



Easing Taxation Responsibilities

Understanding government-based tax application

Monthly Newsletter

March 2023



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Government Tax Applications, How Influential & Beneficial?

The pandemic only accelerates the inevitable: the digital transformation of the economic landscape, including the use of tax applications. However, it is not due to the pandemic that the government decided to use application-based taxation services.

Online taxation services were first recorded to be used in 2004 through the launching of e-Filing in Indonesia, the first tax application. In later years, the government launched a mobile application called 'M-Pajak'. With this, taxpayers can access a variety of tax resources from the government, including but not limited to taxation laws, tax calculators, and tax news.

As the year progresses, technological advancements in hopes of easing taxation responsibilities managed to surge. In this edition, we will dive into the realm of technological advancements of taxation applications and their benefits for taxpayers.

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Government Tax Applications, How Influential & Beneficial?

Zanetta Kurniawan & Shaheila Roeswan

There are several obligations as taxpayers that should be fulfilled. For example, a taxpayer must report their assets on their annual tax returns, which consist of their income tax data. Before filing their tax returns, taxpayers are also required to pay and withhold their tax, for example, in the case of income taxes and vehicle tax, or value-added tax for their purchased goods or services.

In order for taxpayers to fulfill their tax obligations, taxpayers then need to access taxation services provided by their government. In Indonesia, taxpayers are required to visit their nearest and corresponding tax offices where they obtain their Taxpayer Identification Number in order to access taxation services in relation to their taxation obligations.

Taxpayers can only use offline platforms to access these services up if they meet a certain condition. Even if tax offices are scattered across the country, there are restrictions that could complicate taxpayers' access to these offices, such as time, schedule, or locations. In addition, the current pandemic conditions only make it harder for taxpayers to access these tax offices and fulfill their obligations offline.

Thus, the Directorate General of Taxes ("DGT") developed and launched several taxation applications that would hopefully ease taxpayers' access to their tax obligations. Tax applications were not limited to Indonesia, but other countries also have their own tax applications. For example, in the United States of America, there are several private-made tax applications that were established in collaboration and with approval from the IRS.

Indonesia, however, has its own set of applications in order to accommodate taxpayers' needs in being compliant with their tax obligations. Before the rise of digital applications, Indonesia has its own journey when it comes to the digitalization of the national tax system.

Indonesian Tax Digital Transformation: The Journey

The digital transformation of Indonesian taxation was not an entirely new aspect. It has been years since Indonesia first launched its first tax application called e-Filing. First launched in 2004, the application is regulated in the Decree of the Directorate General of Taxes Number KEP-88/PJ/2004. During this time, the application can only be accessed through Application Service Provider (“ASP”), a third-party platform providing computer-based services sited on a particular network.

The government introduced another application named e-Registration in 2007. The DGT then launched the “DJP Online” website, which can be reached through djponline.pajak.go.id, operating as the center of all electronic tax returns-related services, and consolidated all filing and payment tax applications under one system.

The DGT continued to ease taxpayers’ obligations by simplifying the task using e-SPT, e-Filing, and e-Form in order to fulfill their annual tax return obligations, which are regulated in PER.03/PJ.2019. It was also the start of a new era from the DGT: the era of Automatic Exchange of Information (“Aeol”) and Country by Country Reporting (“CbCR”). The DGT worked together with a variety of tax institutions from various countries and jurisdictions in order to exchange tax-related information.

Current Condition of the Digital Taxation Landscape

In celebration of National Tax Day on 14 July 2021, the DGT launched a variety of applications in order to assist its workers in fulfilling their duty. These applications are called Compliance Risk Management for Transfer Pricing, Ability to Pay, Smartweb, and Taxpayers’ Dashboard for each Tax Office, which is meant to further facilitate the supervisory task for tax workers. Moving forward, the DGT aims to continue the digital transformation of the Indonesian taxation system, where a similar activity can be detected as a trend in many other countries.

As taxpayers, there are certain applications meant to fulfill their duties as law-abiding taxpayers. Here is the complete list of applications that the DGT has launched for the use of taxpayers:

1 e-Registration

Commonly known as e-Reg, the Online Taxpayers Registration System is a part of the Taxation Information System of the DGT. e-Reg is meant to facilitate taxpayers in registering their information without having the need to come to the nearest tax office. The application can be accessed through the DGT’s website, or through ereg.pajak.go.id

2 e-Filing

e-Filing is an online platform meant to address the need for Annual Tax Returns filing. This application can be accessed in real time through the DGT’s website, as its network falls under the Tax Application Service Provider.



2 e-Filing

Through e-Filing, taxpayers can file a different number of tax returns, such as Income Tax Returns Article 21/24, Article 4(2), Value-added Tax Returns, Income Tax Returns Article 15, Article 22, and Article 25. In addition, e-Filing also provides annual tax return forms, such as the 1770S and the 1770 SS which can be accessed in real-time.

However, it should be noted that the 1770 and 1771 annual tax returns forms should be downloaded from other applications such as e-Form or e-SPT, and to fill the form manually before uploading it into the e-Filing application.

3 e-Form

e-Form is an annual tax return form in the form of an electronic document. This form can be downloaded and filled out manually, and then uploaded to the e-Form application. After the form is completely filled out, taxpayers can file it through the DGT's website in PDF format.

e-Form is to be used for the 1770 and 1770 S individual taxpayers' annual tax returns form, as well as the 1771 corporate taxpayers' annual tax returns form.

4 e-SPT

e-SPT is an electronic tax returns document in the form of a digital tax report form meant to be reported electronically. Taxpayers can access e-SPT to report their tax calculations and payments, tax objects and non-tax objects, and their assets or liabilities following the regulations.

e-SPT can be downloaded and used to construct a tax report in CSV format before the said document is uploaded through e-Filing.

This application was reportedly closed by the DGT in order to improve the efficiency and the quality of Indonesian tax, however, it was reopened on 28 March 2022.

5 e-Billing

e-Billing is an electronic tax payment system using billing codes. Billing codes are identification codes published through e-Billing as means of tax payment or withholdingment which can be accessed through DJP online.

There are two ways that a taxpayer can receive billing codes. First, taxpayers can access the e-Billing application or the billing issuance service provided by ASP and telecommunications companies in collaboration with the DGT. The second way is issuance through roles from the DGT. In this method, issuance is used for Notice of Tax Assessments ("SKP"), Notice of Tax Collection ("STP"), Notice of Tax Payable Land and Building ("SPPT") , as well as both SKP and STP for Land and Building Tax.

6 e-Faktur

e-Faktur is an application to create electronic tax invoices or VAT collection proof. e-Faktur can be accessed by downloading the application to your devices. Taxpayers can report their annual VAT returns through the e-Faktur DGT site.

Taxpayers that are appointed as VAT-able Entrepreneurs are obligated to create a tax invoice. In order to access the application, this type of taxpayer should fulfill the following:

1. User is an appointed taxpayer and has an account in relation to their status
2. User has an Electronic Certificate given by the DGT
3. User is in possession of a computer that can run the e-Faktur application

7 e-Nofa

e-Nofa is a site used to request an e-Faktur serial number made by the DGT to facilitate VAT-able Entrepreneurs' needs. The requesting method of the Tax Invoice Serial Number was once manually done. Before accessing e-Nofa, taxpayers are required to own an electronic certificate.

e-Nofa can be accessed through the e-Nofa site by accessing efaktur.pajak.go.id.

8 e-Bupot

e-Bupot Unification is an application provided by the DGT to facilitate taxpayers' need in creating withholding tax proof unification and reporting their unified periodic income tax returns. The reporting period for unified periodic income tax returns has to start starting from April 2022. The proof itself consisted of withholding tax proof with the standard form and documents that are equivalent to withholding proof.

A unified periodic tax return is a collection of different periodic income tax returns compiled in one document. Included in a unified periodic tax return are income tax article 4(2), article 15, article 22, and income tax article 26.

e-Bupot Unification can be accessed through djponline.pajak.go.id. The application will display unified periodic income tax return data which has been sent to the DGT system. Taxpayers can print out their electronic receipts and see the withholding details in the unified income tax return.

The rise of these tax applications can certainly aid taxpayers in saving their time and energy as they can choose to not do it manually and through their nearest tax office. Reporting taxes can be done anywhere and anytime in real-time, as well as minimizing the possibility of human error as all data will be validated automatically by the system.

However, all these applications also show that currently the DGT system is not yet fully integrated. While it does accommodate taxpayers' needs, taxpayers must also download a variety of applications from a variety of sites that are only accessible online. In addition, several applications, for example, e-SPT, also run on an outdated system which could erase the efficiency aspect, potentially affecting data quality and processing time. It is crucial for the DGT to always update these applications to ensure the best quality for taxpayers.

Photo credit by dotshock

Moving Forward: What's Next for Tax Applications?

The rise of digital transformation in the taxation landscape is done in regard to the need to develop a sustainable system. In order to reduce compliance risks or to create an automatic system, the progress of digital tax administration is seemingly moving at a rapid pace. The COVID-19 pandemic only seemed to accelerate the process more, with improvements from the digital sectors ensuring a stable and safer environment for digital tax administrations.

Digital transformation has helped not only taxpayers but also the government in running verifications and collecting data. Indonesia is also one of the countries looking forward to implementing positive changes in its taxation system.

Right now, the DGT is focused on transforming its current system which is planned to be finished by the end of 2023 and to be fully implemented starting from 1 January 2024. The new system will be named **Core Tax Administration System ("CTAS")** or is called *Pembaruan Sistem Inti Administrasi Perpajakan* in Bahasa Indonesia. One of the most recent updates in fulfilling an integrated tax system is by integrating National Identification Numbers and Taxpayer Identification Numbers, together creating a system called single identity number ('SIN').

CTAS will be able to deliver a more efficient, effective, accountable, and integrated business process for Indonesia's tax administration. This new system will undergo system integration testing ("SIT") on April 2023, which will test the integrated 21 business processes in order to fully link tax services. These business processes are an automatic-based technology for tax returns management, Document Management Systems ("DMS"), taxpayer services, tax assessment, supervision, extensification, tax collection, investigation, objection, and appeal.

The implementation of CTAS is with a goal: to ensure that an integrated tax administration will increase taxpayer compliance levels. In 2022, the Indonesian taxpayers' compliance level is recorded at 83.2%. This number is based on the 19.07 million taxpayers, which meant that around 15 million taxpayers have fully complied and fulfilled their tax obligations. This also meant that the compliance level has reached more than 80% over the past two years in Indonesia.

CTAS implementation is based on the Law on Harmonization of Tax Regulations and is considered one of the key components in ensuring a successful tax system reformation.



Monthly Highlights

News and Events in March 2023

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Monthly Highlights

News Summary for March 2023



Photo credit by utah778 from Getty Images

The Indonesian tax court will introduce an application called 'e-Tax Court' to assist in tax dispute resolution cases.

e-Tax Court Application Used by Indonesian Tax Court Starting from May 2023

The Tax Court aims to launch and implement the e-Tax Court application to further ease the process of dispute resolution.

The application will be available to use by every party related to a dispute case, where documents will be gathered and able to be accessed by everyone on the case.

The application is implemented to ensure a timely delivery of dispute resolution.



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News Summary for March 2023

Electric vehicles users will be able to enjoy a range of tax incentives provided by the government, starting from March 2023.



Tax Incentives That The Government is Offering to Encourage People to Use Electric Vehicles

In order to urge the public to use electric vehicles, the government has set out a collection of tax incentives to be given to electric vehicle users, both cars and motorcycles which are planned to be implemented in March 2023.

Incentives such as a VAT rate of 1% for electric cars and a subsidy of IDR7 million for electric motorcycles are able to be used by the public. In addition, electric vehicles registered in the IKN area will be exempted from VAT.

These incentives are the government's move to accelerate the low-emission movement from Indonesia in order to reach the emission target.



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Monthly Highlights

News Summary for March 2023



Photo credit by Muhammad Iqbal on Getty Images

“IKN residents will be able to make use of several tax incentives.”

Planning to work at IKN? You Will Be Eligible To Enjoy These Tax Incentives

To further the development of the IKN, the government offers many tax incentives, for workers, investors, and companies that will reside in IKN, both local and international.

For example, workers will be exempted from income tax until 2035. Foreign companies will also be exempted from income tax for up until 10 years, where for the next 10 years they will receive a 50% discount on their income tax.

The development of IKN is planned to wrap up in 2045. These incentives are given to pull the general public to invest and reside in IKN.



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Monthly Highlights

News Summary for March 2023



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“Due to a more positive economic environment and rising consumption rates, the tax revenue for February 2023 is increasing.”

The Total Amount of Taxes Collected in February 2023 is IDR279.98 T

Economic transactions and the consumption rate of Indonesian citizens seemed to have returned, by looking at the current number of the February 2023 Tax Revenue.

The tax revenue now amounted to IDR279.98 T, with the highest contributor for the revenue coming from Non-oil and gas income tax.

In addition, the collected regional tax revenue has a positive growth with the amount of IDR25.85 T.



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News Summary for March 2023

The DGT launched new tax feature in their M-Pajak application: a Forgot EFIN service to assist taxpayers in obtaining one.



Photo credit by kanchanachitkhamma

Forgot your EFIN? The DGT Launches New M-Pajak Feature

The long-awaited feature is here. The Directorate General of Taxes addresses the need of taxpayers.

With the deadline for the annual tax returns approaching, more and more taxpayers have been reaching out and looking for ways to obtain their forgotten EFIN in order to access their taxpayer accounts.

Luckily, the DGT has launched a new feature: Forgot EFIN. This feature can be accessed by taxpayers in the M-Pajak mobile application.



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Monthly Highlights

News Summary for March 2023



Photo credit by welcomia

The annulment of BBNKB II and Progressive Vehicle Tax will begin and hopefully spread across the nation.

The Annulment of the Second Transfer of Motor Vehicle Title Fee and Progressive Vehicle Tax

Planned in 2022, the annulment of the second Transfer of Motor Vehicle Title Fee ("BBNKB") and Progressive Vehicle Tax will begin to commence.

The reason for the annulment of such taxes was to increase taxpayers' compliance in paying their vehicle tax, as well as manage the nation's transportation data.

Until now, a total of 23 regions have annulled their BBNKB II and progressive vehicle tax regulation across Indonesia.



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Tax Calendar
April 2023

MON	TUE	WED	THU	FRI	SAT	SUN
27	28	29	30	31	1	2
3	4	5	6	7 Good Friday	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22 Eid-ul-Fitr 1444H	23
24	25	26	27	28	29	30 2022 Corporate Income Tax
1	2	3	4	5	6	7

Reminders

- 7 April 2023** Good Friday
- 10 April 2023** Payment Deadline : March 2023 Art. 4(2), 15, 21/26, 22, & 23/26 Income Tax
- 17 April 2023** Payment Deadline : March 2023 Art. 25 Income Tax, SME Final Income Tax, & Self-Assessed VAT
- 20 April 2023** Filing Deadline : March 2023 Art. 4(2), 15, 21/26, 22, 23/26, & 25 Income Tax
- 22-23 April 2023** Eid-ul-Fitr 1444 H
- 30 April 2023** Payment and Filing Deadline : **2022 Corporate Income Tax**
- 1 May 2023** Payment and Filing Deadline : March 2023 VAT

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