

**SUMMARY OF THE MINISTER OF FINANCE REGULATION NO. PMK 86 / PMK.03 / 2020 ("PMK 86")
ON TAX INCENTIVES FOR TAXPAYERS AFFECTED BY THE PLAGUE OF CORONA VIRUS
AS A REPLACEMENT OF PMK 44/PMK.03/2020 ("PMK 44") & PMK 23/PMK.03/2020 ("PMK 23")**

No.	Types of Tax Incentives	Explanation of Tax Incentives
1.	<p>Income Tax Article 21 <i>(Article 2 - 4)</i></p> <p><i>Relevant Appendix: - Appendix A - E</i></p>	<p>1. The Government will provide tax incentive in the form of "Income Tax Article 21 Borne by the Government" [PPh 21 Ditanggung Pemerintah ("DTP")] (for tax period of April - December 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 Head Office Taxpayers who have not or do not have the obligation to submit Corporate Income Tax Return for FY 2018; 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 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). - Have a Taxpayers Identification Number (NPWP); 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 1.189 KLU applicable for this incentive from previously only 1.062 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 employee</p>

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		<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. Notification shall be submitted only by Head office Taxpayer and will applies for branch (Taxpayer with certain KLU based on Appendix A).</p> <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, both Head Office Taxpayer or the Branch Office, 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 or written with statement "<u>PPh PASAL 21 DITANGGUNG PEMERINTAH EKS PMK NOMOR 86/PMK.03/2020</u>" by the employer.</p> <p>7. Report of Realization (Appendix E) must be attached with the ID Billing 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) (Article 5 - 7)</p>	<p>1. The 0,5% Final Income Tax Borne by the Government Incentive [PPh Final Ditanggung Pemerintah ("DTP")] for the tax months of April - December 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"> - File a Realization Report (Appendix G) 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).

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No.	Types of Tax Incentives	Explanation of Tax Incentives
	<p>Relevant appendix: - Appendix F - Appendix G</p>	<ul style="list-style-type: none"> - Submission of the Realization Report for Taxpayers who do not yet possess an Exemption Letter ("SKB"), can be treated as a submission of SKB application. The Taxpayer will receive an SKB as long as the Taxpayer meets the criterion in accordance with Government Regulation No. 23 Year 2018. 2. If the SKB has been validated by the DGT website www.pajak.go.id, then Tax Withholder or Collector does not withhold or collect Income Tax at the time of payment (the example can be seen on No.2 Appendix F). 3. The amount of Final Income Tax Borne by The Government must be stated in the SSP or ID Billing, and the SSP or ID Billing must be stamped or written with statement "PPh FINAL DITANGGUNG PEMERINTAH EKS PMK 86/PMK.03/2020" by the Tax Withholder or Collector.
3.	<p>Income Tax Art. 22 from Import (Article 8)</p> <p>Relevant appendix: - Appendix H - Appendix I - Appendix J - Appendix K - Appendix L</p>	<ol style="list-style-type: none"> 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 H, 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 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 <u>721</u> KLU applicable for this incentive from previously only <u>431</u> KLU.</i></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 I.

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No.	Types of Tax Incentives	Explanation of Tax Incentives
		<p>3. The Tax Service Office issues SKB in the form of Appendix J or Rejection Letter in the form of Appendix K if the Taxpayer does not fulfill the above criterion. The SKB is valid from the issuance date until December 31, 2020.</p> <p>4. Taxpayer who receives the exemption of Income Tax Art. 22 from Import facility, must file Realization Report on Tax Exemption of Income Tax Art. 22 by no later than the 20th of the following month after the tax period ends via online in certain channel on www.pajak.go.id using the format of Appendix L.</p>
4.	<p>Installment of Income Tax Article 25 <i>(Article 9 - 12)</i></p> <p>Relevant appendix: - Appendix C - Appendix D - Appendix M - Appendix N - Appendix O</p>	<p>1. The Government grants a 30% reduction on Installment of Income Tax Art. 25 for the tax months of April - December 2020 for the following Taxpayers:</p> <ul style="list-style-type: none"> - Those who have KLU as stated in Appendix M, 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); 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 1.013 KLU applicable for this incentive from previously only 846 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 N.</p> <p>3. This incentive is effective from the tax period of when the notification is filed until the tax period of December 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>

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No.	Types of Tax Incentives	Explanation of Tax Incentives
		<p>5. Taxpayer utilizing this incentive must file Realization Report on reduction on Installment of Income Tax Art. 25 by no later than the 20th of the following month after the tax period ends via online in certain channel on www.pajak.go.id (Format in Appendix O).</p>
5.	<p>Preliminary Restitution from VAT Return with Overpayment <i>(Article 13)</i></p> <p>Relevant appendix : - Appendix P - Appendix Q</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 P, 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 (must attach the Minister Decree of KITE); 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 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 716 KLU applicable for this incentive from previously only 431 KLU.</i></p> <p>2. This incentive is given for VAT Returns (including amendments) for the tax months of April - December 2020 that are filed by January 31, 2021 at the latest.</p>

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		<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 instructions of filling out the VAT Return to submit the Preliminary Restitution can be seen in the example in Appendix Q.</p> <p>5. 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>

Transitional Provisions :

- a. For Employer or Taxpayers **who have filed notification for:**
 - The utilization of Income Tax Article 21 Borne by The Government; and/or
 - The application of 30% Reduction on Installment of Income Tax Art. 25; and/or
 - The application of Tax Exemption Letter of Income Tax Art. 22 from import ; and/or
 - The Exemption Letter of Final Income Tax Borne by the Government;

according to PMK 23 and/or PMK 44, then no need to re-submit a notification and/or application based on PMK 86.

- b. For Employer or Taxpayers **who have been approved to utilize:**
 - Income Tax Article 21 Borne by the Government; and/or
 - Final Income Tax Borne by the Government; and/or
 - Exemption of Income Tax Art. 22 from Imports and/or
 - 30% Reduction of Income Tax Art. 25 Installment; and/or

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- Preliminary Restitution from VAT Return with Overpayment ;
according to PMK 23 and/or PMK 44, still can utilize the such tax incentives until December 2020.
- c. Submission of Realization Report of the utilization of Exemption of Income Tax Art. 22 from Import and/or Reduction of Income Tax Art. 25 Installment for the period of April - June 2020 for Taxpayers who have been approved to utilize such incentives based on PMK 23 & PMK 44 shall be conducted based on PMK 44.
- d. The Exemption Letter that is issued based on PMK 44 will still remain valid for the implementation of Ministry of Finance Regulation governing the implementation of PP No. 23/2018.

Related Regulations:

- a. *Ministry of Finance Regulation No. PMK 86/PMK.03/2020 regarding Tax Incentives for Taxpayers Affected by the Plague of Corona Virus*
- b. *Directorate General of Taxation Press Release No. SP-30/2020*

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