



Tax Amnesty 2016

Wednesday August 31, 2016 - The Fairmont Jakarta



Programme

Wednesday, 31 August 2016 | 09:30am – 12:00pm

09:30 **Welcome – Jacob Zwaan**

09:45 **Presentation “Tax Amnesty 2016” – Ichwan Sukardi**

10:45 **Panel discussion**

Panel:

Sutedjo

Esther Kwok

Ichwan Sukardi

Anita Priyanti

Jacob Zwaan – Moderator

11:15 **Q&A**

11:45 **Closing remarks followed by lunch buffet**



Tax Amnesty 2016

Ichwan Sukardi

Relevant regulations

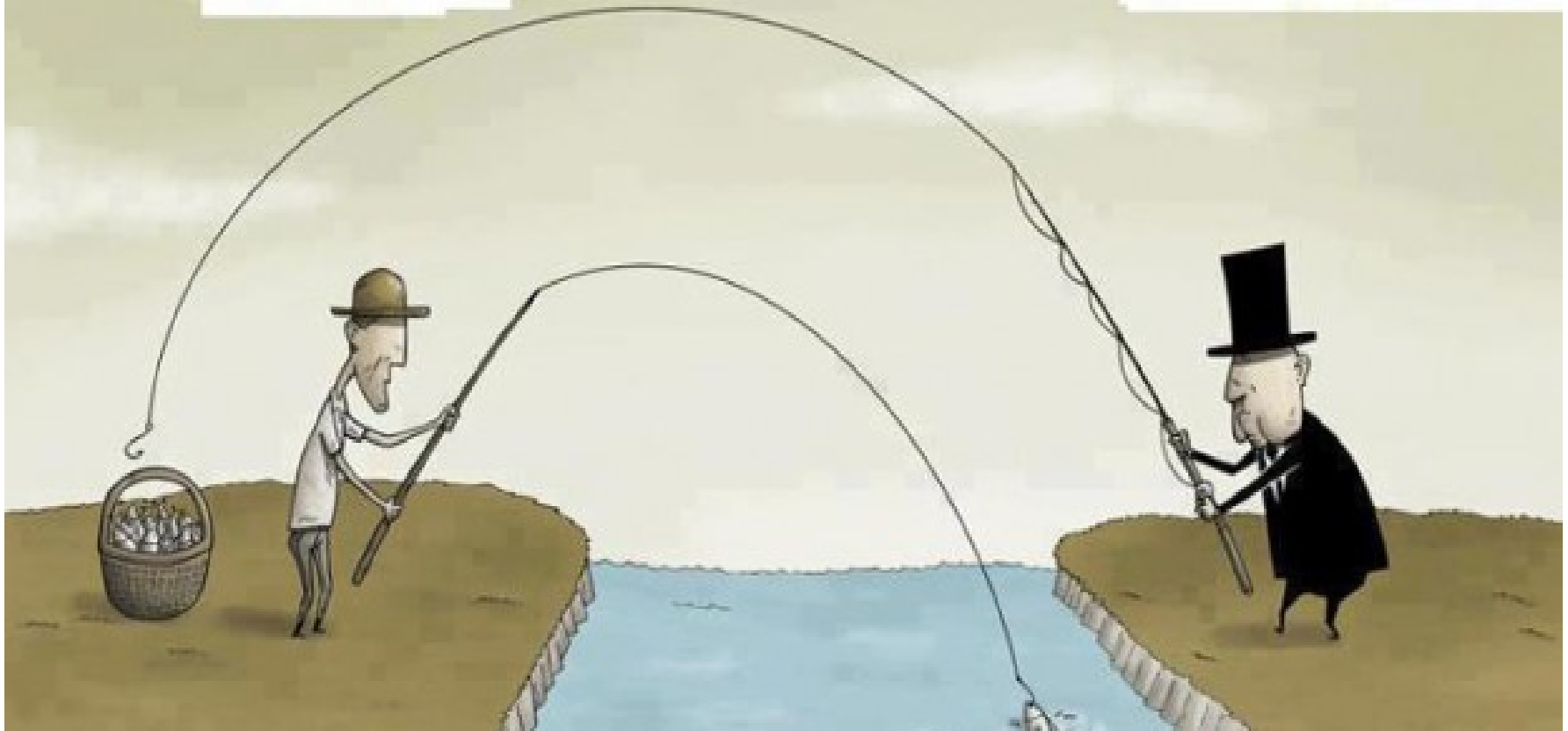
No.	Type	No.	Title
1	Law ("UU")	No. 11 Year 2016	Tax Amnesty
2	Ministry of Finance Regulation ("PMK")	No. 118/PMK.03/2016	Implementation of Law No. 11 Year 2016 regarding Tax Amnesty
3	Ministry of Finance Regulation ("PMK")	No. 119/PMK.08/2016	Guidelines of Taxpayer's Asset Transfer into the Republic of Indonesia area and Placement of Investment Instrument in Financial Market in the context of Tax Amnesty
4	Ministry of Finance Decision ("KMK")	No. 600/KMK.03/2016	Appointment of Perception Banks acting as Clearance Levy Recipients in the event of Tax Amnesty Implementation
5	Directorate General of Taxation Regulation ("PER")	No. PER-07/PJ/2016	Documents and Technical Guidelines on Filling Documents in the event of Tax Amnesty Implementation
6	Directorate General of Taxation Circular Letter ("SE")	No. SE-30/PJ/2016	Implementation Guidelines for Tax Amnesty
7	Directorate General of Taxation Regulation ("PER")	No. PER-08/PJ/2016	Registration and Reactivation of Individual Taxpayer via Certain Region in the event of Tax Amnesty
8	Directorate General of Taxation Regulation ("PER")	No. PER-10/PJ/2016	Documents and Technical Guidelines on Filling Documents in the event of Tax Amnesty Implementation (Amendment of PER-07/PJ/2016)

Relevant regulations (cont'd)

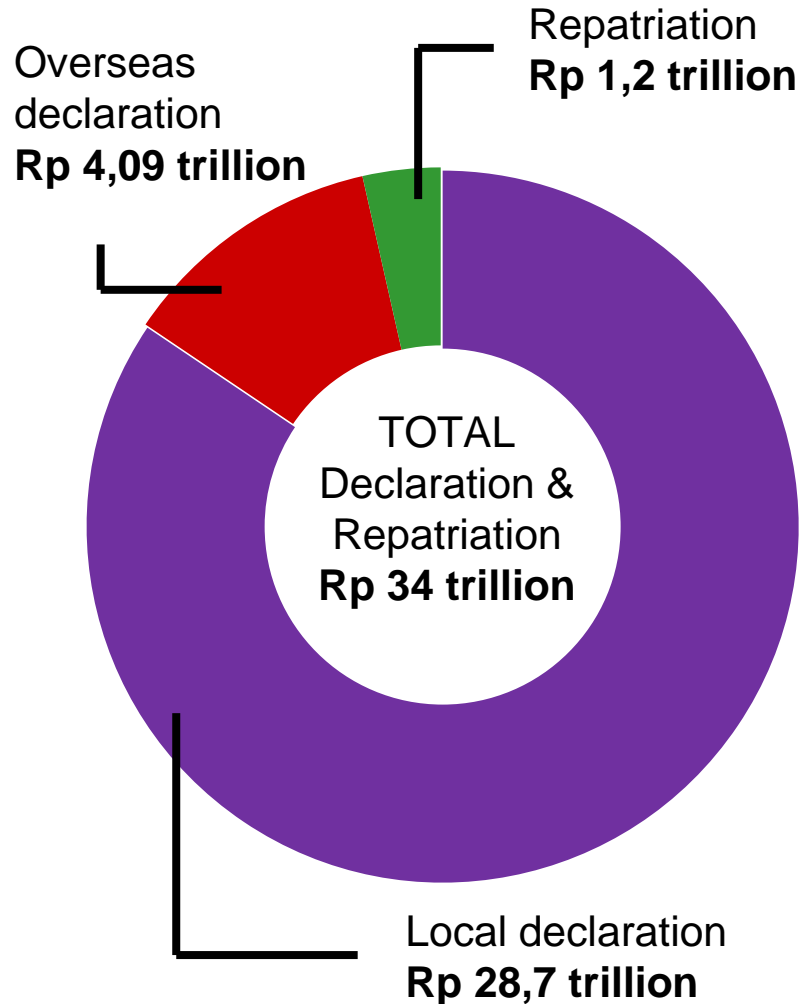
No.	Type	No.	Title
9	Directorate General of Taxation Circular Letter ("SE")	No. SE-34/PJ/2016	Guidelines on the Receipt and Follow up of Assets Statement Letter for Tax Amnesty in Certain Region
10	Directorate General of Taxation Circular Letter ("SE")	No. SE-35/PJ/2016	Guidelines related to Packaging and Submission of Tax Amnesty Documents to the Data Processing and Tax Documents Office
11	Directorate General of Taxation Instruction	No. INS-03/PJ/2016	Tax Audit Policy to Support the Law No. 11 Year 2016 regarding Tax Amnesty
12	Ministry of Finance Regulation ("PMK")	No. 122/PMK.08/2016	Procedure of Taxpayer Transfer of Assets to Indonesia and Placement of Investment to Other Financial Markets related to Tax Amnesty
13	Ministry of Finance Regulation ("PMK")	No. 123/PMK.08/2016	Procedure of Taxpayer Transfer of Assets to Indonesia and Placement of Investment to Other Financial Markets related to Tax Amnesty (Amendment of PMK No. 119/PMK.08/2016)
14	Ministry of Finance Regulation ("PMK")	No. 127/PMK.010/2016	Tax Amnesty for Taxpayer owning Indirect Asset via Special Purpose Vehicle (SPV)
15	Directorate General of Taxation Regulation ("PER")	No. PER-11/PJ/2016	Further Regulation concerning the Implementation of Law No. 11/2016 regarding Tax Amnesty

PEOPLE

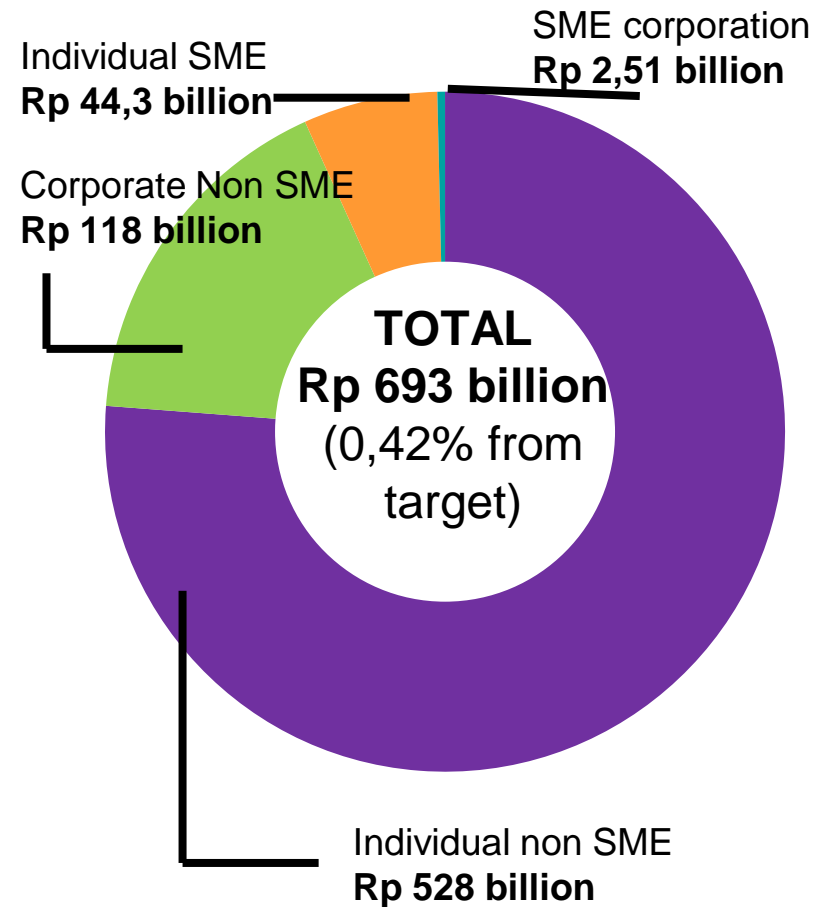
GOVERNMENT



Composition of Assets disclosure



Composition of Clearance Levy



Purpose of Tax Amnesty



Short-term

Revenue from CLEARANCE LEVY

Long-term

Tax revenue based on more complete and accurate database.

What is Tax Amnesty?

It is the elimination of:

- 1. Income Tax (PPH);**
- 2. Value Added Tax (PPn); and**
- 3. Sales Tax Luxury Goods (PPnBM),**

that should have been owed / payable by disclosing all assets owned, in the Declaration Letter and by paying the Clearance Levy.



No administrative and criminal tax sanctions will be imposed to the Taxpayers for the disclosure

What are the facilities provided?



1. Waiver of income tax and VAT

2. Non-imposition of tax administrative and criminal sanction for tax offense

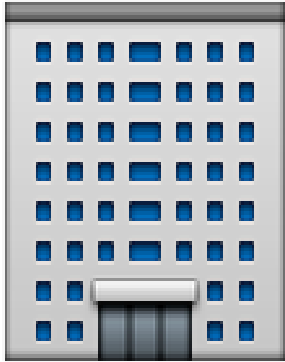
3. Waiver of: tax audit, examination of preliminary evidence and investigation of tax offense

4. Cessation of: tax audit, examination of preliminary evidence and investigation of tax offense

5. Data provided will not be the basis of examination and investigation of any tax offense

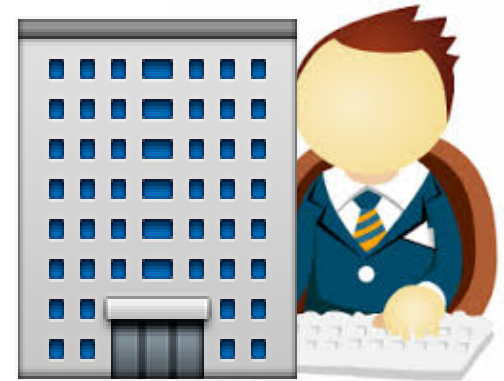
6. Income tax exemption on the transfer of ownership title in respect of the additional assets.

Who is eligible for the Tax Amnesty?



Companies

Companies /
individuals without a
tax identification
number



Small and
Medium-sized
Entrepreneurs

Individuals



Who is excluded from the provision?



Taxpayers who are currently being investigated by the Prosecutor



Taxpayers under judicial proceedings in Court



Taxpayers already sentenced for criminal charges in respect of taxation

Object of Tax Amnesty

Amnesty on
Tax obligation

Income Tax
VAT / LST



Until **the end of the latest
fiscal year***

***The Latest Fiscal Year → for the period started on 1 Jan 2015 and ended on 31 Dec 2015.**

What are the clearance levy rates?

Clearance Levy rates	<u>1st Batch</u> July to September 2016	<u>2nd Batch</u> October to December 2016	<u>3rd Batch</u> January to March 2017
Offshore assets declaration – repatriation and invest in Indonesia for at least 3 years	2%	3%	5%
Onshore assets – to be kept in Indonesia for at least 3 years	2%	3%	5%
Offshore assets declaration – no repatriation	4%	6%	10%

SME Taxpayers whose revenue up to Rp4.8 billion in the latest fiscal year	
Disclosing assets up to Rp10 billion The first month until 31 Mar 2017	Disclosing assets more than Rp10 billion The first month until 31 Mar 2017
0,5%	2%

How to calculate the clearance levy?

Clearance Levy Rates X Net Asset Value



Non-declared ASSETS

Less

**LIABILITIES directly related
to the assets**



How to calculate the clearance levy?



Assets & Liabilities

- ♣ Cash assets = nominal value
 - ♣ Non-cash assets = fair value*
- * Based on Taxpayers' own valuation

Limitations of liabilities:

- ◆ **75%** of non-declared assets' value for Corporate.
- ◆ **50%** of non-declared assets' value for Individuals.

Assets and liabilities in other currencies are to be converted into IDR using MOF's exchange rate

Repatriation

In the event the disclosed Asset is outside Indonesia, Taxpayer can transfer the asset in the form of fund to Indonesia.



Investment in Indonesia must be kept at the minimum within

3 years

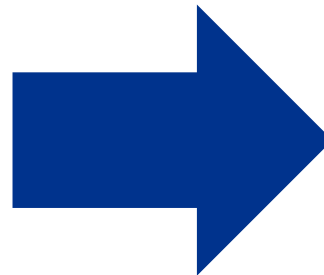
Effective from the fund is transferred by Taxpayer to Gateway Special Account.

Transfer of Asset Deadline

Statement submitted
before 30 September 2016

Statement submitted
before 31 December 2016

Statement submitted
before 31 March 2017



**31
DECEMBER
2016**



**31
MARCH
2017**

Gateway

GATEWAY



Taxpayer's asset manager –
its role is to store
Taxpayer's asset transfer.



Bank



Investment
Manager



Brokerage (Securities)
Firm

Which is appointed by the Minister for placement and management of Taxpayer's fund into investment instrument for Tax Amnesty purposes.

Requirement to File Reports

Asset Type	Report	Sanction*
Additional assets transferred to the Republic of Indonesia area	Realization of transfer and investment	Treated as income of year 2016 and subject to tax and prevailing sanction
Additional assets in the Republic of Indonesia area	Placement of Additional Assets	Treated as income of year 2016 and subject to tax and prevailing sanction

*Remarks

1. Clearance Levy that has been paid calculated as a deduction of income tax.
2. Provisions regarding Tax Amnesty facilities still prevails up to date.

How to apply for Tax Amnesty

TAX AMNESTY IS GRANTED TO TAXPAYER VIA DISCLOSURE OF HIS/HER ASSETS IN THE **DECLARATION LETTER**

It has information on:

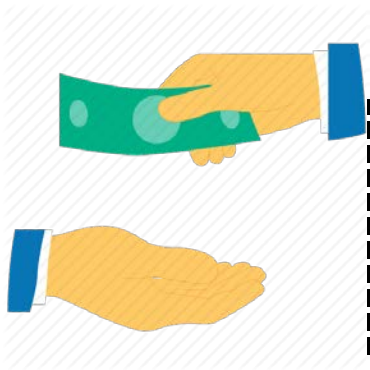
- Taxpayer's Identity
- Assets
- Liabilities
- Net Assets Value
- Clearance Levy calculation



Procedures for Filing Tax Amnesty (1)



Taxpayer requests for explanation regarding filling and completion of documents to DGT



Taxpayer pays clearance levy



Proof of Payment



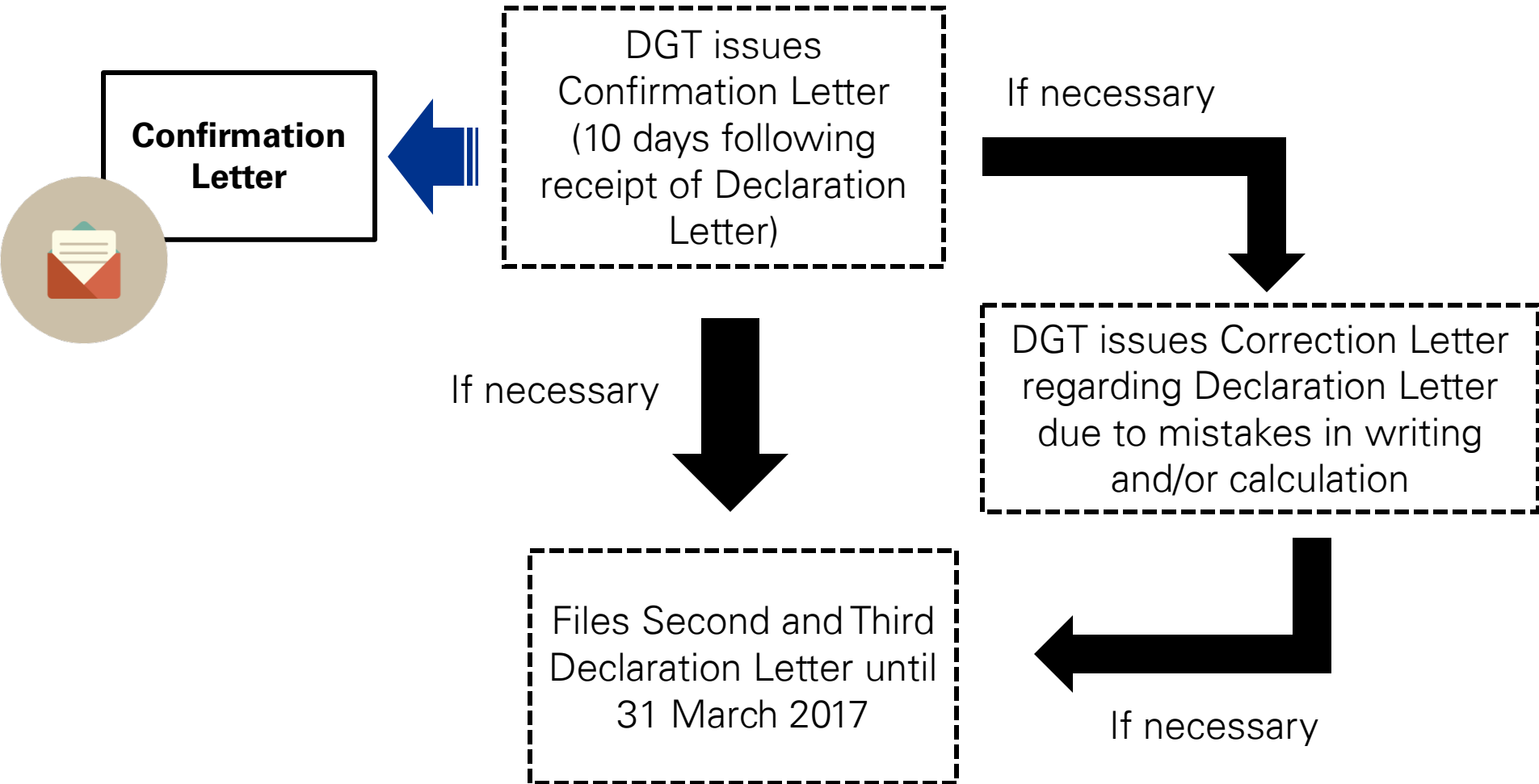
Taxpayer submits Declaration Letter and its attachments to DGT



Receipt



Procedures for Filing Tax Amnesty (2)



Submission of Declaration Letter

Maximum 3 times in the period effective from the Law is published until 31 March 2017

Taxpayer can submit second or third Declaration Letter before or after confirmation letter concerning first or second declaration letter is issued.



When will the Confirmation Letter be issued?

In the period of
**10 WORKING
DAYS**

Effective from the
receipt date of
declaration letter with
its attachments.



Will the information provided be protected?

Ministers, Deputy Ministers, Finance Ministry employees and other parties associated with the implementation of tax amnesty, are forbidden to divulge, disseminate and / or publicize the data and information known or disclosed by the taxpayer to other parties.

Data and information submitted by the Taxpayer in the context of tax amnesty can not be requested by anyone, or be given to any other parties, without the consent from the Taxpayer.

What assets information should I declare in the Declaration Letter?



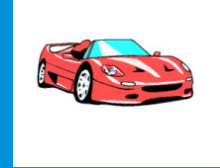
Savings, deposits, etc:
Account number, deposit slips number



Shares, mutual funds, rights, future contracts, etc: Shares certificates, statements, certificates of ownership



Corporate and government bonds: Certificates / letters of ownership



Motor vehicles (motorcycles, cars, etc): Proof of vehicle ownership, license plate number, etc.



Precious metals (gold bars, jewelries, diamonds, paintings, antiques, etc): Certificates of ownership, etc



Yachts, private planes, helicopters, etc: Ownership / registration certificates, Certificate of Airworthiness



Apartments / land & buildings: Strata title, sale and purchase agreements, certificates of ownership, etc.



Patents, royalties, trademarks, licenses, goodwill: Certificates of ownership or other similar documentation

What are the consequences of Tax Amnesty?

Incremental value of the additional assets must be recorded as retained earnings

Accumulated tax losses & tax overpayments cannot be carried forward

All tax disputes must be withdrawn



Cannot request for refund of any overpayment balances

Additional assets cannot be depreciated / amortized

All outstanding tax liabilities must be settled

Not allowed to amend any tax returns up to the last fiscal year

PER-11/PJ/2016 regarding Further Regulation concerning the Implementation of Law No. 11/2016 regarding Tax Amnesty



Subject and Object – clarification on certain taxpayers that may or may not use his right to participate in TA (Income below PTKP, not residing in Indonesia more than 183 days)

Clarification on additional assets – to include inheritance, and or grant that has not been reported in the return.

Taxpayer who **does not use his/her right for Tax Amnesty** can either: Submit Income Tax Return or amend Income Tax Return

Fair value of assets

- Definition: a value that represents the condition and situation of similar asset based on Taxpayer's valuation.
- The fair value reported by Taxpayer on the Statement Letter **will not be challenged or adjusted** by the DGT.

PMK 127/PMK.010/2016 regarding Tax Amnesty for Taxpayer owning Indirect Assets via Special Purpose Vehicle (SPV)

Disclosed assets include: (i) Asset in **Indonesia** owned indirectly via SPV, and (ii) Asset **outside Indonesia** owned indirectly via SPV.

Special purpose vehicle (SPV) means an **intermediary company** which is:

- a. Established for the purpose of specific functions for the owner's interest, such as purchase and/or financing; and
- b. Not conducting any active business activities.



Reported asset value

- a. Taxpayer **has not yet reported** Asset in the latest Income Tax Return: asset value = indirect asset via SPV.
- b. Taxpayer **has reported** Asset in the latest Income Tax Return = (indirect asset via SPV **(less)** shareholding value of SPV already reported in the Income Tax Return)
- c. In case the Asset at SPV owned by more than 1 Taxpayer, the asset value is calculated proportionally based on Taxpayer's ownership portion.
- d. In case taxpayer provide loan to the SPV, assets and liabilities recorded are net

PMK 127/PMK.010/2016 regarding Tax Amnesty for Taxpayer owning Indirect Asset via Special Purpose Vehicle (SPV)

How much is the clearance levy rate: refer to article 4(1) of TA Law if assets are in Indonesia or repatriated to Indonesia or article 4(2) if not repatriated back to Indonesia

A Taxpayer who files a Declaration Letter by disclosing all the assets owned by Taxpayer via SPV must dissolve or let off the right on the SPV:

- a. From previously under the SPV's name becomes the Taxpayer who submits the Declaration Letter
- b. From previously under the SPV's name becomes under Indonesian Corporation via transfer of assets using book value



What are the sanctions for not disclosing or under-declaring your assets?

Under-declaring

1. The assets will be considered as additional income to the Taxpayer



2. Will be subject to income tax plus a penalty of 200%

Non-disclosure (within 3 years after the tax amnesty law)

1. The assets will be considered as additional income to the Taxpayer



2. Will be subject to administrative sanctions in accordance with the prevailing tax laws



Thank you

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