

EXTENSION OF TAX INCENTIVES FOR TAXPAYERS AFFECTED BY COVID-19 (PMK-82)

RSM INDONESIA CLIENT ALERT - 23 July 2021

In recognition of the need for continued fiscal support for taxpayers, the Minister of Finance (“MoF”) issued Regulation No. 82/PMK.03/2021 (“PMK-82”) on 1 July 2021 that extends the applicable period while reducing the business sectors and type of taxpayers that can access the tax incentives provided under MoF Regulation No. 9/PMK.03/2021 (“PMK-9”).

There is a significant reduction of the business sectors that are eligible to access the tax incentives. Many of these are now only available for the healthcare, education, transportation, construction, and accommodation sectors. In addition, the tax incentives are no longer specifically available for taxpayers that are designated as KITE, that are Bonded Zone Organizers or are operating in bonded zones – these taxpayers will only be eligible for the incentives if the business is included under the revised KLU (business sector code) for that incentive.

WHAT TAX INCENTIVES ARE PROVIDED?

There is no change to the type of tax incentives that were provided by PMK-9. That is:

- Article 21 tax to be borne by the Government (“ditanggung” – PPh 21 DTP) for employees of businesses in specified business sectors, subject to the employee’s gross employment income not exceeding IDR 200 million for the year.
- 0.5% Final Tax due under Government Regulation No. 23/2018 will be borne by the Government (PPh Final DTP).
- Article 22 on imports will be exempted (“dibebaskan”) for businesses in specified sectors.
- Article 25 corporate income tax instalments can be reduced by 50% for businesses in specified sectors.

- Advance restitution of VAT for businesses in specified sectors, to a maximum refund request of IDR 5 billion.
- Tax borne by Government for final tax on construction services income relating to the Program to Accelerate the Improvement of Water Use for Irrigation (P3-TGAI).

However, the number of eligible KLU have been decreased for most of these incentives as follows:

	Eligible KLU (NOW – PMK-82)	Eligible KLU (BEFORE – PMK-9)	Eligible KLU (BEFORE – PMK-110)
Article 21 Income Tax Borne by the Government (PPh 21 DTP)	1,189	1,189	1,189
Final Income Tax Borne by the Government (PPh Final DTP)	Any taxpayer eligible under GR-23	Any taxpayer eligible under GR-23	Any taxpayer eligible under GR-23
Exemption for Article 22 Income Tax	132	730	721
Reduction of Article 25 Income Tax	216	1,018	1,013

	Eligible KLU (NOW – PMK-82)	Eligible KLU (BEFORE – PMK-9)	Eligible KLU (BEFORE – PMK-110)
Advance refund of VAT	132	725	716
Final Income Tax Borne by the Government for Construction Services Income from P3-TGAI	No change – for construction services only	No change – for construction services only	No change – for construction services only

The list of KLU for each tax incentive are an attachment to PMK-82.

In addition, taxpayers that are designated as a KITE, are a Bonded Zone Organizer or are operating in a Bonded Zone are no longer eligible to access the tax incentives unless these taxpayers are included in the revised KLU list for the relevant incentive. Therefore employees of taxpayers that are a KITE, are a Bonded Zone Organizer or are operating in a Bonded Zone are no longer eligible for PPh 21 DTP after June 2021 unless the employer is included in one of the 1,189 KLU eligible for this incentive.

Please refer our earlier Client Alerts for further details of the tax incentives, reporting and other matters:

- [Extension of Tax Incentives for Taxpayers Affected by COVID-19 \(PMK-9\)](#) – 5 February 2021.
- [Further Improvements of Tax Incentives \(PMK-110\)](#) – 28 August 2020.
- [Extension & Expansion of Tax Incentives for Taxpayers Affected by COVID-19 \(PMK-86\)](#) – 14 August 2020.
- [Tax Incentives for Taxpayers Affected by COVID-19 – Expansion \(PMK-44\)](#) - 8 May 2020.

WHEN IS IT EFFECTIVE?

PMK-82 amends PMK-9 and is effective on 1 July 2021. In addition to providing tax incentives for July - December 2021 it also covers amendments of incentive realization reports for January - June 2021. Please refer to the following section regarding Transition/Implementation.

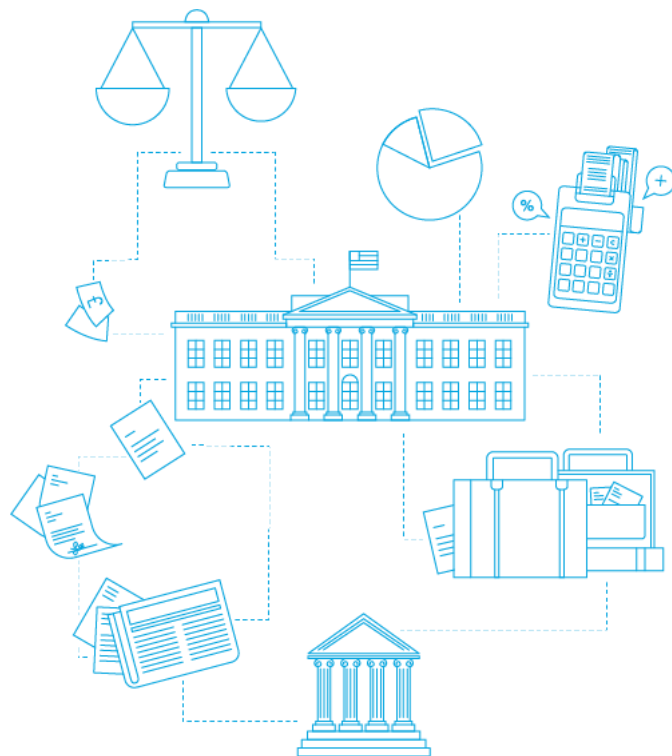
The effective period is January - December 2021 (i.e. PMK-82 extends the previous January - June 2021 period to become January - December 2021 for those taxpayers operating in the specified KLU).

TRANSITION/IMPLEMENTATION

- Employers and/or taxpayers may utilize the tax incentive for PPh 21 DTP and Article 25 reduction for July 2021 if they submit the notification of utilization of the tax incentive no later than 15 August 2021. This notification is also effective for the following months.
- Employers and/or taxpayers that obtained a tax exemption letter (SKB) under PMK-9 must re-submit the request for SKB to access the tax incentives under PMK-82.
- Employers and/or taxpayers that submitted a report and/or an amendment of a report for realization of tax incentives for PPh DTP, PPh Final DTP and/or PPh Final for P3-TGAI from January - June 2021 may submit any necessary amendment report for those tax periods no later than 31 October 2021.
- VAT Returns (including correction of VAT Returns) requesting advance restitution of VAT for the period of July - December 2021 shall be submitted no later than 31 January 2022 (as advised by the Tax Office).

RSM Comment

- The extension of the PPh 21 DTP tax incentive for employees of most employers (unless a KITE, Bonded Zone Organizer or operating in a Bonded Zone whose business is not included in the KLU list) is a welcome initiative to assist employees and their employers during the continued pandemic.
- Taxpayers should review the revised KLU lists to determine if they are still eligible for the other tax incentives.
- Taxpayer wishing to access the tax incentives must re-notify the Tax Office or re-apply for the SKB, as appropriate. The notification for use of the tax incentive for PPh 21 DTP and Article 25 reduction for July 2021 can be submitted by 15 August 2021.
- Employers and/or taxpayers that utilize the tax incentives or PPh 21 DTP, PPH Final DTP and final tax on construction services income relating to P3-TGAI during July - December, must remember to lodge the realization reports no later than the 20th of the following month otherwise the right to access the incentives is lost.



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