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TAXGuide

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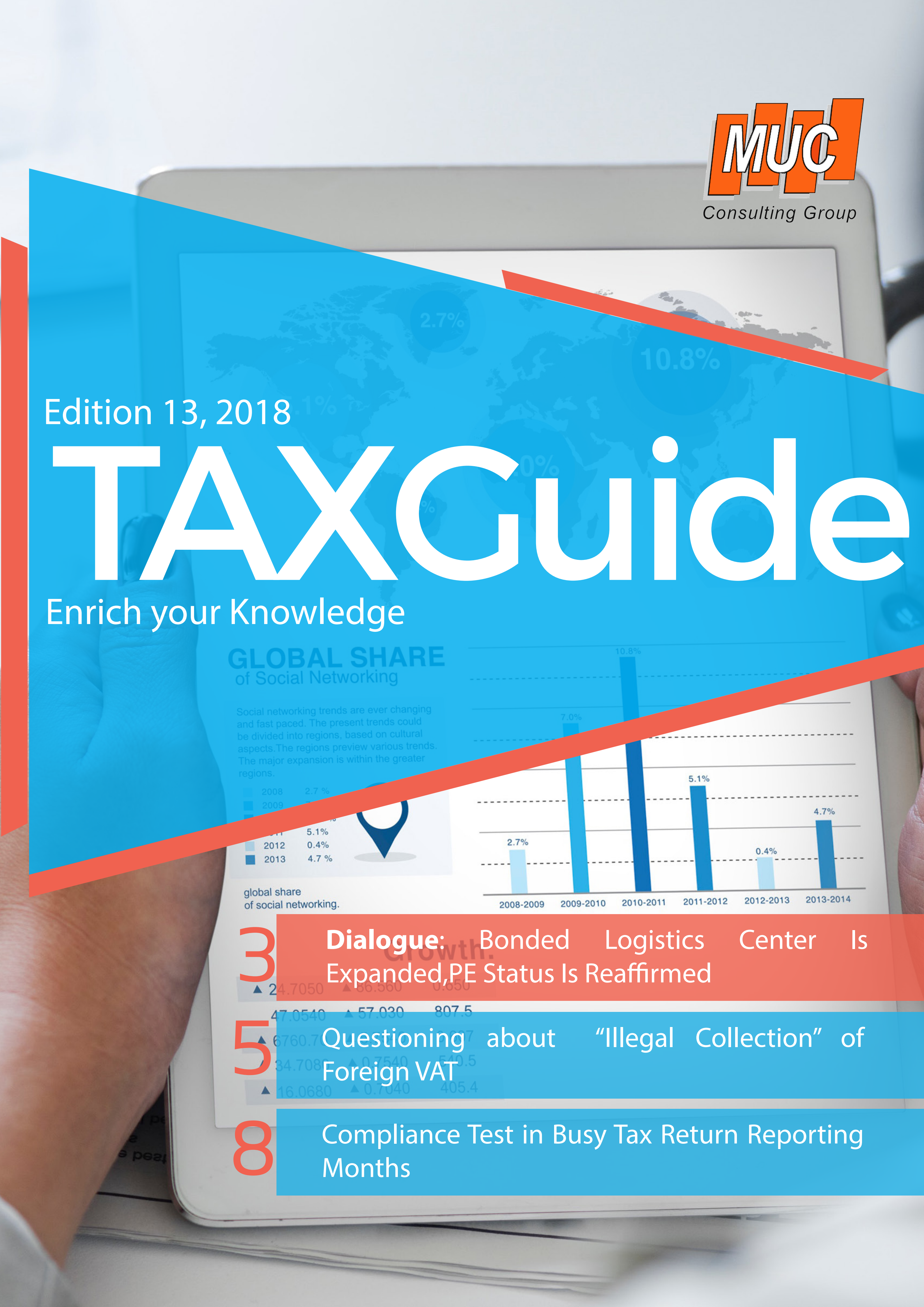

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EditorialNotes

Assalamualaikum Wr. Wb. May peace and prosperity befall upon all of us. Alhamdulillah, Tax Guide is still consistently enriching public information and idea by presenting coverages related to tax.

In the 13th edition, we raise some tax issues that are quite actual and relevant to the Taxpayer's daily problems.

First, we cover the issue of tax intesity that usually increases at the third and fourth months before the due date of Annual Income Tax Return reporting. The Taxpayer needs to know the new provisions adding the Tax Return reporting burden for FY 2017.

The new regulations cover, inter alia, the obligation to report the limit of Debt to Equity Ratio (DER) 4:1, the obligation to report asset repatriation and investment for tax amnesty participants, as well as the obligation to submit the summary and/or notification of transfer pricing documentations for affiliated companies.

As for financial service institutions, there is an obligation to automatically report the financial accounts of their customers for specific Taxpayer criteria, which is in line with the domestic taxation purposes and Automatic Exchange of Information (AEoI) agreement.

In this edition, we also bring about the issue that is commonly complained by the Taxpayer related to the difficulty in solving the problem of Tax Payment Slip (SSP) of Value Added Tax (VAT) on the Utilization of Taxable Intangible Goods and/or overseas Taxable Service(s). This is related to the error in the SSP filling, which can result in a condition in which the tax that should not be paid cannot be credited.

Another issue that we present is related to the Government's plan to ease the refund of tax overpayment or restitution. This is good news for the Taxpayer, therefore we try to unfold the problems causing the restitution refund to take much time.

We raise the issues in hope that there will be improvements in tax service as well as to remind the Taxpayer about their obligations and the correct tax compliance.

We hope that what we present will be useful. Critics and suggestion are always welcome for our further improvement. Wassalamualaikum Wr. WB.

Jakarta, March 2018

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DIALOGUE

Direktur Jenderal Bea dan Cukai, **Heru Pambudi**

Bonded Logistics Center Is Expanded, PE Status Is Reaffirmed

The development of Bonded Logistics Center (PLB) since its launching in 2016 is considered successful in pushing down the national logistics cost and maintaining the stability of basic need and industrial raw material prices. However, there are still some notes on tax uncertainty, especially related to Permanent Establishment (PE) status.

The plus-minus of the first generation of PLB becomes the Government's consideration on expanding the coverage of PLB as well as reaffirming the governing tax regulations. In regard to this matter, the Government issued new regulations controlling the second generation of PLB.

For more details, Tax Guide summarizes the explanation of Director General of Customs and Excises Heru Pambudi on the press conference event at Juanda Building, Ministry of Finance, Monday 2 April 2018. Below is the excerpt:

How are the development and achievement of PLB so far?

The function of the first generation of PLB, as we all know, is aimed solely to store raw materials and machinery because the provisions are still limited to those two commodities.

Currently, there are 55 companies at 75 locations of PLB, with the spread from Aceh to Sorong. All the PLBs are fully utilized in which the value (goods) stored is now reaching USD2,5 billion in the form of inventory. The goods are mainly from Singapore, China, Japan, and other countries.

What is the effect on the main port activities?

With the establishment of PLB, Tanjung Priok Port functions only as a transit port, before the delivery to PLB. Since no inspection is conducted at our main ports, we can discharge (the goods) on the same day. While, for those at PLB, it will take 1.62 day(s). This is, certainly, also to support the cut of dwelling time.

Other than that?

With the presence of PLB, there is a decrease in storing rental (fee). For example, the heavy equipment using PLB is (only charged) USD5.1 million per annum. Besides, there is also an efficiency on the cutting of freight rate from a user (of PLB facilities).

This is because, in the past, they had to go back and forth (in importing) as the imports were in small quantity. So, from 2-3 vessels, (now) can be only 1 vessel. With PLB, the imported goods shall be in large quantity.

Since the imported goods are in large quantity and placed in PLB and not yet subject to any tax, either custom duty or import tax, it will automatically increase the cash flow (of the PLB user). This is because the (tax) payable is for those (goods) taken out (from PLB) to domestic. Therefore, as long as those (goods) are at the PLB, the goods are not yet subject to the costums duty nor import tax.

A mere example related to the warehouse transfer: since the first generation, to move heavy equipment of a company, the company needed to perform shutdown for a warehouse in Singapore, (and) they move it here.

Based on the evaluation so far, what is the plan for further development of PLB?

On the last 27 March, Mr. President issued a new regulation on the development of Bonded Logistics Center from then to now, or from generation one to generation two. The generation two is for accomodating the support for industries in accelarating digital economy, national defence, distribution and logistics hub, as well as MSME (Micro, Small, and Medium Enterprises).

We perceived that there is a need to improve the second generation of PLB. This is surely because of the success of the first (generation) in transferring logistics, reducing load time, PLB full utilization, and lowering logistics costs.

What is the goal of the second generation of PLB development?

To accomodate the world economic development demands, particularly e-commerce, transshipment. Indonesia, if we take a look at it, lies between Australia and Asia continents and between Pacific and Indian oceans, thus we are in the intersection. So, considering this position, Indonesia wants to be a transit point.

Indonesia expects to be a regional hub, at least in South East Asia. Until now, the role is taken by Port-hub, Singapore. We have the potency, mainly because the goods stored there are dominated by the goods for Indonesian needs. Therefore, this is really feasible.

Also, there is a need of offshore trading. If we take a look at the development at the intersection of Strait of Malacca, we'll see a lot of opportunities in developing the offshore trading.

As for the details, what kind of development that will be conducted?

From the first generation experience, the entrepreneurs requested the Government to give the certainty over tax treatment of a Permanent Establishment. Furthermore, problems about VAT Exemption Certificate (SKB PPN), surveyor report conducted in PLB, and back-to-back Certificate of Origin (Surat Keterangan Asal/SKA) were all reaffirmed in second generation of PLB regulation.

Related to the PE status, what kind of certainty requested by the entrepreneurs?

For illustration, lately, there are many questions from foreign entrepreneurs. They intended to store their goods at PLB and made Indonesia as the regional logistics center. Then, they questioned about the PE status. We have made a reaffirmation here. So, (for) the determination of PLB status as a PE, the following regulations apply.

First, the PLB status is in compliance with Double Tax Avoidance Agreements (DTAA)—in the event that the supplier's country of origin has a DTAA with Indonesia. So, if they had entered into a DTAA, we will follow the regulations of the DTAA.

However, if we are dealing with the country from which the goods are originated not yet entering into DTAA (with Indonesia), it (the status) shall be in accordance with the laws and regulations on Income Tax—in case that the jurisdiction countries have not yet entered into a DTAA. I think that the reaffirmation is really crucial, so that after this, indeed, there will be a lot of them (entrepreneur) entering Indonesia.

Then, how about SKB PPN?

As an illustration, as for SKB PPN, upon any import, there was a provision obliging the use of BL (Bill of Lading) as one of the requirements. Because now it is not done at the port, we can process the SKB using equal documents, which are customs documents.

So, it will be really simple, no BL is required. It is because, for instance, the goods as much as 100 containers enter into a PLB, (but) can only be sold partially, yet there is no partial BL. Therefore, we use customs documents , and upon which the SKB will still be issued. Thus, it remains their rights, the users in domestic will remain obtain the SKB PPN.

What are the focuses of the second generation of PLB?

Considering the previous points, the Government had decided to develop the second generation of PLB, in which there are seven kinds of additions. In the past, the point is that it was for industrial raw materials and machinery. Now, we can see that there is PLB for basic needs, such as soy, wheat, corn. Thus, we hope that later on Indonesia, which does not produce much soy, can import one large ship (of soy), either 1,000 tons, 100,000 tons. There are two advantages of this: stabilization of basic need supply and the price will definitely go down.

The second is PLB for air cargo hub, transshipment. This is mainly at Bali, Ngurahrai Airport and Cengkareng (Soekarno-Hatta Airport). This is because, if we take a look at Bali, there are around 100 international flights and most of them are carrying passengers, with empty hull. We can definitely make use of this for PLB: entering (the goods) from Bali and we distribute them to everywhere.

Third, PLB for finished goods. To begin with, we specified (only for) liquor. Nevertheless, after this, we will surely accomodate any finished goods, as long as it comes with recommendation from related ministry. Why liqour? We can see that until now liquors are in Singapore, then partially one container gets into Priok, into Surabaya.

And now we want to move it here. So, later on, from the seller (the goods) will enter into Indonesia as in large quantity, then we jointly distribute and control it. The advantage is that PLB is centralization so that we can control it together. This is not the project of customs and excises, but this is the project of Indonesian Government, the controller is Indonesian Government so it will be collectively controlled.

Fourth, PLB for e-commerce to be an e-commerce distribution center. Malaysia has already had one, Indonesia wants one as well.

Fifth, specifically for small and medium industries.

Then (sixth), PLB for floating storage. So, this will be some kind of gas station in high seas. At the Strait of Malacca, there are a lot of buying and selling transactions taking place. We can make the Strait of Malacca and the area around Nipa Island, Batam area, as an oil PLB, for instance.

Furthermore (seventh), PLB specifically for export of commodity goods. We take tin, rubber, and coffee as the examples. This is important, we are the largest tin exporter, but the commodity exchanges are in Singapore. So, we export the tin to Singapore first, then we sell it there.

They sold tin in Singapore instead of Bangka Belitung, (and) because when the goods were still in the Indonesian region before the policy was issued, we deemed (the sales) as domestic transactions, so the buying and selling, though (the goods) have been through five-time transfers, was still subject to tax—particularly VAT.

What is the tax treatment if the commodity goods enter into the PLB related to the taxation?

So, under the new principle, as the prevailing Minister of Finance Regulation, once local goods enter into the PLB, the goods are deemed being exported, as if the goods are already abroad. Therefore, no matter how many times the goods being transacted, may be ten times, the goods are not subject to any domestic VAT. Thus, this is what will attract the interest in moving the commodity exchange.

Questioning about "Illegal Collection" of Foreign VAT

CONTRIBUTOR
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In Dutch law, there is a term called *ouver schuldig de betaling*, which generally means payment that is not mandatory or payment made due to mistake. Ideally, the recipient of the payment returns it to the payer. However, some fund recipients do not have good will to return it, so it ends up with dispute.

However, Indonesian Civil Code Article 1360 stipulates, *"Whosoever makes mistake or by realizing it, having received something that should not be paid to them, is obliged to return the goods that should not be paid to the person from whom it is received."*

Especially for financial transaction, mitigation as well as solution for erroneous payment case are regulated further in Law Number 3 Year 2011 on Funds Transfer, in which one of its articles stipulates about return of fund in case of force majeure.

Article 47 paragraph (1) of Funds Transfer Law states, *"In terms that a Funds Transfer Order is not executed because of circumstance as referred to in Article 21 paragraph (1) and the Originator requests cancellation of the Funds Transfer Order and return of the transferred Funds from the Originating Provider, the Originating Provider is required to return the Funds to the Originator."*

Then, it is affirmed in paragraph (2), *"In terms that the Originating Provider is late in returning Funds as referred to in paragraph (1), the Originating Provider is required to pay the service, interest, or compensation."*

The law provision above strictly applies for all citizens–who have equal position before law. However, it does not entirely apply for state actors–in this case is the tax authority–who are directed toward their own rules and regulations.

Impossible Restitution

The example is in tax payment that should not be made as a result of technical administrative error in the filing of Tax Payment Slip (SSP) of Value Added Tax (VAT) on Taxable Intangible Goods Utilization and/or overseas Taxable Service case. The document, known as Tax Payment Slip of Overseas Service (SSP JLN), is a VAT remittance slip of VAT collected by Taxable Entrepreneur from supplier of intangible goods or overseas taxable service.

The obligation of collecting and remitting VAT on overseas goods and services using SSP JLN is actually regulated in Minister of Finance (MoF) Regulation Number 40/PMK.03/2010 on Procedures for Calculating, Collecting, Remitting, and Reporting VAT on Taxable Intangible Goods Utilization and/or Taxable Service from Outside Customs Area.

The MoF Regulation has clearly detailed the identities that shall be written in SSP JLN before the VAT is paid to the state treasury. Yet, there are still many Taxpayers who make errors in the SSP JLN filling, particularly on the name and the address of Taxpayer, as well as the Tax ID Number parts. The Taxpayers usually make mistakes by filling the columns with their own identities, yet the column shall be filled with counterparty identity.

Nevertheless, no one supposes that the mistake in SSP JLN filling that seems insignificant and administrative has major consequence for Taxpayers' tax obligation. The level of consequence may vary, depending on the stage in which the SSP filling error is discovered, whether it is in review or audit stage.

Even it is only in review stage, if the Tax Office discovers a SSP JLN filling error during document audit–e.g. not stating identity of overseas service provider– the SSP is deemed incorrect.

Pursuant to Circular of Director General of Taxes (DGT) Number SE-147/SE/2010, upon the SSP JLN filling not meeting the provision of PMK-40/PMK.03/2010, its VAT payment may not be credited. As the consequence, the Tax Office will issue notification letter for the Taxpayer to re-remit the VAT payable with correct SSP filling without any payment period extension. If it exceeds the pre-determined due date (on 15th in the following month after the period of VAT payable), the VAT re-remittance is deemed late and subject to additional administrative sanction in the form of fine/interest of 2% from tax base.

Meanwhile, in the audit stage, the mistake of SSP JLN filling usually becomes Tax Auditor's findings that mostly brings back the previous tax documents of several years after the fiscal period of VAT payable. Unfortunately, in this stage, the Taxpayers will be no longer able to repay the VAT on Overseas Service since it's most unlikely to perform tax payment during the audit. In this term, the Tax Auditor will directly make correction to VAT on Overseas Service that has been credited by the Taxpayers as VAT In.

The results will vary depending on the Taxpayers' condition. If based on the correction result there is underpayment, the sanction may reach 100% from VAT In that has been compensated.

Therefore, in addition to the risk of double payments of VAT on Overseas Service as the first payment may not be refunded because of the mistake in the SSP filling, the Taxpayers also potentially pay the fine for late remittance.

Prohibited Overbooking

How about the overbooking of tax that should not be paid? It is still possible in Indonesian taxation regime, isn't it?

The mechanism of tax overbooking is indeed allowed pursuant to MoF Regulation Number 242/PMK.03/2014 on Procedures for Tax Payment and Remittance. Article 1 Number 28 of the regulation states, *"the overbooking is a process of overbooking tax revenue to be booked on appropriate tax revenue."*

Article 16 paragraph (1) and paragraph (2) of MoF Regulation Number 242/PMK.03/2014 emphasizes that Taxpayers may submit overbooking request to the DGT in case of the mistake in tax payment or remittance as well as data filling through electronic tax payment system as stated in State Revenue Slip (BPN).

However, the overbooking is prohibited upon the tax payment with Customs, Excise, and Tax Payment Slip (SSPCP) equally treated as tax invoice. The affirmation is clearly written in Article 16 paragraph (9) of MoF Regulation Number 242/PMK.03/2014, as follows:

The overbooking upon tax payment with SSP, SSPCP, BPN, and Overbooking Slip may not be performed in terms of:

a. PThe overbooking upon SSP equally treated as Tax Invoice, which may not be credited based on Article 9 paragraph (8) of VAT Laws;
b. The overbooking to VAT payment upon tax object that should be self-paid by Taxpayer using SSP equally treated as Tax Invoice; or
c. The overbooking to Stamp Duty settlement by affixing paid Stamp Duty mark with digital stamp machine.

The regulation is emphasized by DGT Regulation Number PER-33/PJ/2014 on Third Amendment to DGT Regulation Number PER-10/PJ/2010 on Particular Documents Equally Treated as Tax Invoice. In the regulation, one of the documents equally treated as tax invoice is SSP JLN.

In conclusion, the VAT that has been paid to state treasury using incorrect SSP JLN filling may not be credited and overbooked. Moreover, the Taxpayers are obliged to re-remit the VAT using the correct SSP JLN in accordance with the amount payable.

The Taxpayers shall pay dearly for the mistake. The consequence is mostly the payment of VAT on Overseas Service that should not be retained in the state treasury without any clear allocation and return. Like an "involuntary contribution", the Taxpayer shall devote the tax remittance that should not be paid to the state treasury only because of common simple mistake.

Law Modification

Any revenue in State Budget–including Non-tax State Revenue (PNBP) and even grant, are legally regulated. Then, the question is, what is the legal base of "involuntary contribution" of SSP JLN? Furthermore, if it is connected to Government Accounting Standard (SAP), which revenue items in State Budget specially allocated to accommodate the unclear remittance?

Like an "illegal collection", the SSP JLN case has occurred frequently and unfortunately it never becomes an audit findings of the Audit Board (BPK). Therefore, there should be means for SSP JLN revision for the overbooking or return of VAT that should not be paid. At least, law modification can be made to accommodate it as well as to restore the tax management system to be fair and in accordance with SAP.

Short version of this article has been published in* ***Investor Daily**, April 4*, 2018

COMPLIA
IN BUSY TAX RETURN REPORTIN

A truly not expected routine—yet still has to be done by a Taxpayer every year—is maybe
Income Tax Return. It is a consequence of the self-assessment tax system implementation th
for the Taxpayer to avoid but indeed the Taxpayer may not escape from this obligation.

ANCE TEST
G MONTHS

reporting an Annual
at is not only difficult

The Individual Taxpayer is obliged to report the previous year Tax Return no later than the end of the third month (March), while the Corporate Taxpayer is given deadline up to the end of the fourth month (April). Those are the months full of turmoil for any tax actors anywhere.

All Taxpayers must expect to fill Tax Return easily and having a balance recorded result between the taxation right and obligation. However, the actual mostly departs the expectation. Discrepancy between the income and the paid tax often arises from the Tax Return filling error or because of the failure to understand the provision, especially when there is a change of tax regulations that should be adjusted in the Tax Return reporting.

In relation to the Tax Return FY 2017 reporting, the turmoil most likely will be more time-and-energy-consuming for the tax authorities and Taxpayers. This is due to the issuance of several new provisions that adds reporting obligation for every Taxpayer. The following are several new provisions that have to be understood by the Taxpayer in filling and reporting Tax Return FY 2017:

Asset Declaration Related to Tax Amnesty

As the follow-up of the tax amnesty program implementation, Taxpayer that has obtained the Tax Amnesty Certificate (Surat Keterangan Pengampunan Pajak/SKPP) is required to submit asset placement report and repatriation and investment realization of additional asset report periodically every year. The due date of asset reporting is no later than 31 March for Individual Taxpayer and 30 April for Corporate Taxpayer, prevailing for three years after receiving the SKPP.

The obligation is stated in Director General of Taxes Regulation PER-07/PJ/2018 on the Amendment to Director General of Taxes Regulation Number PER-03/PJ/2017 on the Procedure for Reporting and Monitoring of Additional Assets for Tax Amnesty.

Based on the said provision, Taxpayers who, in their Asset Declaration Letter (Surat Pernyataan Harta/SPH), declare their inland assets and/or commit to repatriate and invest their additional assets from overseas to Indonesian territory are obliged to report the realization.

Similar to the Tax Return, the additional asset for to tax amnesty reporting can be done directly or through special channel determined by Directorate General of Taxes (DGT) such as through online, postal office, or delivery (courier) service.

Exclusion is given to the Taxpayers only declaring the foreign additional assets and/or Taxpayers of Micro, Small, and Medium Enterprises (MSME) with maximum revenue of IDR4.8 billion.

Debt to Equity Ratio (DER) Report

Another important thing to take into account especially by the Corporate Taxpayer before the Tax Return reporting deadline is to ensure that the calculation of DER has already complied with the provision. This is related to the borrowing cost that can be calculated as the deduction of gross income at maximum four times the total equity (4:1).

Accordingly, the Corporate Taxpayer is required to report its company's DER calculation simultaneous with the Tax Return submission, in accordance with Minister of Finance Regulation (PMK) Number 169 Year 2015 on Determination of Debt to Equity Ratio of the Company for the Calculation of Income Tax Purpose, in which mechanism is regulated in Director General of Taxes Regulation PER-25/PJ/2017.

The obligation to make DER calculation report has actually been imposed since the preparation of Annual Income Tax Return FY 2016. However, different provision imposed as of FY 2017 is that there are 2 (two) attachments in standard format that determines the completeness of Corporate Income Tax Return, namely debt to equity ratio calculation report and foreign private debt report.

Transfer Pricing Documentation

Meanwhile, for the Corporate Taxpayer or the company performing related party transactions, the thing that may not be forgotten is the transfer pricing documentation, which as of FY 2016 uses new format. In this case, Taxpayer under specific criteria is obliged to compile a set of transfer pricing documentations consisting of Master File, Local File, and Country by Country (CbC) Report.

The obligation is stated in PMK Number 213/PMK.03/2017 on Types of Documents and/or Additional Information that Must be Kept by Taxpayer Conducting Transactions with Related Party and the Management Procedures. The regulation is then confirmed by Director General of Taxes Regulation Number 29/PJ/2017 on Procedure for Country by Country Report Management issued on 29 December 2017.

There are at least several documents that must be available no later than four months after the end of fiscal year, namely Local File and Master File whose overview should be attached with the tax return. Even, for this year, parent entity or members of business group are also obliged to attach CbC Report Notification and CBC Report Working Paper FY 2016 at the same time with the due date of Corporate Income Tax Return FY 2017 submission.

Regulation Affirmation

After the end of FY 2017, PMK Number 9/PMK.03/2018 on Tax Return was issued. The regulation is the revision to PMK Number 243/PMK.03/2014 on Tax Return. There are at least three Tax Return reporting provision changes.

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 fourteen days to twenty 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.

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 twenty 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 twenty 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 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.

Financial Information Access

Related to the implementation of financial information openness for domestic taxation purpose or international agreement, the Government obliges financial service institution (LJK) to prepare and report its customer's financial account data to Financial Services Authority (OJK) to be forwarded to DGT. The reporting technical can be automatic, specific for finance entity within the category of Reporter Institution, or by request from DGT.

It is true that not all reports have to be submitted together with the Tax Return submission. However, for the domestic taxation purpose, all reporter financial institutions are obliged to submit the customer's financial account data automatically no later than 30 April each year. This also applies for entities within other LJK categories. They are given time up to 30 April each year to report the customer's financial account data for international agreement purpose.

With so many reports obliged to be submitted at almost the same time with the due date of Tax Return reporting, the Taxpayer has to be smart in managing time and arranging strategies so that the intention of implementing taxation compliance can be effective. The short range of time will be a tough compliance test period for the Taxpayer. Therefore, understanding about the provisions and accuracy in preparing the reports are crucial to avoid insignificant technical problem in which the solution cost may be really big.

MUCEVENT

Event Review

MUC Held A Transfer Pricing Seminar

MUC Consulting Group re-held a taxation seminar in Bidakara Hotel, Jakarta on 14 February 2018.

In this seminar, the topic discussed was about basics of transfer pricing and challenge of documentation and reporting of related party transaction pricing policy based on Minister of Finance (MoF) Regulation Number 213/PMK.03/2016.

Partner of Transfer Pricing & International Taxation MUC Wahyu Nuryanto became the keynote speaker in the seminar. Other speakers taking part in this event were Managers & International Taxation MUC, Galih Gumilang and Tigor Mulia Dalimunthe.

Tax Update with MUC

The issuance of several new taxation policies in the last few months requires information and knowledge update for tax practitioners.

In facilitating and providing a discussion forum for the latest taxation information, MUC Consulting Group conducted a seminar entitled Tax Update on 14 March 2018 in Bidakara Hotel, Jakarta.

This took up several newest tax regulations, inter alia, about new provision and completeness of Corporate Income Tax Return (CITR), new procedures for transfer pricing documentation reporting, policy to maintain and report debt to equity ratio (DER) 4:1, and additional obligation of asset reporting for tax amnesty.

Tax Partner of MUC Meydawati was appointed as the main speaker. Meanwhile, the hosts as well as the speakers were Yasmine Tiara and Wila as Assistant Managers of MUC from Tax Advisory and Tax Compliance Divisions.

MUC-Selasar Institute Jointly Discussed About New Rules of Related Party Transaction

Although it has been implemented since 2016, the commitment of Indonesian Government to adopt the Base Erosion and Profit Shifting (BEPS) Action 13 (Country by Country Report) initiated by Organisation for Economic Co-operation and Development (OECD) still brings on many questions and discourses among people in taxation sectors.

It is especially regarding the procedures for transfer pricing reporting and documentation legally governed in MoF Regulation Number 213/PMK.03/2016.

It triggered MUC Consulting Group and Selasar Institute to jointly organize a seminar to facilitate a discussion between tax practitioners and observers about transfer pricing policy.

The seminar held on 15 March 2018 re-presented Wahyu Nuryanto, Partner of Transfer Pricing and International Taxation MUC Consulting Group as the keynote speaker. Meanwhile, the MCs as well as the speakers in this event were Manager & International Taxation MUC Consulting Group, Galih Gumilang, Tigor Mulia Dalimunthe and Zulhanief Matsani.

MUC TAX RESEARCH INSTITUTE

Taxpayer's Financial Data Transparency

Indonesian Government expands the coverage of financial information access for the domestic taxation interest and international taxation data exchange agreement. Almost all of financial entities must report their customers' accounts to the tax authority, either automatically or by request.

Financial Information Access

INTERNATIONAL AGREEMENT

- Foreign Nationals
- Inheritance of Foreign Nationals
- Foreign Non-Go-Public Entity (minimum balance of USD250,000)
- Group Non-Go-Public Entity (minimum balance of USD250,000)
- Passive Non-Financial Entity
- Collective Investment Contract

NATIONAL TAXATION INTEREST

- Indonesian and Foreigner (minimum balance of IDR1 billion)
- National and Foreign Entities
- Insurance Premium (minimum of IDR1 billion)
- Investment Portfolio (Custodian/Investment Institution)
- Individual/Controller of Dual Resident Entities

BANKING
Commercial Bank
Rural Bank

(*including sharia)

CAPITAL MARKET
Broker-dealer
Investment Manager
Custodian Bank

INSURANCE
General Insurance
Life Insurance
Reinsurance
Others
(*including sharia)

OTHER INSTITUTIONS
Microfinance Institution
Futures Broker
Saving and Loan Cooperative

NON-REPORTING ENTITY
Governmental Entity
International Organization
Central Bank
Pension Fund
Excluded Collective Investment Contract
Trust
Other Institutions

Note:
Automatic Report (solid line)
By-request Report (dotted line)

Automatic Report
Financial Account Holder Identity
Financial Account Number
Reporting Financial Institution Identity
Balance/Value of Financial Account
Incomes related to Financial Account
Etc.

By Request Report
Requested Information, Evidence, and Explanation

DEADLINE

International

End of year balance			
31 December	30 April	1 August	31 August
Basis of reporting	Financial Service Institutions (LJK) & other entities to report to Directorate General of Taxes (DGT)	LJK to report to Financial Services Authority (OJK)	OJK to report to DGT

Domestic

30 April: Reporting LJK to report to DGT

***Deadline for on-request reporting: 1 month after the request letter is received**