Tax Supervision in a New Era: Why PMK 111/2025 Deserves Executive Attention

The shifting risk landscape before the audit stage

Indonesia Tax News
Highlight
No. 01/2026 | 10 Feb 2026

PRECIOUS CONSULTING 9

For many companies, tax matters already consume a significant amount of time and management attention. Complex obligations, frequent regulatory changes, and growing administrative requirements mean that any new regulation—regardless of its underlying intent—is often perceived as additional work and psychological burden. PMK 111/2025 is no exception.

Supervisory practices such as requests for clarification of data and information (commonly known as SP2DK) have long been part of the Indonesian tax landscape. In practice, however, procedures and levels of formality have varied considerably. Through PMK 111/2025, the supervision process is now standardized and formalized, making the stages, taxpayers' rights and obligations, and possible follow-up actions clearer. For businesses, this clarity is important, even though it simultaneously requires greater internal discipline and coordination.

1. PMK 111/2025 from a Corporate Governance Perspective

PMK 111/2025 confirms that tax supervision is not an incidental event, but a structured administrative process. Requests for clarification, notices, discussions, and site visits are now placed within a clear framework, supported by formal documentation.

Supervision is driven by data and information held by the Directorate General of Taxes (DGT), which is then compared against a taxpayer's compliance position. From a corporate perspective, this means that even minor data discrepancies may become points of clarification. In practice, supervision rarely feels "neutral"; it is often perceived as an exercise to identify potential errors, even though it does not always result in tax adjustments.

Precisely because of this character, PMK 111/2025 is better understood as a corporate governance issue, rather than a purely technical tax matter. Data consistency, readiness of explanations, and internal coordination are critical to preventing the supervision process from escalating further.

2. Time Discipline, the Running Clock, and Internal Ownership

One of the most critical—and often most stressful—aspects of tax supervision is response deadlines. PMK 111/2025 regulates these timelines in a specific manner, depending on the type of supervisory action.

For a Request for Clarification of Data and/or Information (P2DK), taxpayers are given 14 calendar days to respond. Calendar days mean that weekends and public holidays are included. An additional maximum of 7 calendar days may be granted through written notification, which must be submitted before the initial 14-day period expires. For a Notice (*Imbauan*), the response period is 14 calendar days, with no possibility of extension. Meanwhile, a Warning (*Teguran*) does not stipulate an explicit response deadline, but requires heightened attention because it specifically points to tax obligations that, in the DGT's view, have not been fulfilled.

Another point that is often overlooked is when the clock actually starts ticking. Under PMK 111/2025, time may begin to run from the moment a letter becomes available in the taxpayer's online account, an email is sent to the registered address, or a physical letter is delivered. In this context, the greatest risk is often not the tax issue itself, but administrative delay. Daily monitoring of the taxpayer's online account should therefore be seen as a practical governance measure, ensuring that valuable response time is not lost simply due to missed or late notifications.

3. Three Types of Supervisory Actions: Criticality and Consequences

Under PMK 111/2025, tax supervision may take the form of three main actions: Requests for Clarification (P2DK), Notices (Imbauan), and Warnings (Teguran). The key distinction among them lies in their response timelines and level of criticality, which ultimately determine how taxpayers should respond in a proportionate manner.

P2DK and Notices serve as mechanisms for clarification and encouragement of compliance. Both may lead to significant administrative follow-up actions, including changes to or revocation of taxpayer status (such as VAT-registered status or even tax registration), restrictions or blocking of access to certain public services, and escalation to a tax audit or preliminary evidence examination. Accordingly, despite differences in timing flexibility, both P2DK and Notices require an equally high level of attention, with a strong emphasis on timeliness and the quality of the response.

Warnings carry a different level of criticality, as they specifically identify tax obligations that have not been fulfilled, such as tax return filings or payments. The absence of an explicit response deadline is itself a signal that prompt and focused action is required to prevent further escalation within the supervisory process.

One notable development introduced by PMK 111/2025 is greater transparency regarding the status of supervision. Each key stage is now documented through formal records and minutes of meeting, allowing taxpayers to track the position and progress of the supervision process. This formalization distinguishes current practice from the past and provides companies with clearer reference points when managing their responses.

4. Practical Implications for Management and Tax Teams

In practical terms, PMK 111/2025 requires companies to be better prepared administratively and narratively, not merely in terms of numbers. Documentation readiness—including transfer pricing documentation—has become increasingly relevant, as such information may be requested at the supervision stage.

For management, the challenge is to ensure that tax supervision does not become a sudden and disruptive burden, but rather a managed process. Effective coordination between management, finance, tax teams, and external advisers is essential to ensure that responses remain proportionate, well-directed, and non-reactive—particularly when time pressures intensify and administrative consequences come into play.

Closing

PMK 111/2025 marks an important shift in the tax supervision regime, not merely due to increased formality, but because tax supervision is now expressly embedded within a legally binding regulatory framework that applies to both taxpayers and the tax authority. Previously, supervisory mechanisms such as SP2DK were primarily governed by Circular Letters, which essentially reflected internal policy guidance of the Directorate General of Taxes. By elevating tax supervision into a Minister of Finance Regulation, PMK 111/2025 provides a clearer and more balanced legal footing, allowing the rights, obligations, and stages of supervision to be understood as part of a formal compliance regime rather than an administrative practice alone.

Within this framework, PMK 111/2025 undeniably introduces additional workload, time pressure, and administrative demands. At the same time, it offers greater structural clarity and procedural direction, reducing reliance on informal practice or discretion. For companies that understand this framework early on, tax supervision can be managed in a more measured and predictable manner—challenging, but with greater control. This is where internal collaboration and adviser support become critical: not to eliminate tax complexity, but to manage it rationally and sustainably.

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