

**SUMMARY OF MINISTRY OF FINANCE REGULATION NO. PMK 44/PMK.03/2020 ("PMK 44")
ON TAX INCENTIVES FOR TAXPAYERS AFFECTED BY THE PLAGUE OF CORONA VIRUS
AS THE REPLACEMENT OF PMK 23/PMK.03/2020 ("PMK 23 ")**

No.	Types of Tax Incentives	Explanation to the Tax Incentives
1.	<p>Income Tax Art. 21 (Article 2 - 4)</p> <p><i>Relevant appendix: - Appendix A - E</i></p>	<p>1. The Government will provide tax incentive 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 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) OR should be according to tax administration masterfile for Taxpayers who are registered after 2018 or for Government Institution; <p>Receive income from employer who is declared as a company granted with Import Facility for Export Purpose [Kemudahan Impor Tujuan Ekspor ("KITE")] (must attach the KITE Decree); OR</p> <p>Received income from employer who has obtained a Bonded Zone Operator permit, a Bonded Zone Entrepreneur license, or Entrepreneur-Operator in Bonded Zone (PDKB) permit (must attach the Minister of Finance Decree).</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. There are 1.062 KLU applicable for this incentive from previously only 440 KLU.</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</p> <p>3. To utilize this incentive, the employer who has fulfilled the criterion (as mentioned above), must file a NOTIFICATION in the form of Appendix C via online in certain channel on www.pajak.go.id.</p>

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		<p>4. If the employer is not eligible, the Head of Tax Office must issue a notification of rejection (Appendix D).</p> <p>5. The employer must file a Report of Realization of Income Tax Art. 21 Borne by Government (Appendix E) via online in certain channel on www.pajak.go.id.</p> <p>6. The amount of Income Tax Art. 21 Borne by Government must be stated in the tax payment slip (SSP) or ID Billing, which is stamped with statement "PPh PASAL 21 DITANGGUNG PEMERINTAH EKS PMK NOMOR 44/PMK.03/2020" by the employer.</p> <p>7. Report of Realization (Appendix E) must be attached with the ID Billing (as mentioned in no. 6 above) and filed by no later than the 20th of the following month after the tax period ends.</p>
2.	<p>Final Income Tax for micro small medium enterprises (UMKM)</p> <p><i>(Article 5 - 8)</i></p> <p>Relevant appendix:</p> <ul style="list-style-type: none"> - Appendix F - Appendix G - Appendix H 	<p>1. The 0,5% Final Income Tax Borne by the Government Incentive [PPh Final Ditanggung Pemerintah ("DTP")] for the tax months of April - September 2020 is given to Taxpayers with certain gross turnover and are subject to Income Tax Final 0,5% based on Government Regulation No. 23 Year 2018 with below criterion:</p> <ul style="list-style-type: none"> - Submit an application for Exemption Letter ("SKB") online on www.pajak.go.id (including Taxpayers who already have SKB before this PMK 44 applies); - SKB (Appendix G) must be available before the Realization Report is filed; and - File a Realization Report (Appendix H) of Final Income Tax Borne by the Government via online on www.pajak.go.id by no later than the 20th of the following month after the tax period ends (must attach SSP or printed Billing ID with a special stamp on it). <p>2. If the Taxpayer has filed the application for SKB to the Tax Office before this PMK 44 applies, but the decision has not yet been issued, then the Tax Office informs the Taxpayers to re-submit the application online on www.pajak.go.id.</p>

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		<p>3. After the September 30, 2020, the SKB which has been issued under PMK 44 can be used to implement the incentive provided in the PMK governing the implementation of Government Regulation No. 23 Year 2018.</p> <p>4. For Tax Withholder or Collector, if SKB has been validated by the DGT website www.pajak.go.id, then the Tax Withholder or Collector does not withhold or collect income tax at the time of payment.</p> <p>5. The amount of Final Income Tax Borne by Government must be stated in the SSP or ID Billing, and the SSP or ID Billing must be stamped with statement "PPh Final DITANGGUNG PEMERINTAH EKS PMK 44/PMK.03/2020" by the Tax Withholder or Collector. This SSP or ID Billing must be attached to the Realization Report.</p> <p>6. For the technical procedure for filing an application for SKB, and for validating SKB by Tax Withholder or Collector, please refer to DGT Circular Letter No. SE-29/PJ/2020 regarding the Technical Guideliness for the Implementation of PMK 44.</p>
3.	<p>Income Tax Art. 22 from Import (Article 9) (Article 9)</p> <p>Relevant appendix: - Appendix I - M</p>	<p>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:</p> <ul style="list-style-type: none"> - Those who have KLU as stated in Appendix I, which KLU must also have been stated in the 2018 CITR OR should be according to tax administration masterfile for Taxpayers who are registered after 2018; - Those who have been declared as a company granted with KITE (must attach the KITE Decree); or - Those who have obtained a Bonded Zone Operator permit, a Bonded Zone Entrepreneur license, or Entrepreneur-Operator in Bonded Zone (PDKB) permit, when releasing goods from Bonded Zone to Other Places in Custom Area (must attach the Minister of Finance Decree). <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. There are 431 KLU applicable for this incentive from previously only 102 KLU.</i></p> <p>2. The application for the above SKB must be filed online in certain channel on www.pajak.go.id in the form of Appendix J.</p>

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		<p>3. The Tax Service Office issues SKB in the form of Appendix K or Rejection Letter in the form of Appendix L if the Taxpayer does not fulfil the above criterion. The SKB is valid from the issuance date until September 30, 2020.</p> <p>4. Taxpayer who receives the SKB must file Realization Report on Tax Exemption of Income Tax Art. 22 once in every 3 (three) months via online in certain channel on www.pajak.go.id using the format of Appendix M.</p> <p>5. The Realization Report on Tax Exemption of Income Tax Art. 22 must be filed by no later than:</p> <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.
4.	<p>Installment of Income Tax Art. 25 <i>(Article 10 - 13)</i></p> <p>Relevant appendix:</p> <ul style="list-style-type: none"> - Appendix C - Appendix D - Appendix N - Appendix O - Appendix P 	<p>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:</p> <ul style="list-style-type: none"> - Those who have KLU as stated in Appendix N, which KLU must also have been stated in the 2018 CITR OR should be according to tax administration masterfile for Taxpayers who are registered after 2018; - Those who have been declared as a company granted with KITE; and - Those who have obtained a Bonded Zone Operator permit, a Bonded Zone Entrepreneur license, or Entrepreneur-Operator in Bonded Zone (PDKB) permit. <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. There are 846 KLU applicable for this incentive from previously only 102 KLU.</i></p> <p>2. In order to utilize this incentive, Taxpayer must file a notification via online in certain channel on www.pajak.go.id in the form of Appendix C. For the sample calculation of reduction of Income Tax Art. 25 for each Taxpayer category, please see Appendix O.</p>

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		<p>3. This incentive is effective from the tax period of when the notification is filed until the tax period of September 2020.</p> <p>4. If the Taxpayer does not fulfill the above criterion, the Head of Tax Service Office will issue a rejection letter (Appendix D).</p> <p>5. Taxpayer utilizing this incentive must file Realization Report on reduction on Installment of Income Tax Art. 25 once in every 3 (three) months via online in certain channel on www.pajak.go.id (Format in Appendix P).</p> <p>6. The Realization Report of Income Tax Art. 25 Reduction must be filed by no later than:</p> <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.
5.	<p>Preliminary Restitution from VAT Return with Overpayment <i>(Article 14)</i></p> <p>Relevant appendix: - Appendix I</p>	<p>1. The incentive 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 I, which KLU must also have been stated in the 2018 CITR (Normal or Amendment) OR should be according to tax administration masterfile, for Head Office Taxpayer who has not reported or does not have the obligation to report CITR FY 2018. This requirement applies for Head Office and Branch Taxpayer; - Those who have been declared as a company granted with KITE (attach KITE Decree); or - Those who have obtained a Bonded Zone Operator permit, a Bonded Zone Entrepreneur license, or Entrepreneur-Operator in Bonded Zone (PDKB) permit (must attach the Minister of Finance Decree). <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. There is 431 KLU applicable for this incentive from previously only 102 KLU.</i></p>

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		<p>2. This incentive is given for VAT Returns (including amendments) for the tax months of April - September 2020 that are filed by October 31, 2020 at the latest.</p> <p>3. VAT Entrepreneurs do not need to file an application for them to be considered as low-risk. Moreover, the Directorate General of Taxation ("DGT") does not need to declare the taxpayers as low-risk as long as the KLU is correct, the KITE status is still valid, and/or Bonded Zone Operator permit/Bonded Zone Entrepreneur license/PDKB permit is still valid at the time of filing of the VAT Return with restitution request.</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><i>What needs to be considered is although the VAT Entrepreneur is given a preliminary restitution, <u>DGT may still perform tax audit in the future</u> (Article 9 Paragraph (4e) and (4f) VAT Law).</i></p>

Transitional Provisions:

- a. For Taxpayers who:
 - file notification of the utilization of Income Tax Article 21 DTP incentive and/or reduction of Income Tax Article 25 installment based on PMK 23, and/or
 - file application or have received SKB of Income Tax Art. 22 of Import based on PMK 23;
 do not need to re-file notification and / or application based on PMK 44.
- b. Taxpayers who have been approved to utilize Income Tax Article 21 DTP incentive, Exemption of Income Tax Art 22 from Imports, Income Tax Article 25 reduction, and or preliminary Restitution from VAT Return with Overpayment based on PMK 23, can still utilize such incentives.

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Related Regulations:

- a. Ministry of Finance Regulation No. PMK 44/PMK.03/2020 regarding Tax Incentives for Taxpayers Affected by the Plague of Corona Virus*
- b. Directorate General of Taxation Press Release No. SP-19/2020*
- c. Director General of Tax Circular Letter No. SE-29/PJ/2020 regarding Technical Guideliness for the Implementation of PMK 44*

Previous Regulations:

- a. Ministry of Finance Regulation No. PMK 23/PMK.03/2020 regarding Tax Incentives for Taxpayers Affected by the Plague of Corona Virus*