayers Affected by COVID-19

As is known, the Indonesian Government has released a regulation, i.e. MoF Reg. 44/2020, for taxpayers economically affected by COVID-19. Under this regulation, the Indonesian Government reissues further provisions on the guidelines of MoF Reg. 44/2020. These provisions are outlined in Circular No. SE-29/PJ/2020 concerning the Guidelines of the Minister of Finance Regulation No. 44/PMK.03/2020 concerning Tax Incentives for Taxpayers Affected by the Corona Virus Disease 2019 (SE-29/PJ/2020).

Under the regulation signed on 30 April 2020, the government reiterates the provisions on the provision of incentives aimed at taxpayers affected by the COVID-19 pandemic. By and large, there are at least five more detailed elaborations than the provisions stipulated in MoF Reg. 44/2020.

First, the procedures for the filing of Article 21 Income Tax borne by the government (*Ditanggung Pemerintah*/DTP) incentive for companies that are entitled to apply but have already withheld taxes. Under SE-29/PJ/2020, companies that have already withheld taxes may make corrections to periodic Article 21 Income Tax returns.

Should the corrections cause tax overpayments, however, two things may be done, as follows.

(i) In the event that the Article 21 Income Tax payable is not given a DTP incentive, the overpayment may be carried forward to the next tax period.

(ii) In the event that Article 21 Income Tax payable is eligible to the full DTP incentive, the entire overpayment of Article 21 Income Tax may be subject to overbooking application. The overbooking application is also possible on the difference of Article 21 Income Tax overpayment. The second condition is possible if the Article 21 Income Tax that is not given the DTP incentive is of a smaller amount compared to the overpayment of Article 21 Income Tax with the Article 21 Income Tax borne by the government incentive.

Article 21 Income Tax that has already been withheld must eventually be submitted by the employer to the employee. Further, this regulation reemphasizes the status of the employee's overpaid Annual Income Tax Returns for the 2020 tax year. As such, the overpayment from Article 21 Income Tax borne by the government becomes non-refundable to employees.

Second, the procedures for the submission of realization reports for taxpayers that utilize the incentives listed in MoF Reg. 44/2020. This regulation emphasizes that the taxpayers taking advantage of Article 21 Income Tax borne by the government incentive, final Income Tax borne by the government for MSMEs, exemptions from Article 22 import Income Tax, and/or reduction of Article 25 Income Tax installments.

In further detail, to submit this report, employers and/or taxpayers must download the format and type of the realization report file as per the incentives utilized on the webpage www.pajak.go.id. Additionally, the complete and correct realization report file attached with the Tax Payment Slip (*Surat Setoran Pajak*/SSP) or printed billing code as per the provisions in MoF Reg. 44/2020 is uploaded through certain channels on the webpage www.pajak.go.id.

The realization reports of Article 21 Income Tax and final Income Tax borne by the government incentives are to be submitted no later than the 20th of the following month after the tax period ends. Realization reports on exemptions from Article 22 Import Income Tax and reductions of Article 25 Income Tax are uploaded as per the two deadlines set in MoF Reg. 44/2020.

(i) No later than 20 July 2020 for the April 2020 tax period to the June 2020 tax period.

(ii) On 20 October 2020 for the July 2020 tax period to the September 2020 tax period.

Moreover, in the event that the employer and/or the taxpayer have not submitted the realization report until the specified date, the DGT information system shall notify the relevant employer's or employee's Account Representative.

Relaxation for the Submission of Certificates of Origin

Corona Virus Disease 2019 (COVID-19) pandemic contributes to the changes in work patterns in the administration and utilization of certificates of origin

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as well as invoice declarations, in particular, related to the process of issuing and sending certificates of origin by Indonesia's trading partner countries. Under these circumstances, the government releases a regulation on the relaxation of the submission procedures of certificates of origin (*Surat Keterangan Asal*/SKA) as well as invoice declarations along with customs complementary documents for the certificates of origin examination to importers.

The relaxation of the submission procedures is outlined in the Minister of Finance Regulation No.45/PMK.04/2020 concerning the Procedures for the Submission of Certificates of Origin or Invoice Declarations and Customs Complementary Document for the Certificates of Origin Examination to Impose Import Duties on Imported Goods Based on International Treaties or Agreements during the 2019 Corona Virus Disease (COVID-19) Pandemic (MoF Reg. 45/2020).

Certificates of Origin (CoO) refer to customs complementary documents issued by a CoO issuing agency stating that goods entering the customs areas may be given preferential tariffs. In contrast, complementary documents refer to customs complementary documents used as supporting documents in CoO examination that include invoices, packing lists, Bill of Lading/Airway Bill, as well as other documents required to fulfill the origin criteria to impose preferential tariffs.

The regulation also outlines that the aforementioned documents may be submitted to the customs office of the port of entry amidst the COVID-19 pandemic via e-mail. Other than e-mail, importers may also utilize other electronic media.

The submission through the two media may refer to the import customs declaration or PPFTZ-01 on the imports of goods to a free trade zone from outside the relevant customs area. PPFTZ-01 is defined as customs declaration for the imports and exports of goods to and from the Free Trade Zone from and outside the customs area, as well as the exports of goods from the free trade zone to other places in the customs area (*Tempat Lain dalam Daerah Pabean*/TLDDP). Additionally, CoO and invoice declaration along with the customs complementary documents for the CoO examination should be sent in a maximum of 30 calendar days since the import customs declaration or PPFTZ-01 receives a registration number.

CoO may be submitted in the form of a color scan if it is published in hardcopy and in the form of downloaded files if it is sourced from the website of the CoO issuing agency. Invoice declarations, however, should be submitted in the form of color scan of relevant documents.

Moreover, customs complementary documents for CoO examination must also be attached with a color scans of complementary documents for CoO examination. In particular for CoO files, however, the documents must contain the signature of a competent authority and/or official stamp from the CoO issuing agency that is affixed manually or electronically.

Electronic signatures are only valid if the international treaty or agreement stipulates the use of a competent authority's electronic signature and/or official stamp from the CoO issuing agency of the exporting country. In addition, the use of electronic signatures may also apply if the contracting states in the international treaties or agreements provide sites that specifically check the validity of CoO.

CoO itself, however, may not contain the signature of the exporter and/or Overleaf Notes if the international agreement does not require the signature of the exporter and/or Overleaf Notes. The exporter's signature and/or overleaf notes are not required if the contracting states in the international treaty or agreement provide special sites to check the validity of the CoO.

The original CoO sheet and the invoice declaration along with the customs complementary documents for CoO examination sent by e-mail or other electronic media must be submitted to the Customs Office at the earliest 90 calendar days since the registration number of the import customs declaration or PPFTZ-01 is obtained and at the latest one year as of the issuance date of the CoO or invoice declaration.

In addition, the regulation enacted on April 30 states that CoO or invoice declaration along with customs complementary documents for CoO examination submitted during the COVID-19 pandemic may be entitled to preferential tariffs. In further detail, preferential tariffs may be given if the importer meets the procedural provisions referred to in Article 3, Article 4, and Article 5 of MoF Reg. 45/2020 and meets the origin criteria, consignment criteria, and procedural provisions.

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Adjustments to the Format, Content, and Procedures for Filling in Tax Payment Slips

The Director General of Taxes has released the Director General of Taxes Regulation No.PER-09/PJ/2020 concerning the Format, Contents, and Procedures for Filling in Tax Payment Slips (PER-09/PJ/2020). This regulation revokes the former regulation, the Director General of Taxes Regulation Number PER-38/PJ/2009 concerning Tax Payment Slips Format (PER-38/PJ/2009) and its amendments.

PER-09/PJ/2020 was issued due to the need for tax account codes and tax payment codes as per the legislative developments in the field of taxation. On another note, this regulation was released to realize administrative order in terms of tax payments and deposits.

Enacted on 30 April 2020, this regulation defines Tax Payment Slips (*Surat Setoran Pajak*/SSP) as the proof of payment or deposit using a form or other means to the state treasury through payment points appointed by the Minister of Finance.

In addition, the format and contents of the latest SSP form refer to the form listed in Appendix A of PER-09/PJ/2020. The filing procedures are carried out as per the filling instructions stipulated in the appendix concerned. Moreover, SSP may also be filled in by following the instructions contained in the DGT billing application or other code billing issuance services, products, applications, or systems that are connected to the DGT billing system.

SSP is to be prepared in two copies. The first copy is submitted to the perception bank/post office or other perception institutions. In contrast, the second copy is filed for the taxpayer. SSP, however, can be prepared in more than two copies whenever deemed necessary. This provision differs from the former regulation which required that SSP be prepared in four to five copies.

(i) One type of tax.

(ii) One tax period, tax year, or fraction of the tax year; and

(iii) One notice of tax assessment, Notice of Tax Collection, Notice of Land and Building Tax Collection or a decree or ruling on legal remedies that results in an increase in the amount of tax payable, in the event of payment of tax assessments or Notice of Tax Collection.

This regulation also emphasizes that taxpayers may prepare their own SSP independently using the format and content outlined in Appendix A of PER-09/PJ/2020. SSP is specifically prepared using one tax account code and one payment code. The lists of tax account codes and payment codes are listed in Attachment B of this regulation.

Appendix B of PER-09/PJ/2020 further elaborates on 32 types of account codes along with a description of the payment codes, types of deposit, and deposit-related information. In summary, the account codes listed in Appendix B of PER 9/2020 can be seen in table 1.

Table 1 Tax Account Code for Tax Payment Slips

No.	Account Code	Tax Type
1	411111	Crude Oil Income Tax
2	411112	Natur Gas Alam Income Tax
3	411119	Other Oil and Gas Income Tax
4	411121	Article 21 Income Tax
5	411122	Article 22 Income Tax
6	411123	Article 22 Import Income Tax
7	411124	Article 23 Income Tax
8	411125	Article 25/29 Individual Income Tax
9	411126	Article 25/29 Corporate Income Tax
10	411127	Article 26 Income Tax
11	411128	Final Income Tax
12	411129	Other Non Oil and Gas Income Tax
13	411211	Domestic VAT
14	411212	Import VAT
15	411219	Other VAT
16	411221	Domestic Sales Tax on Luxury Goods (STLGs)
17	411222	Import STLGs
18	411229	Other STLGs
19	411313	Plantation Sector Land and Building Tax
20	411314	Forestry Sector Land and Building Tax
21	411315	Mining Sector Land and Building Tax on Mineral and Coal Mining
22	411316	Mining Sector Land and Building Tax on Oil and Gas Mining
23	411317	Mining Sector Land and Building Tax on Geothermal Mining
24	411319	Other Sectors Land and Building Tax

No.	Account Code	Tax Type
25	411611	Stamp Duty
26	411612	Stamp Duty Sales
27	411613	Coal Sales Tax
28	411619	Other Indirect Taxes
29	411621	Interest/Penalties on Income Tax Collection
30	411622	Interest/Penalties on VAT Collection
31	41623	Interest/Penalties on SLTGs Collection
32	411624	Interest/Penalties on Other Indirect Taxes Collection

Source: Appendix B of PER-09/PJ/2020.

Guidelines for the Administration of Taxpayer Identification Numbers, Electronic Certificates, and Confirmation of Taxable Persons for VAT Purposes

The DGT has released a regulation outlining the adjustments to the administrative procedures for taxpayer identification numbers (*Nomor Pokok Wajib Pajak*/NPWP), electronic certificates, and confirmation of taxable persons for VAT purposes (*Pengusaha Kena pajak*/PKP). The adjustments to the provisions are outlined in the Director General of Taxes Circular No. SE-27/PJ/2020 concerning the Guidelines of the Director General of Taxes Regulation No. PER-04/PJ/2020 concerning Technical Guidelines for the Administration of Taxpayer Identification Numbers, Electronic Certificates, and Confirmation of Taxable Persons for VAT Purposes (SE-27/PJ/2020).

Enacted on 13 March 2020, this regulation simultaneously revokes the Director General of Taxes Regulation No. PER-20/PJ/2013 concerning the Procedures for the Registration and Granting of NPWP, Reporting of PKP Businesses and Confirmation of PKP, Termination of NPWP, and Annulment of PKP and Data Changes and Relocation of Taxpayers (PER-20/PJ/2013) along with its amendments.

In March 2020, the Director General of Taxes issued the Director General of Taxes Regulation No.PER-04/PJ/2020 concerning Technical Guidelines for the Administration of Taxpayer Identification Numbers, Electronic Certificates, and Confirmation of Taxable Persons for VAT Purposes (PER-04/PJ/2020). This regulation was issued to reorganize the provisions related to the technical registration of taxpayers and the confirmation of taxable persons for VAT purposes.

Furthermore, the revocation of PER-20/PJ/2013 along with its amendments and the enactment of PER-04/PJ/2020 render it necessary to adjust the implementing provisions under the Director General of Taxes Circular No. SE-60/PJ/2013 concerning Guidelines for the Director General of Taxes Regulation No. PER-20/PJ/2013 as amended by Director General of Taxes Regulation No. PER-38/PJ/2013 (SE-60/PJ/2013). In other words, it can be inferred that SE-27/PJ/2020 has been issued as the technical guidelines for the implementation of PER-04/PJ/2020 and to make adjustments and additions to some procedures that have not been regulated in SE-60/PJ/2013.

As an implementing regulation, SE-27/PJ/2020 has a broad scope. In further detail, the scope of the provisions includes general policies, registration of taxpayers, changes in taxpayer data, and the relocation of registered taxpayers. In addition, the regulation stipulates the provisions on the confirmation and reactivation of non-effective taxpayers, the termination and cancellation of NPWP termination, the temporary activation of taxpayers that have terminated their NPWP, the granting of electronic certificates, and the confirmation as PKP.

Additionally, there are provisions on how to activate the PKP account, suspend the PKP account, resolve the clarification of the PKP account suspension, and revoke and cancel the annulment of PKP. Finally, this regulation also specifies the determination of taxpayer's residence or domicile, reapplication for NPWP cards, Tax Registered Certificates (*Surat Keterangan Terdaftar*/SKT), and/or Taxable Persons for VAT Purposes Confirmation Letter (*Surat Pengukuhan Pengusaha Kena Pajak*/SPPKP), and services in force majeure.

Services in force majeure are one of the crucial points on new internal procedures within the regulation. In connection with services in this force majeure, SE-27/PJ/2020 defines a force majeure as an event that occurs beyond human capability and is widely known, such as war, civil disorder, rebellion, epidemic, earthquake, flood, fire, and natural disasters.

This situation may also refer to a condition where Tax Offices (*Kantor Pelayanan Pajak*/KPP) or Tax Services, Dissemination, and Consultation Offices (*Kantor Pelayanan, Penyuluhan, dan Konsultasi Perpajakan*/KP2KP) cannot carry out procedures and meet the

settlement period due to matters that are beyond the authority of the KPP or KP2KP, such as disruptions to the Directorate General of Taxes' information system, disconnected internet network, and power outage. Further, this regulation emphasizes that in a force majeure, KPP and KP2KP must make an announcement regarding the force majeure and place it in easily readable places as public announcement.

In the event that the force majeure results in nation-wide disruptions to registration applications, the announcement must be posted on the Directorate General of Taxes' website (http://www.pajak.go.id). This regulation also authorizes the Director General of Taxes to decide on special policies required to support services to taxpayers in force majeure.

Additionally, in terms of the application received by KP2KP in force majeure and the taxpayer chooses to forward the application to the KPP where the taxpayer is registered, the KP2KP issues a receipt and forwards the application to the KPP where the taxpayer is registered with a facsimile cover letter. The procedures for the completion of services in force majeure and examples of formats for Receipts, facsimile cover letters, and announcements regarding force majeure are listed in Appendix XVIII which is an integral part of SE-27/PJ/2020.

Procedures for Utilizing Non-Withheld VAT Incentive for Certain Means of Transport

The Indonesian government has issued a regulation on the procedures for the imports and utilization of Taxable Services (*Jasa Kena Pajak*/JKP) for means of transport on which Value Added Tax (VAT) is not withheld. The provisions are outlined in the Minister of Finance Regulation No. 41/PMK.03/2020 concerning Requirements and Procedures for the Import and Supply of Certain Means of Transport and the Supply and Utilization of Taxable Services related to Certain Means of Transport on which Value Added Tax is Not Withheld (MoF Reg. 41/2020).

Under the regulation in effect since 24 April 2020, there are four types of economic activities related to certain means of transport on which VAT is not withheld. *First*, imports of certain means of transport. *Second,* the supply of certain means of transport. *Third,* the utilization of JKP in relation to certain means of transport of which the supply is conducted in the customs area. *Fourth*, the utilization of JKP related to certain means of transport originating from outside the customs area. In terms of the first and second aforementioned economic activities, the types of certain means of transport of which the imports and supply are not subject to VAT are listed in Table 2.

Further, for the third economic activity, there are three categories of JKP related to certain means of transport of which the supply is not subject to VAT withholding. The first category is services received by the National Commercial Shipping Enterprise, National Fishing Enterprise, National Port Enterprise, and National River, Lake, and Crossing Enterprise. The types of services include ship rental services, port services, and ship maintenance and repair services.

The second category is services received by the National Air Carrier Enterprise which includes aircraft leasing and aircraft maintenance and repair. The third category is services received by the National Train Enterprise that includes railroad maintenance and repair services.

Further, for the last economic activity, namely the utilization of JKP from outside the customs area related to certain means of transport, the VAT on aircraft rental services that are utilized by the National Air Carrier Enterprise is not withheld.

MoF Reg. 41/2020 also states that the granting of the non-withholding of VAT facility will be provided through the Certificate of Uncollected Tax (*Surat Keterangan Tidak Dipungut*/SKTD). Thus, taxpayers that import, receive a supply of certain means of transport, and utilize and receive a supply of JKP related to certain means of transport must have evidence in the form of SKTD documents.

SKTD must be obtained prior to submitting the import customs declaration, receiving supply, and/or utilizing. In addition, for certain types of imports and supply of BKP in the form of certain means of transport, taxpayers are also required to prepare documents in the form of Import and Acquisition Plan (*Rencana Kebutuhan Impor dan Perolehan*/RKIP).

To obtain SKTD, a taxpayer must meet several requirements. *First,* the taxpayer has submitted annual Income Tax returns for the last two tax years and/or periodic VAT returns for the last three tax periods. *Second*, the taxpayer does not have any tax arrears at the tax office where such taxpayer is registered or its branch. If the taxpayer has tax arrears, SKTD may be issued insofar as the party wishing to benefit from the VAT relief has obtained permission to delay the payment or pay in installments.

Third, the taxpayer's main business activities are in

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Table 2 Categories of Certain Means of Transport of which the Import and Supply are Not Subject to VAT under MoF Reg. 41/2020

No	Import	Supply within Customs Area
1	Means of water transport, means of underwater transport, means of air transport, and railroad, as well as the spare parts, and shipping safety equipment and human safety equipment, aviation safety equipment and human safety equipment, imported by the ministries that carry out government affairs in defense, the Indonesian National Army, and the Indonesian National Police.	Means of water transport, means of underwater transport, means of air transport, and railroad, as well as the spare parts, and shipping safety equipment and human safety equipment, aviation safety equipment and human safety equipment, supplied by the ministries that carry out government affairs in defense, the Indonesian National Army, and the Indonesian National Police.
2	Means of water transport, means of underwater transport, means of air transport, and railroad, as well as the spare parts, and shipping safety equipment and human safety equipment, aviation safety equipment and human safety equipment, imported by other parties that are appointed by the ministries that carry out government affairs in defense, the Indonesian National Army, and the Indonesian National Police to perform the import.	Marine transport vessels, river transport vessels, lake transport vessels and, ferries, fishing vessels, pilot boats, tug boats, barges, and their spare parts, ship equipment, shipping safety equipment and human safety equipment, which are supplied to and used by the National Commercial Shipping Enterprise, National Fishing Enterprise, National Port Enterprise, and National River, Lake, and Crossing Enterprise, as per their business activities.
3	Marine transport vessels, river transport vessels, lake transport vessels and, ferries, fishing vessels, pilot boats, tug boats, barges, and their spare parts, ship equipment, shipping safety equipment and human safety equipment, which are imported and used by the National Commercial Shipping Enterprise, National Fishing Enterprise, National Port Enterprise, and National River, Lake, and Crossing Enterprise, as per their business activities.	Aircraft and the spare parts as well as aviation safety equipment and human safety equipment, equipment for repairs and maintenance, which are supplied to and used by the National Air Carrier Enterprise.
4	Aircraft and the spare parts as well as aviation safety equipment and human safety equipment, equipment for repairs and maintenance, which are imported and used by the National Air Carrier Enterprise.	Aircraft spare parts and equipment for aircraft repair and maintenance, obtained by parties designated by the National Air Carrier Enterprise, which are used to provide aircraft maintenance and repair services to the National Air Carrier Enterprise.
5	Aircraft spare parts and equipment for aircraft repairs and maintance, that are imported by parties appointed by the National Air Carrier Enterprise and used to provide aircraft repair and maintenance services to the National Air Carrier Enterprise.	Railroads and the spare parts as well as the equipment for repair and maintenance and railroad infrastructure supplied to and used by the National Train Enterprise.
6	Trains and the spare parts as well as equipment for repair and maintenance as well as railroad infrastructure, which are imported and used by the National Train Enterprise.	Components or materials supplied to parties appointed by the National Train Enterprise, which are used for manufacturing: 1. Train; 2. Train spareparts; 3. Equipment for railroad repair and maintenance; and/or 4. Railroad infrastructure. that will be used by the National Train Enterprise.
7	Components or materials imported by the parties appointed by the National Train Enterprise, which are used for manufacturing: 1. Train; 2. Train spareparts; 3. Equipment for railroad repair and maintenance; and/or 4. Railroad infrastructure. that will be used by the National Train Enterprise.	

Source: Article 3 and Article 4 of MoF Reg. 41/2020.

the field of commercial shipping, fishing, port service or river, lake, and crossing service providers. The third requirement only applies if the SKTD applicant is the National Commercial Shipping Enterprise, National Fishing Enterprise, National Port Enterprise, and National River, Lake, and Crossing Enterprise. *Fourth,* the import realization report and/or acquisition report or RKIP realization report has been submitted.

Customs Declaration System for Free Trade Zones

The Indonesian government has amended the provisions on customs declarations on the export and import of goods to and from the free trade zone and free port. The provisions are outlined in the Minister of Finance Regulation Number 42/PMK.04/2020 concerning the Amendment to the Minister of Finance Regulation Number 48/PMK.04/2012 concerning Customs Declaration in the Context of Import and Export of Goods to and from Areas Declared as Free Trade Zones and Free Ports (MoF Reg. 42/2020).

The regulation has been amended to harmonize the provisions, data structure of customs documents, and to simplify the customs declaration system for the import and export of goods to and from areas declared as Free Trade Zones and Free Ports.

The issuance of this regulation also revokes Article 122 of the Minister of Finance Regulation Number 47/PMK.04/2012 concerning Procedures for the Import and Export of Goods to and from Areas Declared as Free Trade Zones and Free Ports and Excise Exemptions (MoF Reg. 47/2012) as amended by the Minister of Finance Regulation Number 84/PMK.04/2017 (MoF Reg. 84/2019). Enacted on 24 April 2020 and takes effect 30 days thereafter, the regulation stipulates several important amendments.

First, additional types of customs declaration for the export of goods from the Free Trade Zone. A new activity for which the customs declaration must be reported is the export of goods from the Customs Area in the Free Trade Zone to be transported to the Temporary Storage Area in another Customs Area within other places in the Customs Area. The customs declaration for the export of said goods is submitted using BC 1.2-FTZ documents.

Second, additional material in the form of Article 6A. The new article stipulates that customs declaration submitted using PPFTZ-01, PPFTZ-02, and PPFTZ-03 documents are to be submitted with documents in uniform customs declaration format as outlined in the appendix of MoF Reg. 42/2020. In this regard, the regulation revokes the forms, contents, and procedures for filling in PPFTZ-02 and PPFTZ-03 as per MoF Reg. 48/2012.

Third, changes in the provisions on the types of documents in the customs declaration to be submitted. The new regulation further regulates the types of customs declaration documents consisting of notice sheet, continuation sheet, and attachment sheet. *Fourth,* additional customs complementary documents used to fulfill customs obligations within the Free Trade Zone. The new documents are in the form of certificates of origins (CoO).

Fifth, additional material in the form of Article 8A concerning parties to which the customs declaration must be submitted. Initially, customs declaration documents, in the form of PPFTZ-01, PPFTZ-02, and PPFTZ-03 were to be submitted in four copies to the Customs Office, the DGT, the Statistics Indonesia (*Badan Pusat Statistik*/BPS), and Bank Indonesia (BI).

As additions and amendments, customs declaration documents in the form of BC 1.2-FTZ are to be submitted in three copies. Two copies should be addressed to the destination Customs Office, along with the goods and to be returned to the Customs Office of origin after the goods are received. Further, a copy of BC 1.2-FTZ is to be submitted to the Customs Office of origin.

Sixth, additional material in the form of Article 13A that stipulates the cancellation of customs declaration. The new article states that a person or businessman or his power of attorney may cancel a customs declaration on which a registration number has been issued. The taxpayer may apply for cancellation at the customs office.

The request for cancellation shall be approved if the goods have not been exported out of the customs area, the error is not an official finding, the official has not been determined, and does not violate the legislative provisions in customs and excise.

Seventh, additional material in the form of Article 17A which contains provisions on the mandate from the Minister of Finance to the Directorate General of Customs and Excise (DGCE) in this regard. The delegation of authority to customs authorities may be applied in the form of preparation of technical guidelines by the DGCE to facilitate service and supervision functions provided that it does not conflict with applicable regulations.

Eighth, customs declarations that have been submitted and on which registration numbers have been issued prior to the promulgation of this regulation still refer to MoF Reg. 48/2012 up to 30 days as of the enactment of the new regulation.

Expansion of Types of Taxpayers Affected by COVID-19 who Receive Tax Incentive

Amendments to Provisions on Legal Products and Administration Period of Tax Services

The lower number of employees working at the office and the work from home (WFH) policy render some tax administration service procedures to be adjusted. As such, the Directorate General of Taxes (DGT) has issued a regulation on tax administration service procedures in force majeure due to COVID-19.

These provisions are outlined in Circular Number SE-26/PJ/2020 concerning Procedures the Implementation of Tax Administration Services in Force Majeure Due to the 2019 Corona Virus Disease Pandemic (SE-26/PJ/2020). This circular was issued as per the latest developments in the spread of COVID-19, which affects government administrative services, including in the taxation sector.

Under this regulation, the vertical units within the DGT will continue to operate as per WFH procedures during force majeure. Activities in taxation service units that perform direct contact with taxpayers, however, are suspended and instead, tax administration services are carried out through available electronic optimization. On a side note, if electronic means are not available or cannot be used, tax administration services may be carried out by post, freight forwarding, or courier services with proof of postage.

Upon requests for electronic tax administration services, the Head of DGT Regional Office, the Head of Small Tax Office, or the Head of KP2KP may assess the completeness of the documents. If the documents are incomplete, the taxpayer will be notified to complete the required documents, either electronically, by post, or by freight forwarding services. Requests for clarification of the completeness of the required documents should be submitted no later than three to four working days after the application is received.

Moreover, legal products from tax administration services could initially be issued using ordinary signatures, stamp signatures, or electronic signatures. All three types of signatures have the same legal force. The signing of legal products with stamp signatures, however, is no longer permitted as this circular takes effect.

This is due to the fact that the signing can still be conducted normally. Additionally, electronic signatures have also been applied to several types of services. Taxpayers and other parties are, thus, required to report the legal products from tax administration services that have been issued and signed using the stamp regulations prior to the enactment of this regulation.

On another note, this regulation stipulates provisions on the extension of tax administration service completion period in force majeure as per Minister of Finance Regulations, Director General of Taxes Regulations, and/or Director General of Taxes Circulars.

First, completion in a maximum of one to seven working days. The completion period of the first category of tax administration services may be extended to a maximum of fifteen working days since the application is received in full. *Second,* completion in a maximum of seven days to one month. The extension for this second category is set for a maximum of one month since the complete application is received.

Third, completion in a maximum of one month or more. The completion of the third category of tax administration services is not eligible for an extension. *Fourth,* completion if the legal products from tax administration services are issued ex officio. The extension of the completion period of this fourth category of legal products in force majeure refers to the request for completion submitted by the taxpayer.

Moreover, there are exceptions to the abovementioned periods. The extension becomes invalid if the completion deadline is stipulated in statutory provisions, government regulations in lieu of laws, or government regulations.

On another note, the extension does not apply if the issuance of legal products as per requests for tax administration services can be submitted online through certain channels stipulated by the DGT. In the context of the types of tax incentives, administrative ease in the form of extension of the completion period cannot be given to taxpayers that utilize Article 22 import Income Tax exemption and non-withholding of VAT facilities on imports of BKP.

Revised Provisions on Trial Proceedings and Administrative Services at the Tax Court

The Tax Court has extended the provisions on the spread of COVID-19 within its environment. This is outlined in the Chairperson of the Court Circular No. SE-06/PP/2020 concerning the Third Amendment to the Chairperson of the Tax Court Circular Number SE-03/PP/2020 concerning the Guidelines for Adjustments to the Trial Proceedings and Administrative Services during the Prevention Period of Corona Virus Disease 2019 (COVID-19) Spread within the Tax Court

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Environment (SE-06/PP/2020).

Promulgated on 4 May 2020, the regulation stipulates the extension of the prevention period of COVID-19 spread. The prevention period was initially set from 17 March 2020 to 13 May 13. SE-6/PJ/2020, however, stipulates that the outbreak prevention period within the Tax Court is extended to 1 June 2020.

This regulation also states that other provisions stipulated in SE-03/PP/2020 still apply. Further, the implementation of this regulation is subject to periodic evaluations as per the instructions or policies undertaken by the central government or regional governments to address COVID-19.

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