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Tax Return Procedures During COVID-19 Pandemic and Provisions on Article 25 Income Tax Installments at a New Rate

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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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Extension of Face-to-Face Service Suspension

The Director General of Taxes extends the prevention period of Corona virus spread to 29 May 2020. This is outlined in the Director General of Tax Circular No. SE-23/PJ/2020 concerning the Extension of Prevention Period of Corona Virus Disease 2019 (COVID-19) Spread within the Directorate General of Taxes (SE-23/2020).

The prevention period of COVID-19 spread within the Directorate General of Taxes (DGT) was formerly set only to 21 April 2020, as stipulated under the Director General of Taxes Circular No. SE-21/PJ/2020 concerning the Extension of Prevention Period of Corona Virus Disease 2019 (COVID-19) Spread within the Directorate General of Taxes (SE-21/2020).

The prevention period is extended due to the latest information on COVID-19 and referring to the Head of the National Disaster Management Agency Decree No.13.A/2020. The new prevention period is subject to further evaluations as per the development of circumstances and future situations.

This policy implies that the validity period of a number of tax policies during the prevention period of COVID-19 spread is automatically extended, including the period of work from home/WFH for the DGT employees.

Further, under SE-23/2020, the provisions on the guidelines on the implementation of tasks and efforts to enhance vigilance during the prevention period of COVID-19 spread refer to the four previously issued regulations insofar as they do not conflict with the provisions under this regulation. The four conditions include:

(i) Director General of Taxes Circular No. SE-13/PJ/2020 concerning the Follow-up Guidelines concerning the Prevention of Corona Virus Disease 2019 (COVID-19) Spread within the DGT (SE-13/2020).

(ii) Director General of Taxes Circular No. SE-15/PJ/2020 concerning the Guidelines for Information and Communication Technology (ICT) Support in the Implementation of Work from Home (SE-15/2020).

(iii) Director General of Taxes Circular No. SE-16/PJ/2020 concerning the Follow-up Guidelines concerning the Implementation of Tasks and Prevention of the Corona Virus Disease 2019 (COVID-19) Spread within the DGT (SE-16/2020).

(iv) Director General of Tax Circular No. SE-18/PJ/2020 concerning the Guidelines for the Implementation of Tasks Related to the Efforts to Increase Vigilance in the Prevention of Corona Virus Disease 2019 (COVID-19) Spread within the DGT Environment (SE-18/2020).

Moreover, the DGT has released an announcement concerning the extension of non-face-to-face taxation services. The announcement is outlined in Announcement No.PENG-3/PJ.09/2020 concerning Announcement of the Extension of Non-Face-to-Face Taxation Services (PENG-3/2020).

The DGT, as per the announcement, states that non-face-to-face taxation services are extended until 29 May 2020. In addition, under this announcement, DGT conveys five pieces of information on taxation services in Integrated Service Units (*Tempat Pelayanan Terpadu*/TPT), Off-Site Services (*Layanan Luar Kantor*/LDK), Integrated One-Stop Services (*Pelayanan Terpadu Satu Pintu*/PTSP), VAT refund counters at airports, and other services at Integrated One-Stop Services.

First, despite the extended non face-to-face services, taxpayers may submit annual and periodic tax returns through e-Filing or e-Form on the webpage www.pajak.go.id. Periodic tax returns that according to statutory regulations are not yet required to be submitted by e-filing, may be submitted by registered mail.

Second, requests for EFIN activation are to be submitted via the Tax Office's official email (can be seen at www.pajak.go.id/unit-kerja). *Third,* requests of forgotten EFIN may be submitted through the Twitter account @kring_pajak, Live Chat on the website www.pajak.go.id, or the Tax Office's official email. *Fourth*, taxpayers are able to consult with Account Representatives by telephone, e-mail, chat, and other online communication channels.

Fifth, the DGT call center (*Kring Pajak*) temporarily transfers consulting services through the 1500200 telephone number to the following channels: (i) Twitter account @kring_pajak, (ii) email information@pajak.go.id for tax information, (iii) email pengaduan@pajak.go.id for complaints, (iv) and live chat on the website www.pajak.go.id.

Procedures for the Filing, Receipt, and Processing of Tax Returns Amidst the COVID-19 Pandemic

The Director General of Taxes has released a regulation on the procedures for the filing, receipt, and processing of income tax returns for the 2019 tax year amidst the COVID-19 pandemic.

These procedures are outlined in Director General of Taxes Regulation No. PER-06/PJ/2020 concerning the

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Procedures for the Filing, Receipt, and Processing of 2019 Tax Year Income Tax Returns in connection with the 2019 Corona Virus Disease Pandemic (PER-06/2020).

This regulation was released to provide legal certainty and ease for individual and corporate taxpayers in filing annual income tax returns for the 2019 tax year in force majeure due to the COVID-19 pandemic.

Under the regulation, the Director General of Taxes restipulates five provisions to facilitate the fulfillment of the obligation to submit annual tax returns for the 2019 tax year due to the Corona virus in Indonesia.

First, the signing of annual income tax returns. The regulation emphasizes that the signing may be carried out normally, with a signature stamp or electronic or digital signature, all of which have the same legal force. Digital signatures may also be made using electronic certificates, verification codes sent by the DGT, or other electronic signatures stipulated by the DGT.

Taxpayers may use electronic certificates to sign the annual income tax returns insofar as the electronic certificates are issued by the DGT or electronic certificate providers as per the regulation stipulating electronic certificate provider services.

Second, the deadline for filing annual income tax returns. In further detail, the deadline for annual income tax returns for individual taxpayers is no later than 31 March 2020. However, administrative tax sanctions for annual income tax returns that are filed past the deadline shall be abolished provided that they are submitted no later than 30 April 2020.

Conversely, annual corporate income tax returns should be filed no later than 30 April 2020. The deadline applies to (i) individual taxpayers that maintain bookkeeping with the fiscal year ending on 31 December 2019; (ii) individual taxpayers who are required to keep records/ bookkeeping; (iii) individual taxpayers who are subject to final withholding tax, including from businesses with a certain gross turnover; and (iv) corporate taxpayers that maintain bookkeeping with the fiscal year ending on 31 December 2019.

Third, the procedures for the filing of annual income tax returns. Annual income tax returns may be filed via e-Filing, in particular, for taxpayers that are registered at the Medium Tax Office (*KPP Madya*), Jakarta Special Regional Tax Office, and Large Regional Tax Offices, or taxpayers that have previously used e-Filing. In addition, annual tax returns may also be sent by post with proof of postage or shipping companies or courier services with proof of postage.

Fourth, the simplification of the completeness of information and/or documents that must be attached in annual income tax returns. The DGT provides relaxation for the filing of 2019 annual tax returns documents for both corporate and individual taxpayers.

The relaxation is also conveyed by the DGT in Press Release No. SP-16/2020 titled 'The Relaxation of the Filing of Annual Tax Returns for 2019 Tax Year' (SP-16/2020) published on Sunday (19/4/2020).

Referring to PER-06/2020 and SP-16/2020, corporate and individual taxpayers that maintain bookkeeping, but whose financial statements are not or have not been audited by any public accountant until the deadline for the filing of annual tax returns are only required to attach the files summarized in Table I.

Table I – The Simplification of Attachment Documents of Annual Income Tax Returns

No	Corporate Taxpayers	Individual Taxpayers
1	Form 1771 and attachments 1771 I – VI	Form 1770 and attachment 1770 I – IV
2	Transcript of Excerpts of Elements of Financial Statements submitted as temporary substitutes for financial statement documents	The financial statements are in the form of simplified balance sheets
3	Tax payment slip if the tax return is underpaid	Tax payment slip if the tax return is underpaid

Source: Processed by the Author from PER-06/2020.

To be able to take advantage of this relaxation, however, taxpayers must submit a notification to the DGT before the annual tax returns for the 2019 tax year are filed. The notification is to be submitted electronically or in writing to the Tax Office where the taxpayer is registered in the event of a disruption in the DGT's channels.

Furthermore, complete financial statements and various documents required under the Director General of Taxes Regulation No. 06/PJ/2019, which previously could not be attached, must be submitted no later than 30 June 2020 using corrected tax returns.

The policy on the relaxation of attachment documents in annual income tax returns, however, cannot be utilized by taxpayers that declare tax overpayments and request for accelerated refunds. Moreover, this facility may not be utilized by taxpayers that file tax returns after 30 April 2020.

Fifth, reviews on annual Tax Returns by the DGT. This regulation outlines that annual income tax returns filed through corrections are subject to reviews by the DGT from 1 July 2020.

Places of Registration for Taxpayers and/or Place of Reporting for Trade Through Electronic Systems Business Players

The Director General of Taxes has released a regulation stipulating Permanent Establishment & Expatriate Tax Offices (*KPP Badan dan Orang Asing*/KPP Badora) as the place of registration and reporting for trade through electronic system business players. Trade through electronic system business players refer to business players carrying out activities in trade through electronic systems (*Perdagangan Melalui Sistem Elektronik*/PMSE) consisting of foreign traders, foreign service providers, domestic and foreign PMSE provider (PPMSE).

These provisions are outlined in the Director General of Taxes Regulation No. PER-07/PJ/2020 concerning Places of Registration for Taxpayers and Business Players Through Electronic Systems and/or Places of Reporting of Business Activities for Taxable Persons for VAT Purposes in Large Regional Offices of the Directorate General of Taxes, Jakarta Special Regional Tax Offices, and Medium Tax Offices (PER-07/2020).

The regulation was released to provide legal certainty, ease of administration, and enhance the supervision of the implementation of rights and/or fulfillment of tax obligations for PMSE business players.

Under this regulation, trade through electronic systems business players comprise permanent establishments that are PPMSE and domiciled outside Jakarta, resident and non-resident corporate PPMSE taxpayers, foreign traders, and foreign service providers registered in Permanent Establishment & Expatriate Tax Offices.

The places of registration shall be stipulated by Director General of Taxes Decrees. The stipulations apply to trade through electronic system business players that have been appointed by the Minister of Finance to fulfill obligations as withholders of Value Added Tax (VAT) on PMSE.

In addition, the provisions shall apply to trade through electronic systems business players that meet the requirement of significant economic presence to be subject to income taxes or electronic transaction taxes.

Further, the exercise of rights and/or fulfillment of taxation obligations for PMSE Business Players in *KPP Badora* include:

(i) VAT;

(ii) Income Taxes, in the event that the Foreign Business Player is deemed to have a permanent establishment, i.e. meeting the significant economic presence requirement; or

(iii) electronic transaction taxes, in the event that the stipulation on income tax imposition referred to in point b cannot be applied.

The exercise of the rights and fulfillment of the tax obligations commence on the date of registration with *KPP Badora*. Promulgated on 17 April 2020, this regulation came into force on the same date.

The enactment of this regulation simultaneously revokes the former regulation, the Director General of Taxes Regulation No. 10/PJ/2018 concerning the Places of Registration for Taxpayers and/or the Places of Reporting for Taxable Persons for VAT Purposes in Large Regional Offices of the Directorate General of Taxes, Jakarta Special Regional Tax Offices, and Medium Tax Offices (PER-10/2018).

Affirmation on the Calculation of Article 25 Income Tax Installments with New Rates

The Director General of Taxes has released a regulation stipulating new income tax rates for corporate taxpayers as the basis for calculating Article 25 income tax installments that takes effect as of the tax period of the filing deadline for annual corporate income tax returns.

This affirmation is outlined in the Director General of Taxes Regulation No. PER-08/PJ/2020 concerning the Calculation of Income Tax Installments for the Current Tax Year in connection with the Adjustment of Corporate Income Tax Rates (PER-08/2020).

This regulation was released to provide legal certainty to taxpayers related to the adjustment of corporate income tax rates as regulated in Government Regulation in Lieu of Law No. 1 of 2020 concerning State Financial Policy and Financial System Stability to Address Corona Virus Disease 2019 (COVID-19) Pandemic and/or to Counter Threats that Endanger the National Economy and/or Financial System Stability (Perppu 1/2020).

Under Perppu 1/2020, the corporate income tax rate for resident corporate taxpayers and permanent establishment (*Bentuk Usaha Tetap*/BUT) was formerly reduced from 25% to 22% for tax years 2020 and 2021. The rate is subject to a further decrease to 20%, which is to take effect in the tax year 2022.

Taxpayers eligible for the facilities in Article 17 paragraph (2b) of the Income Tax Law, however, are subject to a 3% lower rate. This implies that the tax rate applicable to this category of taxpayers are 19% for the 2020 and 2021 tax years and 17% for the 2022 tax year respectively.

Further, this regulation stipulates that for taxpayers that maintain bookkeeping based on the calendar year, the

rate adjustment in Article 25 income tax installments comes into force as of the Tax Period of the filing deadline for Annual Income Tax Returns for the 2019 tax year. This implies that a new rate of 22% applies for corporate taxpayers in general and a new rate of 19% applies for companies listed on the stock exchange that meet the rate reduction requirements as of April 2020.

This regulation also outlines the amount of Article 25 income tax installments for the 2022 tax year. The validity period of the 20% rate as the basis for calculating Article 25 income tax installments varies depending on the taxpayer categories.

In further detail, the 20% income tax rate for corporate taxpayers shall be valid as of the tax period in the month when the Annual Income Tax Returns for the 2021 tax year are submitted. For taxpayers filing tax returns past the reporting deadline, the rate shall be valid as of the tax period of the filing deadline of annual income tax returns for the 2021 tax year.

Moreover, for stock exchange taxpayers and other taxpayers required by law to prepare periodic reports, the 20% rate applies as of the tax period for the submission deadline of financial statements for the first period of the 2022 tax year.

Conversely, for taxpayers obliged to prepare periodic financial statements other than the abovementioned taxpayers, such as banks, state-owned enterprises (*Badan Usaha Milik Negara*/BUMN) and Local-Owned Enterprises (*Badan Usaha Milik Daerah*/BUMD), the 20% rate applies since the beginning of 2022.

In contrast, for publicly listed taxpayers entitled to the 3% lower rate facility, the 7% rate will apply from the tax period of the submission deadline for financial statements in the first period of the 2022 tax year.

The regulation also emphasizes that the adjustments of corporate income tax rates that affect the amount of income tax installments in the current tax year that must be paid by taxpayers themselves (Article 25 income tax) should be as close as possible to the amount of tax payable at the end of the tax year.

Provisions on the IMEI Notification and Registration for Telecommunications Devices

The Directorate General of Customs and Excise (DGCE) has issued a regulation on the International Mobile Equipment Identity. The policy is outlined in the Director General of Customs and Excise Regulation No. PER-05/BC/2020 concerning the Procedures for Notification and Registration of International Mobile Equipment Identity (IMEI) of Telecommunications Devices in Customs Declaration (PER-05/2020). This regulation has entered into force on 18 April 2020.

This regulation aims to prevent and suppress the number of illegally-imported telecommunications devices. Additionally, the government, under this regulation, seeks to protect the public from the use of telecommunications devices that do not meet technical requirements.

Imported telecommunication devices that are released from a bonded zone to another place in the customs area and that are entered or released into or out of a free trade zone are required to have IMEIs. IMEIs must be notified to the DGCE when the telecommunications devices are imported to be used or entered or released into or out of the free trade zone.

IMEIs must be registered in the ministry responsible for government affairs in the industrial field. The registered status of telecommunications devices is connected to national cellular mobile networks within the customs area.

Importers or their proxies must notify the IMEIs of all imported telecommunications devices declared using Import Declarations (*Pemberitahuan Impor Barang*/PIB). In addition, the prohibition or restriction requirements in the PIB must also be fulfilled.

The provisions also apply to several items. *First,* telecommunications devices released from bonded zones to other places in the customs area. *Second*, telecommunications devices entered into a free trade zone from outside the customs area. *Third*, telecommunications devices released from a free trade zone to other places in the customs area. *Fourth*, telecommunications devices entered into a free trade zone from other places in the customs area.

Passengers or crew members who carry telecommunications devices from outside the customs area must notify customs and excise officials. Provisions on IMEI registration also apply to telecommunications devices brought from outside the customs area to bonded zones and from free trade zones to other places in the customs area.

Telecommunications devices imported through postal service organizers, including incoming or outgoing ones, are also subject to IMEI registration. The devices are registered by supplying the IMEI data in the Consignment Note or Special Goods Import Notification (*Pemberitahuan Barang Impor Khusus*/PIBK).

Organization and Simplification of Import Licensing

The government has issued a regulation to facilitate import licensing. The regulation is outlined in Presidential Regulation No. 58 of 2020 concerning the Organization and Simplification of Import Licensing (Perpres 58/2020). Promulgated on 14 April 2020, this regulation has come into force thereafter.

The ease of import licensing aims to maintain the availability of affordable consumer goods and to uphold the sustainability of industrial production processes that require raw materials and/or auxiliary materials.

The organization and simplification of import licensing are intended to fulfill five types of needs. *First,* staple goods and foodstuffs. *Second,* government food reserves. *Third,* raw materials or auxiliary materials. *Fourth,* goods and raw materials for disaster prevention or handling. *Fifth,* other needs stipulated by the government.

The organization and simplification of the licensing take into account the availability, production, and prices of goods as well as national interests. Types of import licensing include approval, registration, determination, and recognition.

There are several types of requirements for import licensing. The types of requirements include: permits, approvals or letters of consent, certificates, recommendations, technical considerations, determination of the adequacy of consumption needs, production of staple food, government food reserves, and/or other types of import licensing requirements.

The requirements are stipulated by the minister or head in charge of sectors related to imported products or goods in writing. These requirements may be stipulated based on the decision of the coordination meeting contained in the minutes of the meeting.

Under certain circumstances, technical requirements may be deferred or exempted insofar as the Occupational Health and Safety (*Kesehatan, Keamanan, Keselamatan, dan Lingkungan*/K3L) aspect is taken into account. Certain circumstances include three aspects. *First,* urgent needs or prices exceeding the reasonable level. *Second,* the lack of or limited domestic or international supply. *Third,* barriers to trade traffic and/or disruptions to distribution.

Imported staple products or goods are entitled to taxation, customs, and/or excise facilities. The types and quantities of products or goods eligible for these facilities are decided through a coordination meeting.

Implementing Regulation for the Provision of Goods and Services Facilities to Address COVID-19

The Director General of Taxes has issued an implementing regulation on the provision of goods and services facilities to address COVID-19. The policy is outlined in the Director General of Taxes Circular No. SE-24/PJ/2020 concerning the Implementation Guidelines for the Minister of Finance Regulation No. 28/PMK.03/2020 concerning the Provision of Tax Facilities on Goods and Services Required to Address Corona Virus Disease 2019 (COVID-19) (SE-24/2020). This regulation was promulgated on 21 April 2020.

Most of the materials in this circular have been regulated in MoF Reg. No. 28/2020. This circular, in general, outlines the procedures for utilizing several tax facilities. *First,* the procedures for utilizing VAT facilities. The VAT incentives are given to certain parties for the imports or supplies of taxable goods (*Barang Kena Pajak*/BKP), supplies of taxable services (*Jasa Kena Pajak*/JKP), and/or the utilization of JKP from outside the customs area.

Furthermore, BKP on which VAT is not wittheld or borne by the government includes drugs, vaccines, laboratory equipment, detection, personal protection, patient care, and other supporting equipment declared as tools to handle COVID-19.

JKP eligible for these facilities include construction services, consulting services, engineering and management, rental services, and other supporting services required to handle COVID-19. Taxable persons for VAT purposes (*Pengusaha Kena Pajak*/PKP) supplying BKP and/or JKP are required to prepare tax invoices as per applicable regulations.

Second, the procedures for utilizing exemptions from Article 21 income tax withholding. Resident individual taxpayers that receive or obtain compensation from certain parties, on which Article 4 paragraph (2) income tax has been withheld, are exempted from Article 21 income tax withholding.

Exemptions from Article 21 income tax withholding are given without any Article 21 income tax withholding exemption certificates (*Surat Keterangan Bebas*/SKB). To supervise the utilization of these facilities, certain parties are obliged to prepare reports on Article 21 income tax exemptions for all payment transactions of individual resident taxpayers.

Third, the procedures for utilizing exemptions from Article 22 income tax withholding. Certain parties that import goods are exempted from Article 22 income tax withholding. Exemptions are given without import article 22 income tax SKB. Certain parties must submit

reports on the realization of import Article 22 income tax exemptions. In addition, the exemptions of Article 22 income tax are also given to third parties conducting sales of goods to address COVID-19.

Fourth, the procedures for utilizing the exemption facility from Article 23 Income Tax withholding, Resident corporate taxpayers and permanent establishments that receive or obtain compensation from certain parties are exempted from Article 23 income withholding. Exemptions from Article 23 income tax withholding are given through the Article 23 income tax withholding SKB.

All the facilities stipulated under the regulation are temporarily valid, as of April 2020 to September 2020 tax period. Promulgated on 6 April 2020, this regulation has come into force thereafter.

Suspension of Trial Proceedings at the Tax Court Extended

The Tax Court has extended the provisions on the prevention period of COVID-19 spread in its environment. This is outlined in the Head of the Tax Court Circular No. SE-04/PP/2020 concerning the Amendment to the Head of Tax Court Circular No. SE-03/PP/2020 concerning Guidelines for the Adjustments of Trial Proceedings and Administrative Services During the Prevention Period of Corona Virus Disease 2019 (COVID-19) Spread within the Tax Court (SE-04/2020). This regulation was enacted on 16 April 2020.

The regulation stipulates that the prevention period of COVID-19 spread formerly set from 17 March 2020 to 21 April 2020 has now been extended from 17 March 2020 to 23 April 2020.

Further, the Tax Court has again extended the prevention period of COVID-19 spread in its environment. The provisions on the forthcoming extension are regulated in Circular Number SE-05/PP/2020 concerning the Second Amendment to the Head of Tax Court Circular Number SE-03/PP/2020 concerning the Guidelines for the Adjustments of Trial Proceedings and Administrative Services During the Prevention Period of Corona Virus Disease 2019 (COVID-19) Spread (SE-05/2020).

The regulation was enacted on 21 April 2020. The suspension of trial proceedings at the Tax Court is now extended to 13 May 2020. The two circulars also state that other provisions in SE-03/2020 concerning the guidelines of the adjustments of trial proceedings and administrative services are declared to remain in force.

Implementing Regulation on the Revisions to the State Budget

The Ministry of Finance (MoF) has again issued a regulation related to the handling of the COVID-19 pandemic. The policies are outlined in the Minister of Finance Regulation No. 38/PMK.02/2020 concerning the Implementation of State Financial Policies to Address Corona Virus Disease 2019 (COVID-19) and/or to Counter Threats that Endanger the National Economy and/or Financial System Stability (MoF Reg. 38/2020). This regulation is the implementing regulation of Article 2 paragraph (2) of Perppu No. 1/2020. This ministerial regulation took effect as of its promulgation on 20 April 2020.

To implement state financial policies to address COVID-19, the limit of budget deficit during the COVID-19 handling period has been set to exceed 3% of Gross Domestic Product (*Produk Domestik Bruto*/PDB). In the 2023 fiscal year, the deficit is expected to be a maximum of 3% of GDP. Deficit adjustments shall be conducted in stages.

The amount of the deficit shall be adjusted under five circumstances. *First,* revenue declines while the expenditure ceiling remains stable. *Second*, revenue is stable while the expenditure ceiling increases. *Third,* revenue decreases while the expenditure ceiling rises. *Fourth*, revenue declines and expenditure declines. *Fifth*, revenue levels while the expenditure ceiling decreases.

Taking into account the condition of the national economy, mandatory spending shall be adjusted. The adjustments should not reduce the education budget allocation by 20% of the total state budget in the current year.

Budget shifts among organizational units, inter-functions, and/or programs also include budget shifts among sub-sections of the Budget Section of the State General Treasurer (*Bagian Anggaran Bendahara Umum Negara*/BA BUN) and/or among posts within a sub-section in the BA BUN for which the Budget Implementation Checklist (*Daftar Isian Pelaksanaan Anggaran*) has not yet been issued. This shift in budget may originate from the national priority output insofar as the national non-priority output budget is lacking/insufficient, and/or the national priority output is undermined due to the COVID-19 pandemic.

In the case of actions that result in expenditures borne by the State Budget (*Anggaran Pendapatan dan Belanja Negara*/APBN), in which the budget to finance the expenditures is not yet available or not sufficiently available, additional allocations may be used for additional expenditure and financing the handling of the COVID-19 pandemic. Additional budget allocations are utilized for the interventions of COVID-19 pandemic handling, social

safety nets, industrial support, and budget financing support to address the COVID-19 pandemic.

To finance APBN expenditure, the government issues state securities (*Surat Utang Negara*/SUN) and/or Sovereign Sharia Securities (*Surat Berharga Syariah Negara*/SBSN). Issued SUN and/or SBSN may be purchased by Bank Indonesia, SOEs, cooperative investors, and/or retail investors. The sale of SUN and/or SBSN is done through auctions and/or without auctions.

The government stipulates domestic and foreign sources of budget financing. Financing is sourced from state securities and/or loans. Financing sources are determined by prioritizing safe financing with minimal costs and controllable risks.

Procedures for the Implementation of Administrative Services in Force Majeure Due to COVID-19

The Director General of Taxes has released Circular No. SE-26/PJ/2020 concerning the Procedures for the Implementation of Tax Administration Services in Force Majeure Due to Corona Virus Disease (COVID-19) Pandemic (SE-26/2020).

Under this circular, the Director General of Taxes reiterates the procedures for the provision of administrative services previously stipulated in the Minister of Finance Regulation No. 29/PMK.03/2020 concerning the Implementation of Tax Administration Services in Force Majeure Due to the 2019 Corona Virus Disease Pandemic (MoF Reg. 29/2020).

SE-26/2020 states that throughout force majeure, the vertical units within the DGT continue to operate as per the WFH policy. Activities in the taxation service units requiring direct contact with taxpayers will be temporarily suspended.

Administrative services, however, will continue to be provided through the optimization of available electronic facilities. Nonetheless, in the event that electronic means are not available or cannot be used, such services may be given through post or expedition/courier services with proof of postage.

Further, taxpayers who apply for tax administration services through electronic means must still attach the required documents, except for services that have been processed automatically on the DGT webpage.

Furthermore, the Head of the DGT Regional Office, the Head of the Tax Office (*Kantor Pelayanan Pajak*/KPP), or the Head of the Tax Services, Dissemination, and Consultation Office (*Kantor Pelayanan, Penyuluhan, dan Konsultasi Perpajakan*/KP2KP) shall review the completeness of the documents and the fulfillment of the application requirements. In the event that the required documents are incomplete, the Head of the Regional Office of the DGT/KPP/KP2KP shall ask the taxpayer to clarify or complete the required documents.

Requests for clarification of the completeness of the requirements are submitted no later than three working days after the electronic request is received. In contrast, applications sent by post or expedition/courier service are to be submitted within four working days at the latest.

Moreover, having received the request for clarification, the taxpayer must submit the requested documents no later than 15 calendar days thereafter. Subsequently, if the required documents are complete, the Head of the Regional Office of the DGT/KPP/KP2KP shall record the application in the local Integrated Service Units (*Tempat Pelayanan Terpadu*/TPT)/Online TPT/mail receipt.

The application shall be recorded in three working days at the latest for the application submitted electronically. Applications submitted by post or expedition/courier service, however, shall be recorded in four working days at the latest.

Having recorded the application, the Head of the Regional Office of the DGT/KPP/KP2KP will send a document in the form of a tax administration service legal product and/or a letter of rejection of the request to the taxpayer.

The legal product or letter of rejection shall be delivered electronically via email of the Regional Office of the DGT/KPP/KP2KP or through the DGT's channels or via post or expedition/courier services.

Moreover, this regulation outlines the provisions on the completion period of tax administration services in force majeure. In further detail, regulation-based services must be completed no later than one or seven working days and are extended to a maximum of 15 days as of the receipt of the complete application.

Additionally, services with a completion period of a maximum of 7 seven working days up to a maximum of less than one month are extended to a maximum of one month after the application is received in full.

In contrast, services with a completion period of at most one month or more, the completion period is not extended. The extension of the completion period stipulated in this regulation, however, only applies to services for which the completion deadline has not been regulated in government regulations in lieu of laws or government regulations.

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