

TAXATION POLICIES TO COUNTER THE THREAT OF ECONOMIC RECESSION AND THE ISSUANCE OF APA IMPLEMENTING REGULATION



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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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Taxation Policies in the Face of Economic Recession Threat

The government has released a regulation on taxation policies to address the economic impact of the Corona Virus Disease 2019 (COVID-19) pandemic. These taxation policies are part of a series of extraordinary measures undertaken by the government to save the national economy and financial system stability.

The tax policies and extraordinary measures undertaken by the government are outlined in Government Regulation in Lieu of Law of the Republic of Indonesia Number 1 of 2020 concerning State Financial Policies and Financial System Stability to Address Corona Virus Disease 2019 (COVID-19) Pandemic and/or in the Context of Countering Threats to the National Economy and/or Financial System Stability ([Perpu No.1/2020](#)).

In further detail, four taxation policies are aimed at addressing the threat of economic impacts of COVID-19. *First*, the adjustments to income tax rates of resident corporate taxpayers and permanent establishments.

Under this regulation, the government reduces the income tax rate for corporate taxpayers from 25% to 22%, which shall be in force in 2020 and 2021 tax years. The corporate tax rate will be further reduced to 20% in 2022.

Additionally, resident taxpayers in the form of publicly-listed companies with a total number of paid shares traded on a stock exchange in Indonesia of a minimum of 40%, and meeting certain conditions are eligible for a 3% lower rate.

This implies that corporate taxpayers included in this category are entitled to a rate of 19% in 2020 and 2021, while in the subsequent years, they shall be subject to a rate of 17%.

Second, the tax treatment for Trade Through Electronic Systems (*Perdagangan Melalui Sistem Elektronik/PMSE*). The regulation defines the PMSE as trade in which the transactions are carried out through a series of electronic devices and procedures. Further, under this regulation, there are two tax treatments for PMSE, i.e. subject to value added tax (VAT) and income tax or electronic transaction tax.

The imposition of VAT for PMSE conforms to the provisions referred to in Law No. 42 of 2009 concerning the Third Amendment to Law Number 8 of 1983 concerning Value Added Tax of Goods and Services and Sales Tax on Luxury Goods (VAT Law).

Moreover, VAT on goods and/services from outside the customs area through PMSE is withheld, deposited, and

reported by foreign traders, foreign service providers, and foreign and/or domestic Trade Through Electronic Systems Provider (*Penyelenggara Perdagangan Melalui Sistem Elektronik/PPMSE*) that have been appointed by the Minister of Finance.

Foreign traders or foreign service providers refer to individuals or entities residing or domiciled outside customs areas that carry out transactions with buyers of goods or recipients of services within customs areas through electronic systems. PPMSE, on the other hand, refers to business players that provide electronic communication facilities used for trade transactions.

In addition to being appointed as a VAT withholder, foreign traders, foreign service providers, and/or foreign PPMSE may also be treated as permanent establishments and imposed with income tax if they meet the significant economic presence requirement.

The government stipulates three conditions for significant economic presence, namely (i) the gross turnover of the consolidated business groups up to a certain amount; (ii) certain amount of sales in Indonesia; and/or (iii) a certain number of active digital media users in Indonesia.

In the event that the stipulation as PEs cannot be carried out due to tax treaties with another country's government, the foreign service providers, and/or foreign PPMSE that meet the significant economic presence requirement shall be subject to the electronic transaction tax.

This regulation defines the electronic transaction tax as a tax imposed on the sale of goods and/or services from outside Indonesia through PMSE to buyers or users in Indonesia carried out by non-resident taxpayers, both directly and through foreign PPMSE.

Additionally, income tax and electronic transaction tax must be paid and reported by foreign traders, foreign service providers, and/or foreign PPMSE themselves. This regulation, however, allows them to appoint representatives domiciled in Indonesia to fulfill their tax obligations.

However, the amount of rates, tax base, and procedures for the calculation of income tax and electronic transaction tax are not yet stipulated in this regulation and shall be regulated by or based on Government Regulations. Likewise, further provisions related to procedures for the implementation of tax rights and obligations shall be further regulated through the Minister of Finance Regulations.

The regulation also emphasizes that foreign traders, foreign service providers, and foreign and domestic PPMSE that do not meet the stipulated provisions shall be subject to administrative sanctions as per the General Provisions and Tax Procedures Law.

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In addition to administrative sanctions, the Minister of Finance will also impose sanctions in the form of revoking access after giving a warning. In this regard, the government authorizes the minister of communication and informatics to revoke access based on the minister of finance's request.

Third, the time extension for the implementation of rights and fulfillment of tax obligations. The time extension is intended to provide convenience in the implementation of rights and/or fulfillment of tax obligations that are due within force majeure resulted from the COVID-19 pandemic. In further detail, four requirements are set for this extension, namely:

1. The due date for the filing of taxpayers' objection is extended for a maximum of 6 months;
2. The due date for the refund of tax overpayment is extended for a maximum of 1 month;
3. The due date of the issuance of the notice of assessment or decree on the request for tax overpayment refunds, submission of letters of objection, requests for reduction or abolishment of administrative sanctions, the reduction or cancellation of incorrect tax assessments, cancellation of audit results is extended for a maximum of 6 months;
4. the determination of the force majeure period due to COVID-19 shall refer to the government's determination through the Head of the National Disaster Management Agency.

Fourth, the granting of authority to the minister of finance to provide customs facilities in the form of exemptions or relief of import duties to address the emergency conditions and the recovery and strengthening of the national economy. The regulation has come into force as of its promulgation date on 31 March 2020.

Tax Incentives for Taxpayers Affected by the Coronavirus Outbreak

The government has officially released a regulation on tax incentives for taxpayers affected by the coronavirus pandemic. These tax incentives are outlined in the Minister of Finance Regulation No. 23/PMK.03/2020 concerning Tax Incentives for Taxpayers Affected by the Coronavirus Outbreak ([MoF Reg No. 23/2020](#)).

Under the regulation, the government states that the coronavirus outbreak is a national disaster that affects economic stability and productivity. The regulation was issued to maintain the stability of economic growth, public purchasing power, and productivity of certain

sectors in connection with the coronavirus outbreak. This regulation was promulgated on 23 March 2020 and entered into force on 1 April 2020.

Four incentives are regulated in this rule. *First*, Article 21 income tax incentives. These incentives are given to employers in 440 business sectors listed in the appendix and/or those that constitute Import Facility for Export (*Kemudahan Impor Tujuan Ekspor/KITE*) companies. Under this regulation, the government will cover Article 21 income tax of employees with fixed and regular gross income, which amounts to no more than Rp200 million in a year.

Second, Article 22 income tax incentives. These incentives are withheld by foreign exchange banks or the Directorate General of Customs and Excise (DGCE) when taxpayers import goods. Businesses that are included in the classification code in the appendix of this regulation and/or have been designated as KITE companies may be exempted from this levy.

The taxpayer is to submit the request for Article 22 Income Tax Exemption Certificate in writing to the Head of the Tax Office where the taxpayer is registered. The period of the exemption from income tax withholding shall be valid as of the issuance date of the Exemption Certificate until 30 September 2020.

Third, the deduction of Article 25 income tax installment incentives. The deduction amounts to 30% of the installment payable. The deduction of Article 25 income tax installments shall be given upon the submission of the notice of installments deduction in writing to the Head of the Tax Office where the taxpayer is registered. To the extent that the taxpayer meets the incentive criteria, the deduction in the amount of installments shall be valid until the September 2020 tax period.

Fourth, value added tax (VAT) incentives. This facility is given to taxpayers in business fields listed in the classification in the appendix and/or have been designated as a KITE company. In addition, these taxable persons for VAT purposes are taxpayers whose refund of VAT overpayment amounts to a maximum of Rp5 billion.

Under these conditions, taxpayers may be given a preliminary refund of tax overpayment as low-risk taxable persons for VAT purposes. If the taxable persons for VAT purposes meet the requirements, the Periodic VAT Return that is granted a preliminary refund shall be valid for the tax period as of the enactment of this MoF Reg. until September 2020 tax period. The filing must be performed by 31 October 2020 at the latest.

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In the Face of Corona Outbreak, Sanctions on the Late Filing of Annual Income Tax Returns are Exempted

The Directorate General of Taxes (DGT) has issued a tax policy regulation concerning the spread of the coronavirus (COVID-19). The policy is outlined in the Director General of Taxes Decree No. KEP-156/PJ/2020 concerning Taxation Policies Concerning the Spread of Coronavirus 2019 Outbreak ([KEP DJP No. 156/2020](#)). This policy was enacted and entered into force on 20 March 2020.

The policy is intended to ease the burden and socio-economic impact on taxpayers affected by Covid-19. The regulation stipulates force majeure due to the spread of Coronavirus from 14 March 2020 to 30 April 2020.

The taxation policy takes the form of exemptions from tax administration sanctions. The administrative sanctions apply for the delay of the following. *First*, the filing of annual individual income tax returns for tax year 2019. *Second*, the payment of tax underpayment in annual individual income tax returns for tax year 2019.

The abolishment of administrative sanctions is also provided for taxpayers that file the periodic withholding tax return for Tax Period February 2020 on 21 March 2020 to 30 April 2020. The obligation to deposit income tax payable in the periodic withholding tax return must still be carried out at maturity.

Taxpayers that prelude legal measures are given a time extension to submit the request until 31 May 2020. The measures referred to include objections, reduction, or abolishment of the second administrative sanction, and the reduction or cancellation of the Notice of Tax Assessment or the second Notice of Tax Collection (*surat tagihan pajak/STP*).

Administrative sanctions refer to administrative sanctions of fines and interest. When they are imposed, the Notice of Tax Collection shall not be issued as stipulated in Law No. 16 of 2009 concerning General Provisions and Tax Procedures. In the event that the Notice of Tax Collection has already been issued, the Head of the Regional Office of the DGT may abolish administrative sanctions ex officio.

Further, the DGT provides a time extension for taxpayers to file reports regarding their participation in tax amnesty. Said taxpayers may submit a report on the realization of the transfer and investment of additional assets and/or report on the placement of additional assets no later than 30 April 2020.

Exemption from Tax Penalties for the Late Filing of Periodic 1111 VAT Return

The DGT exempts administrative sanctions in the form of fines for the late filing of the Periodic 1111 VAT Returns. This exemption is stipulated in the Director General of Taxes Decree No. KEP-157/PJ/2020 concerning the Exemption from Administrative Sanctions in the Form of Fines for the Late Filing of Periodic 1111 Value Added Tax Returns Due on 31 January 2020 ([KEP DJP No. 157/2020](#)). This regulation was enacted and entered into force on 20 March 2020.

From 29 January 2020 to 3 February 2020, there were disruptions to the application which resulted in the taxable persons for VAT purposes' e-mail application not being approved. This issue affected the fulfilment of the obligation to file Periodic 1111 VAT Returns.

The regulation stipulates a number of provisions. *First*, taxable persons for VAT purposes that filed Periodic 1111 VAT Return for December 2019 tax period through certain channels (e-filing) on 1 to 7 February 2020 are exempted from administrative sanctions for the late filing of the Periodic 1111 VAT Returns.

Second, the administrative sanctions for the late issuance of tax invoices for taxable persons for VAT purposes required to prepare tax invoices from 29 January to 3 February 2020 – because they supply taxable goods (*barang kena pajak/BKP*) and/or taxable services (*jasa kena pajak/JKP*) – but have only issued tax invoices through the e-invoice application, in which the tax invoices are dated 3 to 7 February 2020, are abolished.

Such taxable persons for VAT purposes are those required to submit Periodic 1111 VAT Returns for tax period December 2019 through certain channels (e-filing) with 2 provisions, namely 1) the validity period of the electronic certificates has expired until 31 January 2020 and 2) submitting the request for electronic certificates until 29 January 2020 until 7 February 2020, in accordance with the provisions on the procedures for the granting and revoking of electronic certificates.

The Notice of Tax Collection shall not be issued for administrative sanctions in the form of fines. If the Notice of Tax Collection has been issued on the administrative sanctions in the form of fines, the Head of the Regional Office of the DGT will cancel administrative sanctions based on the provisions of Article 36 paragraph 1 letter (a) of the General Provisions and Tax Procedures Law.

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Temporary Suspension of Face-to-Face VAT Refund Services for Tourists

The Airport Value Added Tax Refund Implementing Unit will not temporarily provide face-to-face services to foreign tourists that apply for VAT refunds for the purchase of luggage.

The temporary suspension of VAT refund services is outlined in Announcement No. PENG-43/PJ/2020 concerning the Announcement of Adjustment of Submission and Settlement of Requests for VAT Refunds on Luggage of Individuals who are Holders of Foreign Passports (VAT Refund for Tourists) ([PENG-43/PJ/2020](#)).

This policy has been undertaken to address the latest developments in connection with the spread of COVID-19 outbreaks in Indonesia's territory and to mitigate risks of the intensity reduction in the implementation of the DGT duties and functions and services.

Foreign tourists may, however, apply for VAT refunds for the purchase of luggage through electronic services provided by the DGT. In further detail, there are two steps in prelodging requests for VAT refunds through electronic services.

First, the foreign tourist shall send e-mails with the subject "VAT Refund", submit the account number and name of the transfer receiving bank on behalf of the relevant foreign tourist, and attach a scan of the required documents.

The required documents include a photo of the foreign passport identity page, a boarding pass leaving Indonesia, the invoice, and the tax invoice for the purchase of luggage

and photos of luggage purchased.

All data and documents are sent to the Airport Value Added Tax Refund Implementing Unit's email addresses according to the foreign tourist's place of departure outside Indonesia. The email addresses are listed in Table 1.

Second, after the required data and documents are received in full, the Airport Value Added Tax Refund Implementing Unit officer shall process the VAT refund request in accordance with the provisions stipulated in Minister of Finance Regulation No. 120/PMK.03/2019 concerning The Procedures for the Submission and Settlement of Requests for VAT Refunds on Luggage of Individuals who are Holders of Foreign Passports ([MoF Reg. No.120/2019](#)). This provision has taken effect as of 26 March 2020.

Exemption from Administrative Sanctions for the Late Filing of Periodic Article 21/26 Income Tax Return and Periodic Article 4 Paragraph (2) Final Withholding Tax Return

The Director General of Taxes exempts the late filing of Periodic Article 21 and/or Article 26 and Article 4 paragraph (2) Income Tax Return from administrative sanctions in the form of penalties.

This exemption is outlined in the Director General of Taxes Decree Number KEP-158/PJ/2020 concerning the Exemption of Administrative Sanctions in the Form of Penalties for Late Filing of Periodic Article 21 and/or

Table 1 - List of Airport Value Added Tax Refund Implementing Unit's Email Addresses

Number	Airport Value Added Tax Refund Implementing Unit	Name of Tax Office	Email Address
1	Ngurah Rai Airport, Denpasar	South Badung Small Tax Office	vatrefund.badungselatan@pajak.go.id
2	Soekarno-Hatta Airport, Cengkareng, Tangerang	West Tangerang Small Tax Office	kpp.402@pajak.go.id
3	Juanda Airport, Sidoarjo	West Tangerang Small Tax Office	kpp.643@pajak.go.id
4	Kuala Namu Airport, Medan, North Sumatra	KPP Pratama Lubuk Pakam Lubuk Pakam Small Tax Office	kpp.125@pajak.go.id
5	Yogyakarta International Airport, Kulon Progo	Wates Small Tax Office	kpp.544@pajak.go.id

Source: [PENG-43/PJ/2020](#)

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Article 26 Income Tax Return and Article 4 paragraph (2) Final Withholding Tax Return Due on 20 February 2020 ([KEP-158/PI/2020](#)).

The parties eligible for the exemption are taxpayers that have been required to submit Periodic Article 21/26 Income Tax Return and Periodic Article 4 Paragraph (2) Final Withholding Tax Return through e-filing. On the due date, 20 February 2020, however, the taxpayer was not able to file the periodic tax return via the DGT Online page.

The taxpayer subsequently filed the Periodic Article 21/26 Income Tax Return and/or Periodic Article 4 Paragraph (2) Final Withholding Tax Return for the January 2020 tax period on 21 February to 28 February 2020 through e-Filing, direct method, postal services with proof of postage, forwarding company or courier service with proof of postage.

This implies that the taxpayer has actually exceeded the deadline for the filing of the periodic tax returns. Therefore, for the late filings, administrative sanctions in the form of fines as referred to in Article 7 paragraph (1) of Law Number 16 of 2009 concerning General Provisions and Tax Procedures are not imposed (Law No.16/2009).

With the exemption from sanctions, the DGT is not required to issue the Notice of Tax Collection (*surat tagihan pajak/STP*). If the DGT, however, has already issued the Notice of Tax Collection, the Head of the DGT Regional Office shall revoke the administrative sanctions. The regulation has come into force as of 20 March 2020.

Implementing Regulation of Advance Pricing Agreement Released

The Ministry of Finance has issued a new regulation concerning the procedures for advance pricing agreement implementation. The regulation refers to the Minister of Finance Regulation No. 22/PMK.03/2020 concerning the Procedures for Advance Pricing Agreement (APA) ([MoF Reg. No. 22/2020](#)). Enacted and valid on 18 March, this regulation revokes the previous APA provisions outlined in the [Minister of Finance Regulation No. 7/PMK.03/2015](#).

The underlying reason for the changes in the policies is that the previous provisions do not fully comply with the minimum standards in Action Plan 14 of the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project. MoF Reg. No. 22/2020 is aimed at improving the provisions on APA to be more effective and provide legal certainty, in particular, related to transfer pricing, procedures, periods, and follow-up requests for the implementation of advance pricing agreement.

APA is a written agreement between the Director General of Taxes and the taxpayer or between the Director General of Taxes and the tax authorities of the government of the Tax Treaty partner that involves taxpayers. The written agreement outlines the criteria in transfer pricing and/or determining the arm's length price or arm's length in advance. Transfer pricing refers to the prices in controlled transactions.

Resident taxpayers may submit APA requests to the Director General of Taxes on controlled transactions based on two matters. *First*, the taxpayer's initiative, in the form of a request for a unilateral APA or bilateral APA. *Second*, a written notification from the Director General of Taxes in connection with the request for a bilateral APA prelodged by non-resident taxpayers to the competent authority of the Tax Treaty.

APA may cover all or part of controlled transactions during the APA period and roll-back in the event that the taxpayer requests a roll-back in the APA request. Roll-back is the implementation of the agreement in APA for the tax years prior to the APA period. Controlled transactions may be in the form of controlled transactions between the taxpayer and another resident taxpayer and/or a non-resident taxpayer.

Roll-back applies to the tax year if the following requirements are met. *First*, the facts and conditions of condition transactions do not differ materially from the facts and conditions of affiliated transactions agreed upon in the APA. *Second*, the determination has not expired. Third, the Notice of Tax Assessment (*surat ketetapan pajak/SKP*) has not been issued for corporate income tax. *Fourth*, the taxpayer is not under criminal investigation or undertaking tax crime.

With regard to APA requests, the Director General of Taxes is authorized to make agreements with the taxpayer and cooperate with the competent authority of the Tax Treaty partner. The parties will determine the transaction price between the taxpayer and related parties that shall be valid for a certain period.

APA may be prelodged in a period of 12 to 6 months prior to the commencement of the APA period by submitting a request to the tax office where the taxpayer is registered using the specified form.

The associated relationship is a state of dependency or attachment of one party to another party. This is caused by three factors, namely ownership or equity participation, proprietorship, or blood relations or marriage.

Moreover, the resident taxpayer may submit APA requests provided that five requirements are met. *First*, the taxpayer has fulfilled the obligation to submit the Annual Corporate Income Tax Return 3 (three) tax years

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before the tax year in which the application for APA is prelodged.

Second, the taxpayer has fulfilled the obligation to prepare and retain Transfer Pricing Documentation in the form of a master document and local documents for 3 (three) tax years prior to the prelodgement of the APA request. *Third*, the taxpayer is not under a criminal act investigation or is not currently undertaking tax crime

Fourth, controlled transactions and related parties included in the APA request have been reported by the Taxpayer in the Annual Corporate Income Tax Return. *Fifth*, the transfer pricing in the APA request is prepared based on the arm's length principle and does not result in a taxpayer's operating profit being smaller than the operating profit reported in the Annual Corporate Income Tax Return

The regulation also stipulates the arm's length principle. The principle is applied by comparing the conditions and indicators of comparable uncontrolled transaction prices. The transfer pricing is said to meet the arm's length principle if the value of the transfer pricing indicator is equal to the value of comparable uncontrolled transaction price indicators. The value of the uncontrolled transaction price indicators may either be the arm's length point or the arm's length range.

The arm's length point is a price indicator point formed by one or more comparables that have the same price indicator value. In contrast, the arm's length range is a range of price indicators formed by two or more comparables that have different price indicator values.

The arm's length range may be in the form of two values, namely 1) the minimum value up to the maximum value (full range) if formed by two comparables and 2) the value of quartile one to quartile three (interquartile range) if formed by three or more comparables.

If the transfer pricing does not meet the arm's length principle, pricing is carried out in a similar manner as in pricing in uncontrolled transactions. The pricing uses arm's length point, the most appropriate point in the arm's length range according to its comparability, or the median in the arm's length range (if the most appropriate point cannot be determined).

Establishment of Tobacco Product Industrial Estate

The Minister of Finance has released a regulation that serves as the basis for establishing a tobacco product industrial estate. The establishment of the industrial estate is aimed at improving services, industrial

development, and supervising the production and distribution of tobacco products.

Stipulations and provisions on the establishment of the tobacco product industrial estate are outlined in the Minister of Finance Regulation No.21/PMK.4/2020 concerning Tobacco Product Industrial Estate ([MoF Reg./21/2020](#)).

Under the regulation, the tobacco product industrial estate is intended for manufacturers of small and medium-scale industries. The definition of small and medium industries in this regulation refers to the provisions stipulated by the minister of industry.

Further, the regulation sets forth that entrepreneurs of factories that produce or package tobacco products in packages for retail sale (hereinafter referred to as factory entrepreneurs) and are incorporated in the tobacco product industrial estate are eligible for facilities in terms of business permit and deferral of excise payments.

In further detail, the ease in terms of permits in the form of exemptions from the provisions shall be given to manufacturers that have an area of at least 200 square meters as the location, building, or place of business, as referred to in the legislative provisions on Goods Subject to Excise Entrepreneur Code Number (*Nomor Pokok Pengusaha Barang Kena Cukai/NPPBKC*).

Moreover, the ease in terms of permits shall be given to the extent that factory entrepreneurs who are in the same tobacco product industrial estate wish to cooperate to produce goods subject to excise in the form of sticks of tobacco products.

In contrast, the ease in terms of excise payment deferral is provided in the event that bank guarantees are used and the deferral period is set for 90 days from the date of the banderole order document.

Additionally, this regulation outlines that four activities may be carried out in the tobacco product industrial estate. *First*, managing and developing the tobacco product industrial estate by factory entrepreneurs.

Second, producing goods subjects to excise in the form of sticks of tobacco products by factory manufacturers. *Third*, packaging goods subject to excise in the form of packaged tobacco products for retail sales and sticking of banderoles, which may also be carried out by factory manufacturers.

Fourth, producing goods other than goods subject to excise and/or supporting services for the tobacco product industry that may be carried out by entrepreneurs that support the tobacco product industry. Entrepreneurs that carry out activities as estate entrepreneurs, however, must obtain permission from the head of the regional office or head of the main service office.

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To obtain the permit, the entrepreneurs that will become estate entrepreneurs are to submit an application to obtain the permit and a stamped statement letter stating their ability to fulfill all obligations as estate entrepreneurs.

The application and statement letter are to be submitted electronically through the excise application system. Further, estate entrepreneurs may also act as factory entrepreneurs. To be able to do so, however, estate entrepreneurs are required to fulfill all obligations as factory entrepreneurs in the tobacco product industrial estate.

Despite having obtained a permit, this regulation authorizes the customs and excise officials to take measures in the form of termination, inspection, enforcement, sealing, and other required authorities on goods subject to excise within the tobacco product industrial estate. Promulgated on 17 March 2020, this regulation came into force on the same date.

Adjustments to the Implementation of Government Agency Taxpayer Identification Numbers Administrative Reforms

The DGT has recently issued a regulation outlining the criteria for the revocation of government treasurer taxpayer identification number (*nomor pokok wajib pajak/NPWP*) and the revocation of the government treasurer as a taxable person for VAT purposes.

The provisions are stipulated in the Director General of Tax Circular No. SE-12/PJ/2020 concerning Instructions for the Implementation of Administrative Reforms of Government Agency/Treasurer Taxpayer Identification Number ([SE-12/PJ/2020](#)).

The regulation was issued as the guidelines for the implementation and follow-up to the Minister of Finance Regulation No.231/PMK.03/2019 concerning the Procedures for Registration and Revocation of Taxpayer Identification Numbers, Inauguration and Revocation of Taxable Persons for VAT Purposes, and Tax Withholding, Depositing, and Reporting for Government Agencies ([MoF Reg. No.231/2019](#)).

The government treasurer taxpayer identification numbers to be revoked are those included in the treasurer category in the Taxpayer Master File (*Master File Wajib Pajak/MFWP*) database. In addition, to be revoked, the taxpayer identification numbers must meet one of the three predefined categories.

First, having an industrial classification (*klasifikasi lapangan usaha/KLU*) as a treasurer in accordance with the Director General of Taxes Decree. *Second*, the taxpayer's name contains the word treasurer or other words indicated as a treasurer taxpayer.

Third, taxpayers that should not be included in the treasurer category in the MFWP database. On the other hand, for the treasurer taxpayer identification numbers of schools that receive School Operational Assistance (*Bantuan Operasional Sekolah/BOS*) funds shall be revoked to the extent that the reference data for schools that receive BOS funds are available in the DGT's database.

The revocation of the taxpayer identification numbers shall be carried out ex officio by the Head Office of the DGT. In the event that the treasurer tax identification numbers have not been deleted in the MFWP, however, the implementation of the rights and fulfillment of tax obligations will continue to use the old treasurer tax identification numbers.

Even though the Head Office of the DGT has abolished the tax identification numbers, government agencies may still use the old treasurer tax identification numbers but is limited for the tax period before MoF Reg. No.231/2019 took effect. However, the use of the treasurer taxpayer identification numbers must undergo the 'Temporary Activation of Revoked Taxpayers' procedure carried out by the Tax Office.

In contrast, for the tax period after MoF Reg. No.231/2019 came into force, new government agency taxpayer identification numbers must be used. Further, if the revoked treasurer taxpayer identification numbers are of taxable persons for VAT purposes status, the revocation of the taxable person for VAT purposes status shall be carried out in conjunction with the revocation of the treasurer taxpayer identification numbers.

On a side note, MoF Reg. No.231/2019 was initially planned to take effect on 1 April 2020. However, in response to the latest developments in the spread of COVID-19, the DGT has released [Announcement No. PENG-42/PJ/2020](#) concerning the Announcement of Adjustments to the Implementation of Government Agency Taxpayer Identification Numbers.

Through the announcement, the Director General of Taxes states that the registration date of government agencies as taxpayers and the date of their inauguration as taxable persons for VAT purposes remain on 1 April 2020.

However, the exercise of taxation rights and obligations of government agencies for June 2020 tax period and prior tax periods still use the old treasurer taxpayer identification numbers. Conversely, for July 2020 tax

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period onwards, government agency tax identification numbers shall be used. As for data changes, EFIN activation, electronic certificate applications, and

taxable persons for VAT purposes account activation by government agencies are to be carried out no later than the end of June 2020.

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