

**SUMMARY OF MINISTRY OF FINANCE REGULATION NO. PMK 23/PMK.03/2020
ON TAX INCENTIVES FOR TAXPAYERS AFFECTED BY THE PLAGUE OF CORONA VIRUS**

No.	Types of Tax Incentives	Explanation to the Tax Incentives
1.	Income Tax Art. 21 <i>(Article 2 - 5)</i> Relevant appendix: - Appendix A - E	<p>1. The Government will provide tax facility in the form of "Income Tax Art. 21 Borne by Government" [PPh Pasal 21 Ditanggung Pemerintah ("DTP")] for the tax months of April - September 2020 (Masa April-September 2020) from income received by employees who:</p> <ul style="list-style-type: none"> - Receive income from employer who has certain Business Classification (Klasifikasi Lapangan Usaha ("KLU")), as listed in Appendix A, and such KLU must also have been stated in the 2018 Corporate Income Tax Return (CITR); and/or <p>Receive income from employer who is declared as a company granted with Import Facility for Export Purpose [Kemudahan Impor Tujuan Ekspor ("KITE") (Attach Appendix C with the MoF Decree stating the company is granted with KITE);</p> <ul style="list-style-type: none"> - Have a Tax ID Number; and - Receive an annualized income (routine income) not exceeding IDR 200 million (regular gross income approximately IDR 16,7 million per month). The granting of this incentive does not apply to Religious Bonus/Allowance (THR), although the total of annualized income does not exceed IDR 200 million (see example III Appendix B). <p><i>*) For the Business Classification of your own company, please refer to the copy of Tax Registration Certificate (SKT) or VAT Entrepreneur Registration Certificate (SPPKP) issued by the Tax Service Office where your company is registered.</i></p> <p>2. This Income Tax Borne by Government should be paid to the employees, and not be included as taxable income of the employees.</p> <p>3. To utilize the incentive, the employer who has fulfilled the criterion (as mentioned above), must submit a NOTIFICATION in the form of Appendix C.</p> <p>4. If the employer is not eligible, the Head of Tax Office must issue a notification of rejection within 5 (five) working days (Appendix D).</p> <p>5. The employer must submit a Report of Realization of Income Tax Art. 21 Borne by Government (Appendix E).</p> <p>6. The amount of Income Tax Art. 21 Borne by Government must be stated in the ID Billing and stamped with statement "PPh PASAL 21 DITANGGUNG PEMERINTAH EKS PMK NOMOR 23/PMK.03/2020" by the employer.</p>

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		7. Report of Realization (Appendix E) must be attached with the ID Billing (as mentioned in no. 6 above) and submitted by no later <ul style="list-style-type: none"> - July 20, 2020, for the tax month of APRIL - JUNE 2020; - October 20, 2020, for the tax month of JULY - SEPTEMBER 2020.
2.	Income Tax Art. 22 <i>(Article 6)</i> Relevant appendix: - Appendix F - J	1. Exemption of Income Tax Art. 22 on Import is given by the issuance of Tax Exemption Letter [Surat keterangan Bebas ("SKB")] for the following companies: <ul style="list-style-type: none"> - Those who have KLU as stated in Appendix F, which KLU must also have been stated in the 2018 CITR; and/or Those who have been declared as a company granted with KITE. (Attach the MoF Decree stating the company is granted with KITE). <p><i>*) For the Business Classification of your own company, please refer to the copy of Tax Registration Certificate (SKT) or VAT Entrepreneur Registration Certificate (SPPKP) issued by the Tax Service Office where your company is registered.</i></p> 2. The application for the above SKB must be submitted by the company in the form of Appendix G . 3. The Tax Service Office must issue either an approval (Appendix H) or rejection to the application (Appendix I) within 3 (three) working days. The SKB is valid from the issuance date until September 30, 2020. 4. Taxpayers who receive the SKB must submit Realization Report on Tax Exemption of Income Tax Art. 22 once in every 3 (three) months (see Appendix J). 5. The Realization Report on Tax Exemption of Income Tax Art. 22 must be submitted by no later than: <ul style="list-style-type: none"> - July 20, 2020, for the months of APRIL - JUNE 2020; - October 20, 2020, for the months of JULY - SEPTEMBER 2020.
3.	Installment of Income Tax Art. 25 <i>(Article 7 - 10)</i>	1. The Government grants a 30% reduction on Installment of Income Tax Art. 25 for the tax months of April - September 2020 for the following Taxpayers: <ul style="list-style-type: none"> - Those who have KLU as stated in Appendix F, which KLU must also have been stated in the 2018 CITR; and/or Those who have been declared as a company granted with KITE (Attach Appendix C with the MoF Decree stating the company is granted with KITE). <p><i>*) For the Business Classification of your own company, please refer to the copy of Tax Registration Certificate (SKT) or VAT Entrepreneur Registration Certificate (SPPKP) issued by the Tax Service Office where your company is registered.</i></p>

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	<p>Relevant appendix: - Appendix C - Appendix D - Appendix F - Appendix K - Appendix L</p>	<p>2. In order to utilize this incentive, the Taxpayer must submit a notification to the Tax Service Office (Appendix C). For the example of reduction of Income Tax calculation for each Taxpayer category, please see Appendix K.</p> <p>3. If the Taxpayer does not fulfill the above criterion, the Head of Tax Service Office will issue a rejection letter within 5 (five) working days after receiving the notification (Appendix D).</p> <p>4. Taxpayers utilizing this incentive must submit a Realization Report of Income Tax Art. 25 Reduction (Appendix L).</p> <p>5. The Realization Report of Income Tax Art. 25 Reduction must be submitted by no later than: - July 20, 2020, for the months of APRIL - JUNE 2020; - October 20, 2020, for the months of JULY - SEPTEMBER 2020.</p>
4.	<p>Preliminary Restitution from VAT Return with Overpayment (Article 11)</p> <p>Relevant appendix: - Appendix F</p>	<p>1. The facility of preliminary VAT restitution on VAT Return with overpayment at the amount not exceeding IDR 5 Billion for VAT Entrepreneurs considered as low risk (according to Art. 9 Par. 4c VAT Law) is to be given for the following VAT Entrepreneurs:</p> <ul style="list-style-type: none"> - Those who have KLU as stated in Appendix F, which KLU must also have been stated in the 2018 CITR; and/or Those who have been declared as a company granted with KITE (Attach the MoF Decree stating the company is granted with KITE). <p><i>*) For the Business Classification of your own company, please refer to the copy of Tax Registration Certificate (SKT) or VAT Entrepreneur Registration Certificate (SPPKP) issued by the Tax Service Office where your company is registered.</i></p> <p>2. The facility is given for VAT Returns (including amendments) for the months of April - September 2020 that are submitted by October 31, 2020 at the latest.</p> <p>3. VAT Entrepreneurs do not need to submit an application for them to be considered as low-risk. Moreover, the Directorate of General of Taxation ("DGT") does not need to declare the taxpayers as low-risk as long as the KLU and/or the KITE status is still valid.</p> <p>4. The restitution procedures refer to Ministry of Finance Regulation No. PMK 39/PMK.03/2018 as amended by Ministry of Finance Regulation No. PMK 117/PMK.03/2019.</p> <p><u>What needs to be considered is although the VAT Entrepreneur is given a preliminary restitution, DGT may still perform tax audit in the future (Article 9 Paragraph (4e) and (4f) VAT Law).</u></p>