




New Rules for Tax Return (SPT) Filing and Update on Transfer Pricing Documentation Submission Requirements



The Director General of Taxes ("DGT") issued Regulation No. PER-02/PJ/2019 ("PER-02"), dated and effective on 23 January 2019, regarding Procedure for the Submission, Receipt, and Processing of Tax Returns. PER-02 serves as an implementing regulation of Ministry of Finance ("MoF") Decree No. 9/PMK.03/2018 regarding the Amendment to the MoF Decree No. 243/PMK.03/2014 regarding Tax Returns and revokes some previous regulations. PER-02 would therefore, constitute as the main regulation governing administrative matters for both monthly and annual tax returns.

General

Through the issuance of PER-02, DGT encourages taxpayers to submit tax returns through e-Filing to reduce administrative burden. In addition, PER-02 aims at improving the effectiveness and efficiency of receipt and processing of tax returns as well as providing legal certainty for taxpayers in connection with the submission of tax returns.

Based on the PER-02, corporate taxpayers registered in the (i) tax offices for medium-sized taxpayers (Madya) and large taxpayers (Large Tax Office/LTO); and (ii) Jakarta Khusus tax offices including tax offices for foreign investment companies (Penanaman Modal Asing/PMA), tax offices for foreign persons (Badan dan Orang Asing/Badora) and tax offices for listed companies (Perusahaan Masuk Bursa/PMB) must now submit their Corporate Income Tax Return ("CITR") through e-Filing system.

Transfer Pricing Documentation ("TPD") Requirement and Update

PER-02 stipulates a list of documents that are required to be attached in submission of the CITR. In particular, TPD requirement raises concerns to corporate taxpayers as the regulation only states "Master file, local file and/or Country-by-Country Report (CbCr)" which were initially interpreted as that a complete set of such TPD must be submitted together with the CITR submission. This was viewed as inconsistent with existing Transfer Pricing regulations, MoF Decree No. PMK-213/PMK.03/2016 ("PMK-213"), which only requires a 'Summary' (Ikhtisar) in the form of checklist of the content of the Master and Local files (which also confirms the date when these files have become available) to be submitted with the tax returns.

Subsequently, DGT issued a redistributed version of PER-02 which stipulates the change of some parts in document requirements in the regulation. Through the redistributed version of PER-02, DGT clarifies that a corporate taxpayer only needs to attach the summary of the Master file and Local file as well as receipt of the submission of notification or CbCr to CITR. This is now consistent with PMK-213 on TPD reporting requirements.

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