

Supporting BPJS Kesehatan, the Scope of Pre-Audit Refund Recipients Expands

The government expands the criteria of VAT-Registered Persons with low risks who can propose the pre-audit refund of a tax overpayment. Regarding this issue, the criteria of Taxpayers considered having low risks increase to eight criteria of VAT-Registered Persons, from previously only five criteria.

The updated criteria of Taxpayers included in the list of low-risk VAT-Registered Persons are pharmaceutical wholesalers, medical device distributors, as well as the subsidiaries of State-Owned Enterprises and Local Government-Owned Enterprises with the share ownership above 50%. The expansion of the criteria of VAT-Registered Persons with low risks who can submit the pre-audit refund is stated in Minister of Finance (MoF) Regulation Number 117/PMK.03/2019 on Procedures for Advance Tax Overpayment Refund.

Such regulation, effective since 19 August 2019, is the revision to MoF Regulation Number 39/PMK.03/2018, which previously mentioned six types of VAT-Registered Persons who can get the facility. The six criteria of low-risk VAT-Registered Persons firstly determined are (1) the companies whose shares are traded in the stock exchange in Indonesia; (2) State-Owned Enterprises and Local Government-Owned Enterprises; (3) VAT-Registered Persons who have been verified as a main customs partner; (4) Authorized Economic Operators; (5) manufacturers or producers that perform production activities; and (6) VAT-Registered Persons who meet certain requirements.

The goals of the extension of the criteria of VAT-Registered Persons with low risks who can apply for pre-audit refunds are to boost the National Health Insurance program and facilitate the liquidity of the Taxpayers who conduct transactions with the collectors of Value Added Tax (VAT).

According to the government, the pharmaceutical wholesalers and medical device distributors frequently transact with the state hospitals partnering with BPJS Kesehatan. By accelerating the VAT refund, the liquidity of the pharmaceutical wholesalers and medical device distributors will be eased, and in the end this scheme supports the National Health Insurance program.

Criteria of Low-Risk VAT-Registered Persons	
1	The companies whose shares are traded in the stock exchange in Indonesia
2	State-Owned Enterprises and Local Government-Owned Enterprises
3	VAT-Registered Persons verified as a main customs partner
4	Those determined as an Authorized Economic Operator
5	Manufacturers or producers performing production activities
6	VAT-Registered Persons meeting certain requirements
7	Pharmaceutical wholesalers
8	Medical device distributors
9	The subsidiaries of State-Owned Enterprises and Local Government-Owned Enterprises with the share ownership above 50%, which are supported with consolidated financial report

Terms and Conditions

However, the pharmaceutical wholesalers qualified to obtain pre-audit refunds should own a pharmaceutical distribution certificate or pharmaceutical wholesaler license as well as good medicine distribution practice certificate. The issuance of these documents should refer to the regulation and legislation on pharmaceutical wholesalers.

The same applies to medical device distributors, the requirement that should be fulfilled to obtain pre-audit refunds is by having a medical device distribution certificate or medical device distributor license as well as good medical device distribution practice certificate.

MoF Regulation Number 117/PMK.03/2019 also describes in detail the basis of the stipulation of low-risk VAT-Registered Persons. First, the stipulation is made based on the request submitted by VAT-Registered Persons. Second, the stipulation is made ex officio by the officials of Directorate General of Taxes (DGT).

The application of VAT-Registered Persons with low risks is proposed by Taxpayers to the Tax Office where they are stipulated as VAT-Registered Persons by enclosing supporting documents. Based on such request, DGT will conduct a review—before making a decision to accept or reject it—15 (fifteen) days, at the latest, after the application is received.

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