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## Covid-19 and annual tax compliance Simplified filing allowed instead of extra extension

With the covid-19 *force majeure* still hanging, a question has been around on whether the Director General of Taxation (DGT) will extend the time to submit the 2019 annual corporate income tax return (CITR) after allowing a one-month extension for individual income tax returns (IITR) in late March. This question is relevant for taxpayers with financial year ended on 31 December 2019.

It was finally confirmed by the DGT in a press conference held on 18 April, and further elaborated on DGT Reg. PER-06/PJ/2020 (PER 06), that no such an extension will be granted for CITR, stating that a relaxation on what documents to be submitted by 30 April will be allowed instead. The relaxation will also apply to individual taxpayers who maintain books for their business and are bound to file individual income tax returns (Form 1770) by 30 April pursuant to the one-month extension.

With certain conditions, including online filing (e-filing), you need to submit only a minimum set of documents for your CITR or IITR **by 30 April 2020** without risking late filing:

For CITR Filing:

- Form 1771 along with the main attachments: Forms 1771-I, 1771-II, 1771-III, 1771-IV, 1771-V, and 1771-VI;
- Transcript of financial statements elements as a tentative replacement of the your financial statements; and
- Tax payment slips where your CITR results in an underpayment.

IITR Filing:

- Form 1770 along with the main attachments: Forms 1770-I, 1770-II, 1770-III, and 1770-IV;
- A simplified financial statement (balance sheet); and
- Tax payment slips where your IITR results in an underpayment.

To make use of the relaxation facility, you need to satisfy the following conditions:

- Notifying the DGT through [www.pajak.co.id](http://www.pajak.co.id) your intention to use the facility before submitting your annual tax return; and

- Completing the missing documents, i.e. all other documents required beyond the minimum set of documents referred to above by **30 June 2020** through an annual tax return revision.

Please note that the relaxation facility is only applicable for e-filing. In this regard, you can put your digital signature on your CITR or ITR, which could be in the forms of either an electronic certificate issued by a recognized institution or the DGT or a verification code issued by the DGT, or other electronic documents determined by DGT.

For CITR filing, if you cannot provide even the minimum set of documents as stated above by 30 April, as an alternative to the relaxation facility, you may pursue the normal mechanism for extending the CITR submission time for a maximum of 3 months by filing Form 1771Y. Even so, you have to file the Form 1771Y no later than 30 April 2020.

There are a couple of advantages by filing your CITR with relaxation facility. First, you can use the upcoming lower income tax rate (22%) to calculate your monthly Article 25 income tax (PPh 25) for April 2020 onward rather than stick on the December 2019 amount based on the current tax rate (25%). If you are eligible for the 30%-reduction of PPh 25 provided by PMK 23, you can apply immediately the incentive from April up to September 2020.

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

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