

CIRCULAR LETTER
NUMBER SE-29/PJ/2020
REGARDING
GUIDANCE ON THE IMPLEMENTATION OF THE MINISTER OF FINANCE
REGULATION NUMBER 44/PMK/03/2020 REGARDING TAX INCENTIVES FOR
TAXPAYERS IMPACTED BY THE CORONA VIRUS DISEASE 2019 PANDEMIC

To

1. Echelon II Officials in the Directorate General of Tax Head Office;
2. Head of Regional Offices;
3. Head of Tax Service Offices;
4. Head of Tax Counseling and Consultation Service Offices; and
5. Head of Technical Implementation Unit;

At the Directorate General of Tax.

A. General

In relation to the enactment of Minister of Finance Regulation No. 44/PMK.03/2020 regarding Tax Incentives for Taxpayers Impacted by the Corona Virus Disease 2019 Pandemic (hereinafter referred to as PMK-44/PMK.03/2020), which regulates the granting of incentives to Taxpayers to maintain economic development stability, the people's purchasing ability, and productivity of certain sectors related to Corona Virus Disease 2019 (COVID-19) pandemic, a Circular Letter of the Directorate General of Tax regarding guidance on the implementation of the Minister of Finance Regulation No. 44/PMK.03/2020 regarding Tax Incentives for Taxpayers Impacted by the Corona Virus Disease 2019 Pandemic needs to be stipulated.

B. Purpose and Objectives

1. Purpose

This Circular Letter of the Director General is intended to provide guidance on the implementation of PMK-44/PMK.03/2020.

2. Objectives

This Circular Letter of the Director General aims to:

- a. create uniformity in the implementation of PMK-44/PMK.03/2020;
- b. elaborate the procedures for:
 - 1) submission of notification/application on the utilization of tax incentives by Employers/Taxpayers;
 - 2) submission of notification that Employers/Taxpayers are not entitled to utilize tax incentives; and
 - 3) reporting the realization of tax incentives utilization.

C. Scope

The scope of this Circular Letter of the Director General covers:

1. definition;
2. procedures to grant Income Tax (PPH) Article 21 incentives borne by the Government (PPH Article 21 DTP);
3. procedures to grant final PPh incentives based on GR 23 of 2018 borne by the Government (PPH final DTP);
4. procedures for PPh Article 22 on Import exemption;
5. procedures for reduction to the amount of PPh Article 25 installments;
6. provisions regarding resubmission of notification on utilization of PPh Article 21 DTP incentives, application of Statement Letter on PPh final DTP, application of Statement Letter of Exemption (SKB) Collection of PPh Article 22 on Import, and/or notification to utilize incentives of reduction to the amount of PPh Article 25 installments;
7. procedures for submission of report on the realization of the utilization of PPh Article 21 DTP incentives, PPh final DTP, report on the realization of the utilization of PPH final DTP Incentives, exemption from PPh Article 22

on Import collection, and/or deduction to the amount of PPh Article 25 installments;

8. procedures of preliminary refund of the overpayment of Value Added Tax (VAT);
9. provisions related to the Business Fields Classification (KLU) that obtain PPh Article 21 DTP incentives, exemption from PPh Article 22 on Import, and reduction to the amount of PPh Article 25 installments and preliminary refunds of overpayment of VAT payments;
10. provisions related to Ease of Import Export Destination (KITE) companies, Bonded Zone Administrators, Bonded Zone Entrepreneurs, and Entrepreneurs in Bonded Zones who are also Administrators in Bonded Zones (PDKB) who obtain PPh Article 21 DTP incentive, exemption of PPh Article 22 on Import, reduction to the amount of PPh Article 25 installments, and preliminary refunds of overpayment of VAT payments; and
11. procedures on supervision of the utilization of PPh Article 21 DTP incentives, PPh final DTP, exemption from PPh Article 22 on Import, deduction to the amount of PPh Article 25 installments, and preliminary refund of VAT overpayment.

D. Basis

1. Law No. 6 of 1983 regarding General Provisions and Procedures on Tax as amended several times lastly by Law No. 16 of 2009 (KUP Law);
2. Law No. 7 of 1983 regarding Income Tax as amended several times lastly by Law No. 36 of 2008 (PPh Law);
3. Law No. 8 of 1983 regarding Value Added Tax of Goods and Services and Sales Tax on Luxury Goods as amended several times lastly by Law No. 42 of 2009 (VAT Law);
4. Law No. 17 of 2003 regarding State Finance;
5. Law No. 24 of 2007 regarding Disaster Management;

6. Government Regulation No. 23 of 2018 regarding Income Tax on Income from Business Received or Obtained by Taxpayers that have Certain Gross Circulation (GR 23 of 2018);
7. Minister of Finance Regulation No. 252/PMK.03/2008 regarding Guidelines for the Implementation of Withholding Taxes on Income related to Work, Services, and Activities of Private Persons;
8. Minister of Finance Regulation No. PMK-244/PMK.03/2015 regarding Procedures for Calculation and Refund of Tax Overpayment;
9. Minister of Finance Regulation No. 34/PMK.010/2017 regarding Article 22 Income Tax Collection in connection with Payment of Delivery of Goods and Activities in the Import Sector or Business Activities in Other Sectors as amended by Minister of Finance Regulation No. 110/PMK.03/2018;
10. Minister of Finance Regulation No. 39/PMK.03/2018 regarding Procedures of Preliminary Refund of Tax Overpayment as amended by Minister of Finance Regulation No. 117/PMK.03/2019;
11. Minister of Finance Regulation No. 99/PMK.03/2018 regarding Implementation of Government Regulation No. 23 of 2018 regarding Income Tax on Income from Business Received or Obtained by Taxpayers that have Certain Gross Circulation;
12. Minister of Finance Regulation No. 160/PMK.04/2018 regarding Import Duty Exemption and Non-Collection of Value Added Tax or Value Added Tax and Sales Tax on Luxury Goods over Import of Goods and Materials to be Processed, Assembled, or Installed to Other Goods for Export Purposes;
13. Minister of Finance Regulation No. 215/PMK.03/2018 regarding Calculation of Income Tax Installment within Ongoing Tax Year that must be Self-Paid by New Taxpayers, Banks, State-owned Enterprises, Regional Government-Owned Enterprises, Stock Exchange Listed Taxpayers, Other Taxpayers, which are based on Provisions Required to Prepare Annual Financial Report and Certain Entrepreneur Individual Taxpayers;

14. Minister of Finance Regulation No. 44/PMK.03/2020 regarding Tax Incentives for Taxpayers Impacted by Corona Virus Disease 2019 Pandemic;
15. Director General of Tax Regulation No. PER-57/PJ/2010 regarding Procedures of Article 22 Income Tax Collection Relating to the Payment on Delivery of Goods and Activities in Import Sector or Business Activities in Other Sectors as lastly amended by Directorate General of Tax Regulation No. PER-31/PJ/2015;
16. Director General of Tax No. PER-1/PJ/2011 regarding Procedures for Submission of Application on Exemption from Income Tax Deduction and/or Collection by Other Parties as amended by PER-21/PJ/2014;
17. Director General of Tax Regulation No. PER-16/PJ/2016 regarding Technical Guidance on Procedures of Reduction, Deposit and Report of Article 21 Income Tax and/or Article 26 Income Tax relating to Work, Services, and Private Person Activities;
18. Director General of Tax Regulation No. PER-09/PJ/2019 regarding Procedures of Cancellation and Revocation of Statement Letter of Income Tax based on Government Regulation No. 23 of 2018 (PER-09/PJ/2019); and
19. Director General of Tax Regulation No. PER-04/PJ/2020 regarding Technical guidance on the Implementation of Administration of Taxpayer Identification Number, Electronic Certificate, and Confirmation of Taxable Entrepreneur.

E. Materials

1. Definition
 - a. Income Tax, hereinafter referred to as PPh, is the Income Tax as regulated under PPh Law.
 - b. Employee is a private person working for an Employer, based on a work agreement or consent either in writing or not, to carry out a job in a position or certain activities by getting rewards paid based on certain period, completion of work, or other provisions stipulated by the Employer.

- c. Employer is a person or entity, either headquarter or branch, representative or unit, including Government Institution, which pays salary, wage, honorarium, allowance, and/or other payments in any name or form, as a reward relating to the work or services performed by the Employee.
- d. Taxpayer Identification Number, hereinafter referred to as NPWP, is a number given to the Taxpayer as a facility in the tax administration that is used as a self-identification or Taxpayer identity in performing its taxation rights and obligations.
- e. Tax Services Office, hereinafter referred to as KPP, is a vertical institution of the Directorate General of Tax (DJP).
- f. Taxpayer with Central Status, hereinafter referred to as Central Taxpayer, is a Taxpayer registered at KPP and has a NPWP with 000 as the last 3 (three) digits.
- g. Taxpayer with Branch Status, hereinafter referred to as Branch Taxpayer, is a Taxpayer registered at KPP, which has NPWP as the same as the Central Taxpayer for the first 9 (nine) digits and with the last 3 (three) code digits other than 000.
- h. Ease of Import for Export Purposes, hereinafter referred to as KITE, includes Ease of Import for Export Purposes for Exemption, Ease of Import Export Purposes of Refund, and/or Ease of Import Export Purposes of Small and Medium Industry in accordance with provisions of regulations in the customs sector.
- i. KITE Company is an entity, which has complied with provisions and stipulated by virtue of a Minister of Finance decree for obtaining KITE incentives in accordance with provisions of regulations in the customs sector.
- j. Bonded Zone is bonded stockpiles to hoard imported goods and/or goods originating from other places in the customs area to be processed or combined before export or import to be used in accordance with the provisions of regulations in the customs sector.

- k. Bonded Zone Administrator is a legal entity performing activities of providing and managing the zone for Bonded Zone business activities.
- l. Bonded Zone Administrator and Entrepreneur of Bonded Zone, hereinafter referred to as Bonded Zone Entrepreneur is a legal entity performing administrative activities and Bonded Zone business at once.
- m. Bonded Zone Entrepreneur concurrently as Bonded Zone Administrator, hereinafter referred to as PDKB is a legal entity conducting bonded zone business activities within the Bonded Zone Administrator's Bonded Zone, which has status as a different legal entity.
- n. Government Institutions are central government institutions, regional government institutions, and rural government institutions, which conduct government activities and have authorities and responsibilities of utilizing budget as regulated under tax regulations.
- o. Tax Withholders or Collectors are Taxpayers who are required to carry out tax deduction and/or collection in accordance with provisions under PPh regulations.
- p. PPh Statement Letter based on Government Regulation No. 23 of 2018, hereinafter referred to as Statement Letter, is a letter issued by the Head of Tax Services Office on behalf of the Director General of Tax, which states that the Taxpayer is subject to PPh based on Government Regulation No. 23 of 2018.
- q. Statement Letter on Exemption from Collection of PPh Article 22 on Import, hereinafter referred to as SKB Collection of PPh Article 22 on Import,
- r. Tax Period is a period of time as the basis for Taxpayers to calculate, deposit, and report the outstanding tax within a certain period of time as determined under KUP Law.

- s. Tax Year is a period of 1 (one) calendar year except if the Taxpayers use a fiscal year, which is different from the calendar year.
 - t. Value Added Tax, hereinafter referred to as VAT, is the Value Added Tax as mentioned under VAT Law.
 - u. Taxable Entrepreneurs, hereinafter referred to as PKP, are entrepreneurs conducting assignment of Taxable Goods and/or assignment of Taxable Services, which are taxed based on VAT Law.
2. Procedures of granting incentives of the PPh Article 21 borne by the Government (OTP)
- a. PPh Article 21 DTP is given to Employees under the following criteria:
 - 1) receive or obtain income from an Employer, which:
 - a) has KLU as mentioned in letter A of the Appendix of PMK-44/PMK.03/2020;
 - b) has been stipulated as a KITE Company; or
 - c) has obtained a Bonded Zone Administrator license, Bonded Zone Entrepreneur license, or PDKB license;
 - 2) has an NPWP; and
 - 3) within a Tax Period, the Employee receives or obtains fixed and regular Gross Income, which is annualized not more than Rp200,000,000.00 (two hundred million Rupiah).
 - b. Procedures on submission of notification on utilization of the PPh Article 21 DTP incentives are as follows:
 - 1) the Employer, either Central Taxpayer or Branch Taxpayer, submits notification on utilization of PPh Article 21 DTP incentives via online at www.pajak.go.id;

- 2) in the event that based on verification on the application system at www.pajak.go.id, the Employer is stated to be entitled to utilize the PPh Article 21 DTP incentives; the application system from www.pajak.go.id will send a notification that the Employer has succeeded submitting the notification on utilization of PPh Article 21 DTP;
 - 3) in the event that based on verification on the application system at www.pajak.go.id, the Employer is stated to not be entitled of the PPh Article 21 DTP incentives, the application system of www.pajak.go.id will send a notification letter that the Employer is not entitled to utilize the PPh Article 21 DTP incentives.
- c. The PPh Article 21 DTP incentives are given since the notification of Tax Period is delivered until the Tax Period of September 2020.
- d. Submission of notification on utilization of PPh Article 21 DTP incentives for Tax Period of April 2020, can be conducted no later than May 20, 2020. This is under consideration that PMK-44/PMK.3/2020 is enacted on April 27, 2020 and the reporting deadline of SPT Period of PPh Article 21 of Tax Period of April 2020 is no later than May 20, 2020.
- e. Procedures of creation of Letter of Tax Deposit of PPh Article 21 DTP and billing code print are as follows:
- 1) the Employer, either Central Taxpayer or Branch Taxpayer, who has submitted notification on PPh Article 21 DTP as mentioned in letter b number 2) is required to prepare a Letter of Tax Deposit or billing code print that is stamped or written with “PPH ARTICLE 21 BORNE BY THE GOVERNMENT EKS PMK No. 44/PMK.03/2020”;
 - 2) in case of the Employer has used the application of e-SPT PPh Article 21 as a facility to submit Tax Return (SPT), thus the process on preparation of Tax Deposit Letter or billing code print as mentioned in number 1) is substituted with code record of NTPN (9999999999999999) electronically on e-SPT application and the amount of Rp is of the value of PPh Article 21 DTP.

- f. In case of the Employer has met the criteria as mentioned in letter a number 1) letter a), letter b), or letter c), but the Employer has conducted the collection over PPh Article 21 over the income given to the employee, thus:
- 1) the Employer may conduct revision to the SPT Period of PPh Article 21;
 - 2) The overpayment of PPh Article 21 as the impact of SPT revision as mentioned in number 1) may be:
 - a) compensated to the next Tax Period, in case of the outstanding PPh Article 21 is not given DTP incentives, at least in the amount of the overpayment of PPh Article 21; or
 - b) proposed of the book-entry over all overpayment of the PPh Article 21 payment in case of there is no outstanding PPh Article 21 that is not given with DTP incentives, or on difference of the overpayment of the PPh article 21 in case of the outstanding PPH Article 21 that is not given DTP incentives is smaller than the overpayment of the PPh Article 21, which obtained incentives of PPh Article 21 DTP;
 - 3) and to the PPh Article 21 that is already deducted by the Employer, is paid to the Employee.
- g. In case of the Minister of Finance Decree regarding the stipulation of KITE Company, the license of Bonded Zone Administration, Bonded Zone Entrepreneur license, or PKB license is revoked, the PPh Article 21 DTP incentives ends until the Tax Period when the revocation was done.
- h. Exemptions from PPh Article 21 DTP incentives, in case of the income obtained by the Employee based on the State Revenues and Expenditures Budget, State Budget or Regional Revenues and Expenditures Budget, and PPH Article 21 has been borne by the Government based on provisions under taxation regulations.

- i. In case of employees obtaining PPh Article 21 DTP incentives submits Annual SPT of PPh of Private Person of Tax Year of 2020 and states the overpayment, thus the overpayment based on PPh Article 21 DTP as mentioned in letter a will not be refunded.
3. Procedure of granting incentives of PPh final based on GR 23 of 2018 borne by the Government (DTP)
 - a. PPH final DTP incentives are given to the Taxpayers having certain gross circulation to the outstanding PPh final on the business income as regulated in GR 23 of 2018 under criteria:
 - 1) submitting realization report on utilization of PPh final DTP incentives no later than 20th of the next month upon the expiration of Tax Period;
 - 2) Taxpayer submits Statement Letter in accordance with PMK-44/PMK.03/2020 via www.pajak.go.id; and
 - 3) Statement Letter as mentioned in number 2) must have be owned at least prior to the submission of realization report as mentioned in number 1).
 - b. Obligation of submission of SPT Period of PPh shall be deemed fulfilled, if the Taxpayer has met with provisions mentioned in letter a.
 - c. In case of the Taxpayer does not have business circulation on certain months, the Taxpayer is not required to submit SPT Period of PPh.
 - d. PPh final DTP incentives are given for Tax Period of April 2020 until Tax Period of September 2020.
 - e. Income that is used as a basis of PPh final DTP calculation is the income from business received or obtained by the Taxpayer having certain gross circulation by considering provisions under Article 2 of GR 23 of 2018.

- f. Procedures of submission of Statement Letter to utilize PPh final DTP incentives are as follows:
- 1) Taxpayer submits application of Statement Letter via online at www.pajak.go.id;
 - 2) in the event that based on verification on the application system at www.pajak.go.id, the Taxpayer is deemed to have met the criteria as mentioned in GR 23 of 2018, the application system from www.pajak.go.id will send a Statement Letter in a form as mentioned in letter G of the Appendix of PMK-44/PMK.03/2020;
 - 3) in the event that based on verification on the application system at www.pajak.go.id, the Taxpayer is deemed to not have met the criteria as mentioned in GR 23 of 2018, the application system of www.pajak.go.id will display a notification that the Taxpayer does not meet the criteria as mentioned in GR 23 of 2018;
 - 4) in case the Taxpayer obtains a Statement Letter either manually or via online before PMK-44/PMK.03/2020 applies, the Taxpayer must resubmit an application of the Statement Letter to the Directorate General via online at www.pajak.go.id to be able to utilize the PPh final DTP incentives;
 - 5) in case the Taxpayer has submitted application of Statement Letter via KPP before PMK-44/PMK.03/2020 applies, but the decision has not been issued, thus KPP informs the Taxpayer to conduct re-application of Statement Letter via www.pajak.go.id;
 - 6) after September 30, 2020, Statement Letter, which is issued based on PMK-44/PMK.03/2020 can be used to carry out provisions of Minister of Finance Regulations covering the implementation of GR 23 of 2018.
- g. Procedures of confirmation of Statement Letter by the Tax Cutter or Collector are as follows:

- 1) Tax Withholder or Collector, in its position as a buyer or service user, conducts the PPh final withholding or collection based on GR 23 of 2018 in case of:
 - a) The Taxpayer submits a copy of Statement Letter;
 - b) sales transactions or services delivery are included in the group of income from a business that is subject to PPh final based on GR 23 of 2018; and
 - c) sales transactions or services delivery are included as PPh collection object in accordance with the general provisions of PPh Law.
- 2) When the outstanding PPh over transactions with the collector party based on GR 23 of 2018 follows the provisions stipulating on the PPh collection in accordance with PPh Law.
- 3) Before the collection as mentioned in number 1), the Tax Collector conducts confirmation over the validity of the Statement Letter submitted by the Taxpayer, under the following ways:
 - a) barcode scan;
 - b) access via www.pajak.go.id; or
 - c) contacting *Kring Pajak*.
- 4) In case of the Statement Letter based on PMK-44/PMK.03/2020 in accordance with the confirmation results states that:
 - a) it is confirmed, thus the Tax Collector prepares the Tax Deposit Letter or billing code print that is stamped or written with "PPH FINAL BORNE BY THE GOVERNMENT EKS PMK NO. 44/PMK.03/2020" and does not carry out the collection of PPh; or

- b) it is not confirmed, thus the Tax Collector carries out the collection of PPh.
 - 5) For importing transactions or purchase of goods, if the Statement Letter is confirmed, the Statement Letter also functions as Statement Letter of Exemption.
 - 6) The Tax Collector as mentioned in number 4) letter a) is required to report the Tax Deposit Letter or billing code print stamped or written with "PPh FINAL IS BORNE BY THE GOVERNMENT EKS PMK NO. 44/PMK.03/2020" within SPT Period of PPh Article 4 (2).
 - 7) In case of the Tax Collector as mentioned in number 6) has used the e-SPT application, thus the record of NTPN code over the Deposit Tax Letter or billing code print of PPh final DTP shall be filled with code of 9999999999999999 and the amount of Rupiah is in the amount of value of PPh final DTP.
 - 8) In case of the overpayment of PPh final based on GR 23 of 2018 that has been deducted or collected by other parties because the Taxpayer utilizes incentives as mentioned in letter a, thus the overpayment of the PPh payment may be:
 - a) submitted an application of tax refund that must be not owed by the Taxpayer; or
 - b) submitted an application of a book-entry by the Tax Collector at the KPP of the payment administration place, to the tax payment of the Taxpayer.
4. Procedure for an exemption of PPh Article 22 on Import
- a. Taxpayer is exempted from collection of PPh Article 22 on Import under the following criteria:
 - 1) the taxpayer has a KLU code as mentioned in the Appendix of PMK-44/PMK.03/2020;
 - 2) the taxpayer has been stipulated as KITE Company; or

- 3) the taxpayer has obtained a Bonded Zone Administrator license, Bonded Zone Entrepreneur license, or PDKB license, at the time of goods release from the Bonded Zone to Other Places within the Customs Region.
- b. The exemption from collection of PPh Article 22 on Import as mentioned in letter a is granted through a SKB Collection of PPh Article 22 on Import.
 - c. Procedures for submission of an application for SKB Collection of PPh Article 22 on Import are as follows:
 - 1) Taxpayer submits an application for SKB Collection of PPh Article 22 on Import via online on the menu of Application of SKB Collection of PPh Article 22 on Import at www.pajak.go.id;
 - 2) with respect to the application for SKB Collection of PPh Article 22 on Import as mentioned in number 1), based on the system verification, it will be issued:
 - a) a SKB Collection of PPh Article 22 on Import, in case the Taxpayer fulfills; or
 - b) a Rejection Letter, in case of the Taxpayer does not fulfill;

the criteria of KLU, KITE Company, Bonded Zone Administrator license, Bonded Zone Entrepreneur license, or PDKB license as mentioned in letter a by using a sample of form as mentioned in letter K or letter L of the Appendix of PMK-44/PMK.03/2020.
 - 3) the SKB Collection of PPh Article 22 on Import or Rejection Letter is issued immediately upon the Taxpayer fills in the menu of Application of SKB Collection of PPh Article 22 on Import via www.pajak.go.id.

- d. The period of exemption from the collection of PPh Article 22 on Import applies as of the date of the SKB being issued until September 30, 2020.
 - e. Directorate General of Customs and Excise (DJBC) may conduct a confirmation on the validity of SKB Collection of PPh Article 22 on Import obtained by the Taxpayer through online or service facilities provided by DJP.
 - f. Procedures for revocation of SKB Collection of PPh Article 22 on Import are as follows:
 - 1) In the event there is a stipulation of KMK on revocation of KITE Company, revocation of Bonded Zone Administrator license, Bonded Zone Entrepreneur license, or PDKB license issued by DJBC, DJBC shall send data and/or information on the KMK revoking the KITE Company, Bonded Zone Administrator license, Bonded Zone Entrepreneur, or PDKB license to the DJP;
 - 2) based on the data and/or information as mentioned in number 1), DJP in accordance with its function shall revoke the SKB Collection of PPh Article 22 on Import via the system at www.pajak.go.id;
 - 3) with respect to the revocation of SKB Collection of PPh Article 22 on Import as mentioned in number 2), the Taxpayer shall not entitle for an exemption from the collection of PPh Article 22 on Import as of the date of the KMK on the revocation of KITE Company, revocation of Bonded Zone Administrator license, revocation of Bonded Zone Entrepreneur license, or PDKB license was issued.
5. Procedures for reduction of installment amount of PPh Article 25
- a. The reduction of installment amount of PPh Article 25 shall be given to Taxpayer under the following criteria:
 - 1) the Taxpayer has obtain a KLU code as mentioned in letter N of the Appendix of PMK-44/PMK.03/2020;

- 2) the Taxpayer has been stipulated as KITE Company; or
 - 3) the Taxpayer has obtained a Bonded Zone Administrator license, Bonded Zone Entrepreneur license, or PDKB license.
- b. The reduction of installment amount of PPh Article 25 is 30% (thirty percent) of the actual outstanding PPh Article 25 installments for each Tax Period based on:
- 1) the calculation of installment of PPh Article 25 is in accordance with the Annual SPT for 2019 PPh;
 - 2) the installment amount of PPh Article 25 for the Tax Period of December 2019 in the event the Taxpayer has not submitted the Annual SPT for 2019 PPh;
 - 3) the Decision on reduction to the installment amount of PPH Article 25 in the event the Taxpayer applies for a reduction of installment amount of PPh Article 25 due to the difficulties of business condition; or
 - 4) the calculation of installment amount of PPh Article 25 based on the Minister of Finance Regulation regarding calculation on the installments of Income Tax within current Tax Year that must be paid directly by the new Taxpayer, bank, State-owned Enterprises, Regional Government Enterprises, stock exchange listed Taxpayer, other Taxpayers, which based on the provisions they must make a periodic financial statements and Taxpayers of certain private person entrepreneur.
- c. Procedures for the submission of notification on utilization of incentive of the reduction to the installment amount of PPh Article 25 are as follows:

Submission of the notification must be conducted through electronic system provided by DJP as follows:

- 1) Taxpayer submits the notification on utilization of the incentive of PPh Article 25 via online at www.pajak.go.id;

- 2) in the event, based on the verification from the application system at www.pajak.go.id, the Taxpayer is declared entitled to utilize the incentive of PPh Article 25, the application system of www.pajak.go.id shall deliver a notification that the Taxpayer has succeeded submitting the notification on utilization of the incentive of PPh Article 25;
 - 3) in the event based on the application system verification at www.pajak.go.id, the Taxpayer is declared not entitled to utilize the incentive of PPh Article 25, the application system at www.pajak.go.id shall issue a notification letter that the Taxpayer is not eligible to utilize the incentive of reduction of installment amount of PPh Article 25.
- d. The incentive for reduction of installment amount of PPh Article 25 is given as of the Tax Period notification on utilization of the incentive for reduction of installment amount of PPh Article 25 is submitted until the Tax Period of September 2020.
 - e. Submission of the notification on the utilization of incentive of PPh Article 25 for Tax Period of April 2020 can be conducted no later than May 15, 2020. This is by considering that PMK-44/PMK.03/2020 is enacted on April 27, 2020 and the deadline to deposit PPh Article 25 for Tax Period of April 2020 is no later than May 15, 2020.
 - f. In the event the Taxpayer has made payment of PPh Article 25 that should actually be given with a reduction at the Tax Period as mentioned in letter e, the Taxpayer may submit an overbooking towards the overpayment of PPh Article 25.
 - g. The overbooking as mentioned in letter f is conducted in accordance with the provisions of Minister of Finance Regulation No. 242/PMK.03/2014 regarding the Procedures of Tax Payment and Deposit.
 - h. In the event the Minister of Finance Decree regarding stipulation of KITE Company, Bonded Zone Administrator license, Bonded Zone Entrepreneur license, or PDKB license is revoked, the reduction of installment amount of PPh Article 25 shall end until the Tax Period of the revocation.

6. Provisions regarding resubmission of the notification on utilization of incentive of PPh Article 21 DTP, application of Statement Letter of PPh final DTP, application of SKB Collection of PPh Article 22 on Import, and/or notification for the utilization of incentive of reduction of installment amount of PPh Article 25.
 - a. In the event the Employer or Taxpayer obtains:
 - 1) a notification letter that the Employer is not entitled to utilize the incentive of PPh Article 21 DTP;
 - 2) a rejection letter to the application of SKB Collection of PPh Article 22 on Import; and/or
 - 3) notification letter that the Taxpayer is not entitled to utilize the incentive of reduction of installment amount of PPh Article 25;

relating to the unfulfillment of the requirements that the Employer/Taxpayer has been stipulated as KITE Company, Bonded Zone Administrator, Bonded Zone Entrepreneur, or PDKB license, thus the Employer or Taxpayer may resubmit a notification on utilization of the incentive of PPh Article 21 DTP, application of SKB Collection of PPh Article 22 on Import, and/or notification on the utilization of incentive of reduction of installment amount of PPh Article 25 via online through www.pajak.go.id so long:

- a) it has obtained KMK regarding stipulation of KITE company, Bonded Zone Administrator license, Bonded Zone Entrepreneur license, or PDKB license; or
 - b) it has fulfilled:
 - 1) the provisions of KLU code as mentioned in letter A of the Appendix;
 - 2) the provisions of KLU code as mentioned in letter I of the Appendix; and/or
 - 3) the provisions of KLU as mentioned in letter N of the Appendix;
- of PMK-44/PMK.03/2020.

- b. The incentives of PPh Article 21 DTP, exemption from the collection of PPh Article 22 on Import, and/or reduction of the installment amount of PPh Article 25 are valid as of the Tax Period notification is submitted, and/or the date of SKB collection of PPh Article 22 on Import is issued until the Tax Period of September 2020.
 - c. In the event the Taxpayer fulfills the criteria as mentioned under GR 23 of 2018, but it cannot submit an application of the Statement Letter via online at www.pajak.go.id because of error on the validation system:
 - 1) the Taxpayer may contact KPP where the Taxpayer is registered to make a report via Information System Online Services (Lasis Online);
 - 2) the report via Lasis Online as mentioned in number 1) shall be completed within 2 working days as of the report is submitted, and afterwards the Taxpayer may resubmit the application of Statement Letter as mentioned in letter c.
7. Procedure for submission of a realization report on the utilization of incentive of PPh Article 21 DTP, PPh final DTP, exemption from PPh Article 22 on Import, and/or reduction to the installment amount of PPh Article 25.
- a. The Employer and/or Taxpayer downloads the form and types of realization report files of:
 - 1) PPh Article 21 DTP;
 - 2) PPh final DTP;
 - 3) exemption from collection of PPh Article 22 on Import; and/or
 - 4) reduction to the installment amount of PPh Article 25;at www.pajak.go.id.
 - b. The files on realization report as mentioned in letter a number 1) that have been completed and validly filled, along with the appendix of a Tax Deposit Letter or code billing print as mentioned in Article 4 paragraph (2) of PMK-44/PMK.03/2020 shall be uploaded by the Employer via

certain channel at www.pajak.go.id no later than 20th day of the following month after the Tax Period ends;

- c. The files on realization report as mentioned in letter a number 2) that have been completed and validly filled, along with the appendix of a Tax Deposit Letter or code billing print as mentioned in Article 7 paragraph (4) of PMK-44/PMK.03/2020 shall be uploaded by the Taxpayer via certain channel at www.pajak.go.id no later than 20th day of the following month after the Tax Period ends;
- d. The files on realization report as mentioned in letter a number 3), and/or number 4) that have been completed and validly filled, shall be uploaded by the Taxpayer via certain channel at www.pajak.go.id no later than:
 - 1) July 20, 2020, for the Tax Period of April 2020 until the Tax Period of June 2020; and
 - 2) October 20, 2020, for the Tax Period of July 2020 until the Tax Period of September 2020.
- e. In the event the Employer and/or Taxpayer has not submitted the realization report as at the date as mentioned in letter b, letter c, and letter d, the DJP's information system will notify the Representative Account of the relevant Employer/Taxpayer to further follow up in accordance with the provisions of taxation regulations.

8. Procedure of preliminary refund of overpayment of VAT

- a. KPP where the PKP is administered shall process the application of preliminary refund of overpayment of tax for the Low Risk PKP, which is received based on:
 - 1) SPT, in the event the PKP fills in the column of Preliminary Refund in the SPT; or
 - 2) a separate application letter as mentioned in Letter F of the Appendix of PMK-39/PMK.03/2018, for the application of preliminary refund over the difference of overpayment of tax that has not been refunded in the Preliminary Tax Refund Decree (SKPPKP), which is issued earlier, provided that, towards the PKP, it no inspection or Initial Proof Inspection actions have taken place

openly regarding the Tax Period that is applied for Preliminary Refund.

- b. One application letter that is submitted separately, which is used for 1 (one) Tax Period.
- c. In the event the PKP submitting the application of preliminary refund of Article 9 paragraph (4c) of the VAT Law fulfills the following requirements:
 - 1) It is submitted by PKP that:
 - a) owns KLU as mentioned in letter I of the Appendix of PMK-44/PMK.03/2020;
 - b) has been stipulated as a KITE Company; or
 - c) has obtained a Bonded Zone Administrator license, Bonded Zone Entrepreneur license, or PDKB license.
 - 2) The amount of the Overpayment in the SPT, which has been submitted with Preliminary Refund at the maximum is Rp5,000,000,000.00 (five billion rupiah);
 - 3) The Tax Period being applied for Preliminary Refund is the Tax Period of April 2020 to September 2020; and
 - 4) The application for Preliminary Refund is submitted no later than October 31, 2020.

thus the application for Preliminary Refund of VAT shall be followed up in accordance with the procedure of preliminary refund of Low Risk PKP as set out in this Director General Circular Letter.

- d. In the event the PKP submitting the application of preliminary refund of Article 9 paragraph (4c) of the VAT Law does not meet the requirements as mentioned in letter c, thus the application for such preliminary refund of VAT shall be followed up in accordance with the procedure of the preliminary refund as mentioned in the Directorate General Circular Letter No. SE-10/PJ/2018 regarding Guidance on the Implementation of the Preliminary Refund of Overpayment of Tax for Taxpayers with Certain

Criteria, Taxpayers that Fulfill Certain Requirements, and Taxable Entrepreneur with Low Risk.

- e. PKP as mentioned in letter c covers either PKP that has been stipulated as a Low Risk PKP or PKP that has not been stipulated as a Low Risk PKP.
- f. The Head of KPP shall issue SKPPKP based on an administration research covering research on formal obligations and material research of the preliminary refund of overpayment of tax for Low Risk PKP.
- g. Research on formal obligations of the preliminary refund of overpayment of tax for Low Risk PKP as mentioned in letter f covers:
 - 1) PKP
 - a) that has KLU code as mentioned in letter I of the Appendix of PMK-44/PMK.03/2020; or
 - b) attaches:
 - 1) the Minister of Finance Decree on the stipulation as a company obtaining KITE facility; or
 - 2) the Minister of Decree regarding the Bonded Zone Administrator license, Bonded Zone Entrepreneur license, or PDKB license,

for the SPT Period of VAT that contains application of the preliminary refund for overpayment of VAT;

- 2) the overpayment amount in the SPT Period of VAT includes the revisions of SPT Period of VAT accumulatively not higher than Rp5,000,000,000;
- 3) SPT Period of VAT, revision of SPT Period of VAT, including submission of a separate application letter that is submitted for a preliminary refund is within the Tax Period of April to September 2020 and must be submitted no later than October 31, 2020;

- 4) PKP is currently not being inspected for Initial Proof Inspection and/or investigated for crime in tax sector; and
 - 5) PKP is not convicted because of performing criminal act in tax sector based on a court decision that already has a binding power within the last 5 (five) years before the SPT Period of VAT is submitted.
- h. Material research on preliminary refund of tax overpayment for Low Risk PKP as mentioned in letter c covers:
- 1) a confirmation on the validity of the tax writing and calculation, covering validity of addition, subtraction, multiplication, and/or division of a number in the tax calculation;
 - 2) Input Tax, covers Tax Invoice or certain documents that have an equal position with the Tax Invoice credited by the Low Risk PKP is submitted within the SPT Period of VAT by the PKP issuing the Tax Invoice; and
 - 3) Self-paid Input Tax by the Low Risk PKP that has been validated with NTPN.
- i. The research officer is not required to conduct research on the compliance of requirements of certain activities as mentioned in Article 13 paragraph (3) of PMK-39/PMK.03/2018 for the Tax Period submitted with the preliminary refund application. The certain activities include:
- 1) export of Tangible Taxable Goods;
 - 2) delivery of Taxable Goods and/or delivery of Taxable Services to VAT Collector;
 - 3) delivery of Taxable Goods and/or delivery of Taxable Services, which VAT is not collected;
 - 4) export of Intangible Taxable Goods; and/or
 - 5) export of Taxable Services.

- j. Research on Input Tax as mentioned in letter h number 2) is conducted based on the application or data and/or information available in the DJP information system.
- k. Research as mentioned in letter h is conducted based on the following provisions:
 - 1) The credited and unreported Input Tax by the applicant Taxpayer in SPT Period of VAT of PKP preparing Tax Invoice, is not calculated as a part of the tax overpayment; and/or
 - 2) The reported Input Tax in the SPT Period of VAT of PKP preparing the Tax Invoice and is not credited by the applicant Taxpayer, is not calculated as a part of the overpayment of tax.
- l. Research on the Input Tax as mentioned in letter h is only limited to the Input Tax reported in the SPT Period of VAT of Overpayment Tax Period, which is being submitted with a refund application, which shall exclude Input Tax in SPT of the previous Tax Period that states the compensated overpayment.
- m. With respect to the value of the compensated overpayment in the Tax Period, which was requested for preliminary refund shall be acknowledged in the amount of the value of the compensated overpayment of VAT in the SPT Period of VAT of the previous Tax Period or SPT Period of the VAT of the Tax Period that was revised and caused the overpayment, which shall be further compensated to the Tax Period upon the request of the preliminary refund.
- n. Upon the SKPPKP issuance, with respect to the SPT Period of the overpayment of VAT, the compensation for the previous Tax Period shall be proposed to be inspected in accordance with the taxation regulations.
- o. Based on the research results, the Head of KPP shall:
 - 1) issue a SKPPKP in accordance with the sample form as set out in letter H of the Appendix of PMK-39/PMK.03/2018, in the event the preliminary refund application:
 - a) fulfills the formal obligations as mentioned in letter g; and

- b) based on material research as mentioned in letter h, there is an overpayment of tax that can be refund;
- 2) not issue a SKPPKP and instead shall issue a notification letter to the PKP in accordance with the sample form as set out in letter G of the Appendix of PMK-39/PMK.03/2018, in the event the application of the preliminary refund:
- a) does not fulfill the formal obligations as mentioned in letter g;
or
 - b) based on the material research as mentioned in letter h, there is no overpayment of tax that can be refund.
- p. In the event, based on the PKP research results, no SKPPKP is issued because no fulfillment of the formal obligations, the application of the overpayment tax refund shall be followed up based on the provisions of Article 178 of the KUP Law.
- q. In the event during the research on formal obligations for the preliminary refund pursuant to PMK-44/PMK.03/2020 it is also found that the PKP has a stipulation as a Low Risk PKP issued based on PMK-39/PMK.03/2018, but it does not fulfill the requirements for the effectiveness of a Decision on stipulation of Low Risk Taxable Entrepreneur, thus the KPP shall follow up by revoking the Stipulation on Low Risk PKP conducted based on the procedure mentioned in letter E number 9 of SE-10/PJ/2018.
- r. In the event based on the research results of PKP there is no SKPPKP being issued because it does not fulfill the material requirements, the application of the overpayment tax refund shall be followed up based on the provisions of Article 178 of the KUP Law.
- s. In the event the amount of tax overpayment within the SKPPKP is not equal with the overpayment amount in the SPT Period of VAT, thus the refund on the difference of tax overpayment that has not been refunded in such SKPPKP, it shall be processed in the event the Low Risk PKP resubmits the application of preliminary refund by using a separate letter as mentioned in Letter F of the Appendix of PMK-39/PMK.03/2018.

- t. The separate letter as mentioned in letter s is submitted no later than October 31, 2020. In the event the preliminary refund application via separate letter is submitted after October 31, 2020, the Head of KPP shall not issue a SKPPKP and instead it shall follow up the application by issuing a notification letter to the PKP in accordance with a sample form as set out in letter G of the Appendix of PMK-39/PMK.03/2018.
- u. In the event there is a difference of tax overpayment that has not refunded in SKPPKP and the period of October 31, 2020 has ended, such difference of tax overpayment that has not been refunded can be compensated to the following tax period by making a revision to the SPT Period of VAT.
- v. In the event the PKP submits the revision of SPT Period of VAT that is submitted with Preliminary Refund application before the issuance of SKPPKP and the revised SPT has been completely received, thus the basis of issuance of a SKPPKP is the SPT Revision, and the period of preliminary refund is calculated upon the receipt of SPT revision.
- w. In the event upon the issuance of SKPPKP, PKP submits a revision of SPT Period of VAT that states overpayment and it applies for the preliminary refund, and the revision SPT Period of VAT has already been declared complete, thus the tax overpayment that can be given preliminary refund is the tax credit that has not been reported in the revised SPT Period of VAT that has been issued with SKPPKP.
- x. In the event upon the SKPPKP issuance, PKP submits a revision of SPT Period of VAT that states underpayment, nil or overpayment that is lesser than the value of SKPPKP on section II letter D of the Form of SPT Period of VAT 1111 and PKP submits a preliminary refund application, and the SPT revision has been declared complete, thus such SPT Period of VAT revision shall cause underpayment of VAT on section II letter F of the Form of SPT Period of VAT 1111 after calculating the value of SKPPKP on section II letter E of the Form of SPT Period of VAT 1111. Henceforth:
 - 1) the SKPPKP shall still be followed up with the issuance of SKPPKP; and
 - 2) PKP shall be penalized with an administrative sanction in a form of interest as mentioned in Article 8 (2a) of the KUP Law.

- y. In the event PKP submits revision of SPT Period of VAT without calculating the value of SKPPKP on section II letter D of the Form of SPT Period of VAT 1111, and in the event if the value of such SKPPKP is calculated shall cause the revision of SPT Period of VAT becoming underpayment, thus it shall be followed up with the submission of SP2DK to the PKP and the issuance of a Tax Invoice Letter as mentioned in Article 14 paragraph (1) letter b of the KUP Law.
- z. In the event upon the issuance of SKPPKP and PKP submits revision of SPT Period of VAT with an application of tax overpayment refund in accordance with Article 17B of the KUP Law, the tax overpayment based on the SPT Revision shall be processed with the provisions of Article 17B of the KUP Law.
- aa. SKPPKP or the notification as provided in letter p, is issued at the latest 1 (one) month after the date of receipt of the application.
- bb. What is meant by the date of receipt of the application is:
 - 1) the date of receipt of SPT Period of VAT or application letter, in the event the SPT Period of VAT or application letter is submitted directly;
 - 2) the date of delivery or complete application letter, in the event the SPT or application letter is submitted through post, expedition companies, or courier services; or
 - 3) the date of delivery of SPT Period of VAT or complete application letter, in the event the SPT Period of VAT or application letter is submitted through certain channel (e-filing) as stipulated by the Director General of Tax.
- cc. In the event the time period as provided in letter aa has elapsed and the Head of KPP has not issued an SKPPKP or notification, the PKP application shall be deemed approved and the Head of KPP shall issue a SKPPKP at the latest of 3 (three) working days after the time period as provided in letter aa has elapsed.
- dd. The issued SKPPKP shall be followed up with the issuance of a SKPKPP in accordance with the terms and procedure as stipulated in PMK-

244/PMK.03/2015 regarding Procedure of Calculation and Refund of Overpayment Tax.

- ee. Settlement procedure on preliminary refund of overpayment of tax for Low Risk Taxable Entrepreneurs as stipulated in Appendix letter A which is an inseparable part of this Circular Letter of the Director General.
9. The terms on the KLU code that receive PPh Article 21 DTP, exemption of PPh Article 22 on Import, reduction of installment amount of PPh Article 25, and preliminary refund of the overpayment of VAT incentives.
- a. for Employers and/or Taxpayers who have had the obligation to submit an Annual SPT of the PPh for the year of 2018, the KLU code to be used is the KLU code as stipulated and reported in the SPT of the PPh for the Tax Year of 2018 whether it be:
 - 1) Annual SPT of the PPh of the Tax Year of 2018 with normal status;
or
 - 2) Annual SPT of the PPh of the Tax Year of 2018 with revision status, which is submitted by the Taxpayer either prior or subsequent to the effective date of PMK-44/PMK.03/2020.
 - b. for Employers and/or Taxpayers who are registered after 2018, or for Government Institutions, the KLU code to be used shall be the KLU code as stipulated in the Taxpayer taxation administration (Masterfile).
 - c. in the event of any discrepancies of the KLU codes which causes the Employers and/or Taxpayers to not be included in the KLU code in the appendix of PMK-44/PMK.03/2020 even though actually the KLI code is included in such appendix, due to various reasons among others:
 - 1) failure to write down the KLU code in the Annual SPT of the PPh for the Tax Year of 2018;
 - 2) the submission of the Annual SPT of the PPh for the Tax Year of 2018 has not been done; or
 - 3) the KLU code stated in the Annual SPT of the PPh for the Tax Year of 2018 was incorrect;

the Employer and/or Taxpayer may conduct revisions to such KLU through the submission of Annual SPT of the PPh for the Tax Year of 2018 whether of normal or revision status, so long as the Annual SPT for the PPh of the Tax Year of 2018 has not been examined as provided in Article 8 (1) of KUP Law.

- d. In the event the Annual SPT for the Tax Year of 2018 has been or is being examined, the KLU code to be used is the KLU code as stipulated in the Taxpayer Masterfile, with the condition that the Employer and/or Taxpayer:
 - 1) may change the KLU code through the submission of data amendment application so that it is in accordance with the correct KLU code; or
 - 2) is not required to change the KLU code in the event the KLU code of the Employer and/or Taxpayer is in accordance with the correct KLU code.

- e. In the event the Employer and/or Taxpayer stipulates the KLU code in the Annual SPT for the PPh of the Tax Year of 2018, whether of normal or revision status, including the KLU code in the appendix of PMK-44/PMK.03/2020, but the KLU code in such Annual SPT differs from the KLU code in:
 - 1) the Registered Taxpayer Statement Letter (*Surat Keterangan Terdaftar Wajib Pajak*); or
 - 2) the Taxpayer Masterfile;

the Employer and/or Taxpayer remains entitled to receive incentive facilities in the form of PPh Article 21 DTP, exemption of PPh Article 22 Import, deduction of the amount of installment for PPh Article 25, and/or preliminary refund of the overpayment of VAT. The above discrepancy of data shall be followed up with an amendment of data in accordance with the position over the KLU code in the Taxpayer Masterfile.

10. The terms for KITE companies, Bonded Zone Administrator license, Bonded Zone Entrepreneur license, or PDKB license that receives incentives of PPh Article 21 DTP, exemption of PPh Article 22 Import, deduction of the amount

of installment for PPh Article 25, and preliminary refund of the overpayment of VAT incentives

- a. Submission of the notification/application shall enclose the Minister of Finance Decree regarding the stipulation as a KITE Company, Bonded Zone Administrator license, Bonded Zone Entrepreneur license, or PDKB license.
 - b. The Minister of Finance Decree as referred to in letter a shall be Minister of Finance Decree stipulated prior and subsequent to the effective date of PMK-44/PMK.03/2020.
11. The procedure of monitoring over the utilization of incentives of PPh Article 21 DTP, PPh final DTP, exemption of PPh Article 22 Import, deduction of the amount of installment of PPh Article 25, and preliminary refund of the overpayment of VAT
- a. Monitoring over the utilization of incentives of PPh Article 21 DTP, exemption of PPh Article 22 Import, deduction of the amount of installment of PPh Article 25, and preliminary refund of the overpayment of VAT incentives are as follows:
 - 1) In the event the Taxpayer has utilized the incentive facilities of PPh Article 21 DTP but subsequently it is found that based on the data and/or information that reflects the actual condition that the Employer is not included in the KLU in the appendix of PMK-44/PMK.03/2020 or is not entitled to receive PPh Article 21 DTP incentive, a SP2DK shall be issued in order for the Employer to correct its SPT Period of PPh Article 21 and resubmit the outstanding PPh Article 21 which should have been withheld.
 - 2) In the event the Taxpayer has utilized the exemption of PPh Article 22 Import, and deduction of the amount of installment for PPh Article 25 even though based on the data and/or information it is known that the Taxpayer is not included in the KLU in the appendix of PMK-44/PMK.03/2020 or is not included as a company entitled to KITE facilities, Bonded Zone Administrator license, Bonded Zone Entrepreneur license, or PDKB license, a SP2DK is issued in order for the Taxpayer to conduct the payment of PPh Article 22 Import and PPh Article 25.

- 3) In the event the Taxpayer does not make the correction as referred to in number 1), a Tax Invoice Letter may be issued in accordance with Article 14 (1) letter b of KUP Law to collect the remaining PPh Article 21 payment which is still owed as referred to in number 1).
- 4) The issuance of a Tax Invoice Letter as referred to in number 3) shall not be conducted if the Taxpayer as an Employer has calculated and paid the underpaid withholding of PPh Article 21 that should not have been granted the the facilities of PPh Article 21 DTP in the calculation of the PPh Article 21 that is owed in the Tax Period of December.
- 5) In the event the Taxpayer has not made the correction as referred to in number 2), a Tax Invoice Letter may be issued in accordance with Article 14 (1) letter a of KUP Law to collect the underpaid PPh Article 22 or Article 25 that is still owed.
- 6) The issuance of the Tax Invoice Letter as referred to in number 5) shall not be conducted if the Taxpayer has submitted their Annual SPT of the PPh of the Tax Year of 2020.
- 7) The issuance of the Tax Invoice Letter as referred to in number 3) or number 5), shall be conducted by first confirming the correct KLU in the Annual SPT of the PPh of 2018 through the implementation of an examination for other purposes in order to match the data and/or statements or examinations to review the compliance on the fulfillment of the taxation obligations.
- 8) The result of the examination as referred in number 7) may also be used as the basis to change the KLU data of the Taxpayer in the Taxpayer Masterfile.
- 9) In the event the PKP has been issued a SKPPKP, however based on the data and/or information showing the actual condition that the Taxpayer is not included in the KLU in the appendix of PMK-44/PMK.03/2020 or is not included as a company that receives preliminary refund, therefore an examination shall be proposed upon the Tax Period in which the SPPKP was issued.

b. Monitoring over the utilization of PPh final DTP incentive is as follows:

- 1) In the event of any mistake in the issuance of Statement Letter and/or in the future there exists data or statements which states that a Taxpayer does not fulfill the criteria of a Taxpayer that is levied with PPh final based on GR 23 of 2018:
 - a) The Head of the KPP on behalf of the Director General shall conduct cancellation or revocation of the Statement Letter in accordance with the Statement Letter cancellation and revocation procedures regulated in PER-09/PJ/2019; and
 - b) The Taxpayers to whom the Statement Letter cancellation or revocation letter has been issued shall carry out taxation obligations in accordance with the general provisions of PPh as of the moment the criteria of a Taxpayer that is levied with PPh based on GR 23 of 2018 is not met.

- 2) In the event the Taxpayer has received a Statement Letter and utilized the PPh final DTP, however he does not submit a realization report as provided in Article 7 (1) of PMK-44/PMK.03/2020, such Taxpayer shall not utilize the PPh final DTP incentives and:
 - a. shall pay PPh final in the amount of 0,5% over the income from the business that is levied with PPh final based on GR 23 of 2018; or
 - b. shall conduct taxation obligations in accordance with the general provisions of PPh with respect to the income in accordance with the income as provided in letter a),and shall be imposed with sanctions in accordance with the provisions of the laws and regulations in the field of taxation.

- 3) The Head of the KPP is authorized to carry out guidance, research, monitoring and/or review of compliance over Taxpayers that utilizes the PPh final DTP facilities in accordance with the provisions of the laws and regulations in the field of taxation.

F. Closing

1. Whereas the elaboration in this Director General Circular Letter is in relation to the implementation of the provisions stipulated in PMK-44/PMK.03/2020 which shall come into force as of the date of promulgation, which is April 27, 2020.
2. With the issuance of this Director General Circular Letter, all relevant units in the environment of the Directorate General of Taxation are requested to conduct monitoring in relation to the implementation of this Director General Circular Letter in their respective work environments.

Therefore, this Director General Circular Letter is conveyed to be duly known and implemented.

Stipulated in Jakarta
on April 30, 2020
DIRECTOR GENERAL,
SURYO UTOMO

APPENDIX

Circular Letter of the Director General of Tax

Number : 29/PJ/202000

Date : April 30, 2020

A. Procedure on the Preliminary Refund of the Payment of Taxes for Low Risk PKP

I. Description

This operation procedure outlines the procedure on the settlement of preliminary refund of the tax overpayment for Low Risk PKP that fulfils the requirements of Article 14 of PMK-44/PMK.03/2020.

II. Work Procedure

1. In the event an application is submitted by a PKP directly to a KPP:
 - a. SPT Research Officers or TPT Officers shall receive and study the PKP application;
 - b. SPT Research Officers or TPT Officers shall record and print a BPS and LPAD, in the event the PKP application is received in a complete manner. In the event the application is deemed incomplete, the TPT Officers shall reject and return the application directly to the PKP.

The SPT Research Officers or TPT Officers shall:

- 1) record and print a BPS and LPAD, in the event the PKP application is received in a completed state; or
 - 2) reject and return the application directly to the PKP in the event the application is deemed incomplete.
- c. TPT Officers shall issue a BPS and LPAD manually in the event of a power outage or the system is damaged/disrupted, and shall copy the BPS and LPAD when the system regains its proper function.
2. In the event the application is delivered by a PKP through Postal services or an expedition service company or courier services and is deemed complete, TPT Officers shall record and print a BPS and LPAD, with the date of receipt

of the application in accordance with the date the application was submitted in a complete manner.

3. With respect to an application that is directly submitted or through Postal services or expedition service company or courier services, TPT Officers shall forward a copy of the SPT Period of VAT or application letter along with the relevant supporting materials to the Section of Monitoring and Consultation I.
4. Based on the monitoring of the submission of SPT Period of VAT Overpayment in the DJP Information System, the Head of the Section of Services shall assign the Implementer at the Section of Services to create a nominative list of Overpaid SPT restitution to be submitted through a certain channel (e-filing).
5. The Head of the Section of Services shall approve and sign the nominative list of SPT Period of VAT Overpayment restitution that is submitted through a certain channel (e-filing), and shall forward the same to the Section on Monitoring and Consultation I.
6. Based on the copy of the SPT and its supporting materials, application letter, or nominative list for overpaid SPT restitution delivered through a certain channel (e-filing) that is received by the Section of Services, the Head of the Section of Monitoring and Consultation I shall assign an Account Representative to conduct research for the purpose of preliminary refund of the overpayment of taxes for Low Risk PKP.
7. Research on the fulfillment of formal and material obligations shall be conducted through an application provided by DJP. In the event the research is unable to be conducted through an application yet, the research shall be conducted based on the data and/or information available in the DJP information system.
8. Research on the fulfillment of formal and material obligations based on the data and/or information that is available in the DJP information system as referred to in number 7 shall be conducted by an Account Representative as follows:
 - a. research on the fulfillment of the formal obligations shall be conducted based on the data and/or information available in the Taxpayer Profile menu in the DJP information system and/or Approweb version 3.0;

- b. research on Input Tax (*Pajak Masukan*) that is credited by the PKP applicant shall be conducted based on the data and/or information available on the DJP Application Portal, menu of Application Confirmation, submenu of Comparison of Invoice Data PKPM and/or Approweb version 3.0;
 - c. research on Input Tax (*Pajak Masukan*) that is paid by the PKP applicant themselves shall be conducted based on the data and/or information that is available on the DJP Application Portal, menu of Application Confirmation, submenu of NTPN Confirmation;
 - d. download and save the data that displayed on the screen (screen capture) in relation to the fulfillment of the formal and material obligations with respect to the preliminary refund of the overpayment of taxes for Low Risk PKP;
 - e. conduct research over the fulfillment of formal and material obligations based on the data that is available on screen capture as referred to in letter d.
9. To support the process of research on the fulfillment of formal and material obligations for the purpose of refund of the overpayment of taxes for Low Risk PKP, the Account Representative of the Section on Monitoring and Consultation I shall be granted access rights over the data and/or information available in the DJP information system as referred to in number 8.
10. In the event of disruption in the DJP information system and/or *force majeure* which results in the application for preliminary refund for Low Risk PKP, DJP information system, and/or Approweb version 3.0 as referred to in number 7 is not operational, a manual confirmation may be conducted.
11. An Account Representative shall create a concept of Report on the Research on Preliminary Refund of the Overpayment of Taxes for Low Risk PKP (Research Report) by using the format example as attached in Appendix letter B which forms an inseparable part of this Director General Circular Letter, and prepare:
 - a. an SKPPKP concept; or

- b. a concept of notification letter that the preliminary refund cannot be granted (notification letter) and proposal for revocation of stipulation of Low Risk PKP (revocation proposal).
12. The Head of the Section of Monitoring and Consultation I shall review and approve the concepts of Research Report and SKPPKP or letter as referred to in number 11, and forward same to the Head of KPP.
13. The Head of KPP shall review and approve the Research Report and SKPPKP or letter as referred to in number 11, and further assigns the Head of the Section of Services to print the SKPPKP or notification letter, and delivers a revocation proposal to the Head of the Section on Monitoring and Consultation I for follow up.
14. The Head of the Section on Services shall assign an Implementer of the Section of Services to print the SKPPKP or notification letter.
15. The Head of the Section of Services shall sign the SKPPKP or notification letter with their initials.
16. The Head of the KPP shall sign the SKPPKP or notification letter, and forward the same to the Head of the Section of Services.
17. The Head of the Section of Services shall assign an Implementer at the Section of Services to administer and deliver the SKPPKP or notification letter to the PKP in accordance with standard operation procedure on Procedure of Delivery of Document in KPP.
18. Process is completed.

B. FORMAT EXAMPLE OF REPORT ON THE RESULTS OF RESEARCH OF PRELIMINARY REFUND

**MINISTRY OF FINANCE OF THE REPUBLIC OF INDONESIA
DIRECTORATE GENERAL OF TAX**

(Completed in accordance with the letter head of the work unit that conducts the research on Preliminary Refund)

**RESEARCH REPORT ON THE RESULTS OF THE PRELIMINARY REFUND
REPORT NUMBER-...**

(Completed with the report number of the research results)

I. Application

- a. BPS/BPE Number :
(completed with application number)
- b. Date of receipt of complete documents :
(completed with the date of receiving the application in a complete manner)
- c. Type of Tax :
(completed with type of tax)
- d. Tax Period :
(completed with the tax period)
- e. Part of Tax Year or Tax Year :
(completed with tax year/ part of tax year)
- f. Amount of Overpayment :
(completed with the amount of overpayment in the SPT/application letter)
- g. Number and date of SKPPKP :
(completed with number and date of prior SKPPKP, in the event the application is made in a separate letter)

II. Taxpayer / Taxable Entrepreneur Identity

- a. Name/PKP :
(completed with the name of the Taxpayer)
- b. NPWP :
(completed with the Taxpayer Identification Number)
- c. Address :
(completed with the address of the Taxpayer/PKP)
- d. Status :
(completed by the central or branch office)

III. Follow Up over the Application

(Insert ✓ in the appropriate column)

No	Description	Yes	No
1	Choice of refund on SPT:		
	a. Regular restitution procedure (17B KUP Law)		
	b. Preliminary Refund		
	c. Does not select any choice		
2.	a. Tax Period with respect to which the Preliminary Refund is submitted is the period of April – September 2020		
	b. Application for Preliminary Refund is received by October 31, 2020		
	c. The Taxpayer’s KLU is included in the list of KLU that is entitled to receive incentives on Preliminary Refund as provided in the Appendix Letter I PMK-44/PMK.03/2020; or the Taxpayer has been stipulated as a KITE Company, granted a Bonded Zone Administrator License, Bonded Zone Entrepreneur License, or PDKB license		
	d. Amount of Overpayment is maximum Rp 5,000.000,000,00 (five billion rupiah)		
3	Decree on Stipulation:		
	a. Taxpayer with Certain Criteria (17C KUP Law) Number:, Date:		

	b. Low Risk PKP (9 (4c) VAT Law) Number:, Date:		
4	Amount of overpayment fulfils the Certain Requirements		
5	Conducts certain activities as provided in Article 9 (4b) of VAT Law		

Application on the VAT refund shall be followed up through the following mechanism:

.....(please see the guideline scheme in Section B).....

If the application is submitted through a separate letter, number 1 is not required to be filled out and the follow up on the application shall be in accordance with the procedure of issuance of the previous SKPPKP.

Remarks:

If the choice in number 1 is not a preliminary refund, please continue by filling out section VII (Conclusion and Suggestion from Research Results)

IV. Research on the Formal Obligations for Preliminary Refund

(Insert ✓ in the appropriate column)

a. Follow up through Preliminary Refund Mechanism Article 9 (4c) of VAT Law

No	Formal Research	Yes	No	Description
1	The PKP fulfils the criteria of PKP under PMK-44/PMK.03/2020, as follows: a. is of a KLU that is entitled to receive incentives on the Preliminary Refund as provided in the Appendix Letter I of PMK-44/PMK.03/2020; or b. encloses a KMK on the stipulation as a company that receives KITE facilities, Bonded Zone Administrator license, Bonded Zone Entrepreneur license, or PDKB license.			

2	The accumulated amount of overpayment in the SPT Period of VAT including the Revision of SPT Period of VAT does not exceed Rp 5,000,000,000, -			
3	The Tax Period with respect to which the application of preliminary refund is submitted is the Tax Period of April-September 2020			
4	The application on the Preliminary Refund is submitted by October 31, 2020			
5	The PKP is not being subject to an Initial Proof Examination			
6	The PKP is not being subject to a taxation criminal investigation			
7	The PKP has not been criminally sentenced for a criminal action in the field of taxation in the past 5 (five) years			

Remarks:

1. If any one of the formal obligations is not fulfilled, please continue by filling out section VII (Conclusion and Suggestion as Research Results).
2. If all the criteria of formal obligations are fulfilled, please continue by filling out section V (Material Research on Preliminary Refund).

V. Material Research on Preliminary Refund

(Insert ✓ in the appropriate column and complete the brief description of material research results on the available column)

No	Material Research	Yes	No	Description*
1	Accuracy of writing and calculation of taxes <i>(to ensure accuracy of addition, subtraction,</i>			

	<i>multiplication, division in tax calculation)</i>			
2	<p>Accuracy of crediting the Input Tax or tax paid by the Taxable Entrepreneur themselves</p> <p><i>(to ensure that the Input Tax has been reported in the SPT Period of VAT of the Taxable Entrepreneur who issues the tax invoice and the tax paid on their own has is validated at NTPN)</i></p>			

**May be completed with description references or other statements that are necessary to be included*

Based on the material research results on the examination of the accuracy of the Input Tax crediting, there is an Input Tax that **is not calculated** as overpayment of taxes as intended in Article 16 of Minister of Finance Regulation No. 39/PMK.03/2018 regarding Procedure of Preliminary Refund of Tax Overpayment, as follows:

1. Input Tax

A. List of Input Tax over BKP Import and Utilization of Intangible BKP/JKP from Outside the Indonesian Customs Area							
No	Name of Seller of the BKP / Intangible BKP/ JKP Grantor	NPWP of Seller of the BKP / Intangible BKP / JKP Grantor	Certain Documents		DPP (Rupiah)	VAT (Rupiah)	Remarks (NTPN)
			Number	Date			
	Subtotal A						
B. List of Input Tax over the Collection of Domestic BKP/JKP							
No	Name of Seller of the BKP /	NPWP of Seller of the BKP /	Tax Invoice/ Certain Documents		DPP	VAT	FP Code and

	Intangible BKP/ JKP Grantor	Intangible BKP / JKP Grantor	Code & Serial Number	Date	(Rupiah)	(Rupiah)	Serial Number that is replaced
	Subtotal B						
Total A and B							

VI. Calculation of the Overpayment of Taxes

.....
(completed with the calculation of the overpayment of taxes based on research results)

VII. Conclusion and Suggestion from Research Results

1. Conclusion

.....
(completed with the conclusion of the research results with brief and clear description)

2. Suggestion from Research Results

.....
(completed with suggestions from research officers, among others as follows:

- a. suggestion on the issuance of SKPPKP,
- b. notification that the SKPPKP is not issued, proposal on the revocation of the stipulation of Taxpayer with Certain Criteria/Low Risk PKP, and suggestions on the examination of Article 17B of KUP Law, due to the nonfulfillment of formal obligations
- c. notification that the SKPPKP is not issued and suggestion on the examination of Article 17B due to the nonfulfillment of material requirements
- d. suggestion to conduct examination of Article 17B of KUP Law due to the Taxpayer choosing refund/Restitution Article 17B KUP Law, or
- e. suggestion to conduct examination of Article 17B (1) KUP law, due to the failure of the Taxpayer in selecting the choice of refund)



Head of Section...

.....
NIP

Head of Office

.....
NIP

Research Officer,

.....
NIP

DIRECTOR GENERAL,

(Signed and Stamped)
SURYO UTOMO