

## Key Points of PMK 23/ PMK.03/2020

### Ministry of Finance Decree no. 23/PMK.03/2020 on Tax Incentives for Taxpayer who are Affected by Coronavirus Pandemic

Established on 21<sup>st</sup> of March 2020, enacted on 23<sup>rd</sup> of March 2020, entry into force on 1<sup>st</sup> of April 2020

#### Background

Prompt actions against the massive and significant impact of Corona Virus on global economy.

#### Purpose

- Keeping the stability of economic growth, purchasing power of people and productivity of certain sectors in relations to Coronavirus pandemic.
- Supporting the management of Corona Virus impacts

#### Four Tax Incentives to Address Economic Impact of COVID-19

Regulation	Related Sector	Impact
1. Income tax art.21 <b>Borne by Government</b> for 6 months for employee with gross income not more than IDR 200m.	<ul style="list-style-type: none"><li>- Certain manufacturing sector (<b>440 business classification/KLU</b>)</li><li>- Ease of Import for Export Purpose Taxpayer (WP KITE)</li><li>- Ease of Import for Export Purpose Small &amp; Medium Industr Taxpayer (WP KITE IKM)</li></ul>	Giving additional income for workers in production industries to maintain purchasing power.
2. <b>Exemption</b> of Income Tax art. 22 on Import for 6 months.	<ul style="list-style-type: none"><li>- Certain manufacturing sectors (<b>102 KLU</b>)</li><li>- WP KITE</li><li>- WP KITE IKM</li></ul>	Stimulus for the intended industry to maintain their import rate.
3. <b>Reduction</b> of Income Tax art. 25 by 30% for 6 months	<ul style="list-style-type: none"><li>- Certain manufacturing sectors (<b>102 KLU</b>)</li><li>- WP KITE</li><li>- WP KITE IKM</li></ul>	Economic stability in the country could be maintained and expecting increase in export.
4. VAT refunds is <b>sped up</b> for 6 months for: <ul style="list-style-type: none"><li>- Exporter (without limitation)</li><li>- Non-exporter (max. restitution value of 5 billion)</li></ul>	<ul style="list-style-type: none"><li>- Certain manufacturing sectors (<b>102 KLU</b>)</li><li>- WP KITE</li><li>- WP KITE IKM</li></ul>	Taxpayer will be more effective in cash management.

#### Procedures

- A. Income Tax art. 21 Borne by Government
  1. Employer to deliver written notice to the Head of the registered tax office. Incentive will apply from tax period of the notice until September 2020.
  2. (only for WP KITE) Employer to attach Ministry of Finance Decree on the appointment of companies to receive Ease of Import and Export Purpose facilities.

3. Employer must **deliver a Realisation Report of Income Tax art. 21 Borne by Government** to the Head of the registered tax office.
  4. Based on Income Tax art. 21 Borne by Government, Tax Payment Slip/printed billing code must be created with stamp/letter of employer and attached to the report.
  5. The report must be submitted by:
    - July 20, 2020 (tax period of April – June 2020)
    - October 20, 2020 (tax period of July – September 2020)
- B. Income Tax art.22 on Import
1. Submitting the Notice of Tax Exemption request to the Head of tax office which the central taxpayer is registered.
  2. (only for WP KITE) Employer to attach Ministry of Finance Decree on the appointment of companies to receive Ease of Import and Export Purpose facilities.
  3. Exemption will apply from the issuance of the Notice of Tax Exemption until 30<sup>th</sup> of September 2020.
  4. Taxpayer must deliver **a Realisation Report on the Exemption of Income Tax art. 22 on Import every 3 months** to the Head of Tax Office.
  5. The report must be submitted by:
    - 20<sup>th</sup> of July 2020 (tax period of April – June 2020)
    - 20<sup>th</sup> of October 2020 (tax period of July – September 2020)
- C. Income Tax art.25
1. Taxpayer submits a written notice on the reduction of Income Tax art.25 to the Head of the registered Tax Office. Tax reduction is applied from the tax period of the notice until September 2020.
  2. Taxpayer must **deliver a Realisation Report on the Reduction of the installment amount for Income Tax art. 25 every 3 months** to the head of Tax Office.
  3. The report must be submitted by:
    - 20<sup>th</sup> of July 2020 (tax period of April – June 2020)
    - 20<sup>th</sup> of October 2020 (tax period of July – September 2020)
- D. VAT refunds
1. Taxpayer who mee the criteria can submit Periodic Tax Return during the period of VAT Overpayment.
  2. Early tax refund will be given based on the tax overpayment as low risk taxable employer.
  3. Periodic Tax Return of VAT period that is applicable for early tax refund include the **Tax Period since the enactment of this Ministry of Finance Decree, until tax period of September 2020**, and submitted by 31<sup>st</sup> of October 2020 at the latest.