

Covid-19 and tax

Time extension clarified

In response to the covid-19 outbreak, Government Regulation in Lieu of Law ("PERPU 1") takes the policy of, among others, extending the law-provided time for the performance of certain tax rights and obligations which otherwise would come due in the State of Emergency Disaster (SCED) period established by the National Agency for Disaster Prevention (BNPB).

Our ITNH No. 04/2020 issued on 2 April 2020 assumed that the SCED period extends from 28 January to 29 May 2020, covering the first-established period (28 January-28 February 2020) and the period extension set out in BNPB Decision No. 13.A/2020 (29 February-29 May 2020).

The Director General of Taxation, through circular letter No. SE-22/PJ/2020 issued on 9 April 2020 (SE-22), clarified that the SCED period referred to by PERPU 1 should extend only from **29 February-29 May 2020**. SE-22 asserts that only specified tax affairs which otherwise come due in 29 February-29 May 2020, referred to as "force majeure" period therein, qualify for the law-provided time extension. How the rule should be implemented, as reflected in several examples, is set out below.

Tax affairs	Remarks
1. Tax objection submission	<ul style="list-style-type: none">By default, a taxpayer has three months of the receipt of a tax assessment letter (or other documents) to file an objection to the tax assessment letter with the DGT.If the three-month period ends in the SCED period, it is automatically extended for 6 months of the otherwise due date, resulting in the total submission time of 9 months of the receipt of the pertinent tax assessment letter.
2. Overpaid tax repayment	<ul style="list-style-type: none">Based on Art. 11(2) of the Tax Administration Law, the DGT has to pay within a month of the issuance of the pertinent decision letter (SKPKB, Tax Objection Decision Letter, etc.) the tax overpayment covered in that decisions.If the one-month period ends in the SCED period, it is automatically extended for a month of the otherwise due date, resulting in the total submission time of 2 months of the issuance of the pertinent decision letter.
3. Issuance of a tax	<ul style="list-style-type: none">Pursuant to an application of tax refund based on Art. 17B of Tax Administration Law, the DGT has to issue a decision on the

Tax affairs	Remarks
assessment letter pursuant to a tax refund request	<p>application (tax assessment letter) within 12 months of the application filing.</p> <ul style="list-style-type: none"> If the 12-month period ends in the SCED period, it is automatically extended for six months of the otherwise due date, resulting in the total submission time of 18 months of the application filing.
4. Issuance of the DGT tax objection decision letter	<ul style="list-style-type: none"> By default the DGT has to issue a decision letter on the objection submitted to it within 12 months of the objection filing. If the 12-month period ends in the SCED period, it is automatically extended for six months of the otherwise due date, resulting in the total submission time of 18 months of the application filing. By way of examples, specific arrangements are provided where the objection process has reached a certain stage.
5. Issuance of DGT decision on certain taxpayer requests	<ul style="list-style-type: none"> The DGT has to issue a decision letter on certain requests designated by Art. 36(1) of the Tax Administration Law within 6 months of the request filing. These include requests for administration penalty write off, reduction or cancellation of an incorrect tax assessment, and cancellation of tax audit results. If the six-month period ends in the SCED period, it is automatically extended for six months of the otherwise due date, resulting in the total submission time of 12 months of the request filing.

Covid-19

Tax facilities granted for certain goods and services

The Government provides tax facilities embedded in certain goods or services required for the handling of covid 19 imported, acquired, or made use by certain bodies (government institutions, hospitals, and other parties) tasked for covid 19 handling in April-September 2020. The tax facilities include:

- Non-VAT collection
- Government-borne VAT
- Art. 22 income tax exemption
- Art. 23 income tax exemption.

The goods and services designated for the tax facilities include:

- medicine
- vaccine
- laboratory equipment
- detecting equipment
- self-protection equipment
- patient care equipment and/ or
- other supportive equipment which needed in handling Covid 19
- construction service
- consultancy, technic and management service,
- rental service
- other service which required to handle the Covid 19

Either the designated bodies or domestic parties which supply the specified goods to the designated bodies have to go through some administration procedures to get the facilities.

Please contact your usual contact at PreciousNine for further explanation or assistance.

PT PreciousNine Consulting

Cyber 2 Tower, 18th Floor
Jl. HR Rasuna Said Blok X-5 Kav. 13,
Jakarta Indonesia
Phone: +62 21 5799 8778, +62 21 2935 2500

Your PreciousNine Contacts

Anindita Hayuningtyas
anindita.hayuningtyas@preciousnine.com

Dian Kusuma
dian.kusuma@preciousnine.com

Fillyanto Sembiring
fillyanto.sembiring@preciousnine.com

Inge Jahja
inge.jahja@preciousnine.com

Lili Tjitadewi
lili.tjitadewi@preciousnine.com

Lina Rosmiana
lina.rosmiana@preciousnine.com

Martias
martias@preciousnine.com

Nandha
nandha@preciousnine.com

Noviana Tan
noviana.tan@preciousnine.com

Nuryadi Mulyodiwarno
nuryadi.mulyodiwarno@preciousnine.com

Randy Adirosa
m.adirosa@preciousnine.com

Robertus Winarto
robertus.winarto@preciousnine.com

The information in this publication is intended as a general update on particular issues for our partners, staff, and selected clients. Though every care has been taken in the preparation of this publication, no warranty is given regarding the correctness of the information covered herein and no liability is accepted for any misstatement, error, or omission. When a problem arises in practice, specific advice may need to be sought and reference to the relevant regulations may be required.