

taxBlitz

Tax & Customs Update

Time for Reporting Tax Return, Attention to This New Provision!

As the end of Fiscal Year 2017, the Government had changed and affirmed several provisions regarding the Tax Return reporting procedure, both for Periodic and Annual Tax Return.

The change and the affirmation are expressed in Regulation of Minister of Finance (PMK) Number 9/PMK.03/2018 concerning Tax Return, as the revision of PMK Number 243/PMK.03/2014 concerning Tax Return.

At least there are three changes in the provision of Tax Return reporting. *First*, regarding the obligation to report the Tax Return for Income Tax Article (ITA) 21 and/or ITA 26 withheld. Previously, the obligation to report Tax Return applies for any conditions, even though it is recorded as nil. Referring to the new provision, the nil condition presented not because of Certificate of Domicile (CoD) is not required to be reported in the Income Tax Return of Article 21 and/or Article 26.

CoD is one of the documents used in relation to Double Tax Avoidance Agreement (DTAA) or tax treaty.

Second, the Government extends the reporting deadline of Periodic Tax Return for ITA 22 withheld by the treasurer, from previously 14 days to 20 days after the end of tax period.

Third, they also change the obligation to report Periodic VAT Return. Based on PMK Number 9/PMK.03/2018, VAT collector is not mandatory to report Periodic VAT Return if there is no transaction subject to VAT and/or Sales Tax on Luxury Goods.

Affirmation

Aside from amending several provisions, the Government is also affirming several things. Among others are regarding the format and the completeness of Tax Return documents, consisting of electronic documents and paper or hardcopy form.

As for the criteria, the Taxpayers compulsory to submit Periodic and Annual Tax Return in electronic documents are those who, as follows:

1. Withhold ITA 21 and/or 26 of permanent employees and beneficiaries of pension fund and other allowances, with the number of employees over 20 persons every Tax Period.
2. Withhold non-final ITA 21 and/or ITA 26 aside from those stipulated in point 1, with tax withholding slip over 20 persons every Tax Period.
3. Withhold final ITA 21, with tax withholding slip over 20 persons every Tax Period.
4. Have submitted the Annual Tax Return in the form of electronic documents.
5. Have been registered in Medium Tax Office (KPP Madya), Jakarta Special Directorate General of Taxes (DGT) Regional Tax Office, and DGT Regional Tax Office for Large Taxpayers.

All the electronic documents must be submitted through special channel set by DGT. DGT asserts that no receipt of Tax Return will be given to the Taxpayer that is obliged to file Tax Return in electronic document, yet still submitting it in hardcopy.

Another affirmation includes the submission of Annual Tax Return extension notification. There is an Article added to this, confirming that every Taxpayer who has submitted the Annual Tax Return extension notification is obliged to submit the Annual Tax Return as the proposed extension deadline.

The proposed deadline is maximum two months after the supposed deadline of Tax Return reporting. According to the provision, Individual Taxpayer must submit the Annual Income Tax Return no later than three months after the end of Fiscal Year (March), as for the Corporate Taxpayer no later than four months after the end of Fiscal Year (April).

Should the extension of Tax Return reporting result in Income Tax underpayment that is smaller than the amount paid in Tax Payment Slip, upon the excess, the Taxpayer may propose an overbooking or refund.

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Contact :

For further information, please contact the partners of MUC Consulting Group:



Sugianto

Tax Partner

sugianto@mucglobal.com

Meydawati

Tax Partner

meyda@mucglobal.com



MUC Consulting Group, MUC Building, Jl. TB. Simatupang No.15, Tanjung Barat,
Jakarta, Indonesia (1230)

Tel: +6221 78837111, Fax: +6221 7887666