



MIB Monthly Newsletter | February 2024



Discovering the Breakthroughs of the Core Tax Administration System



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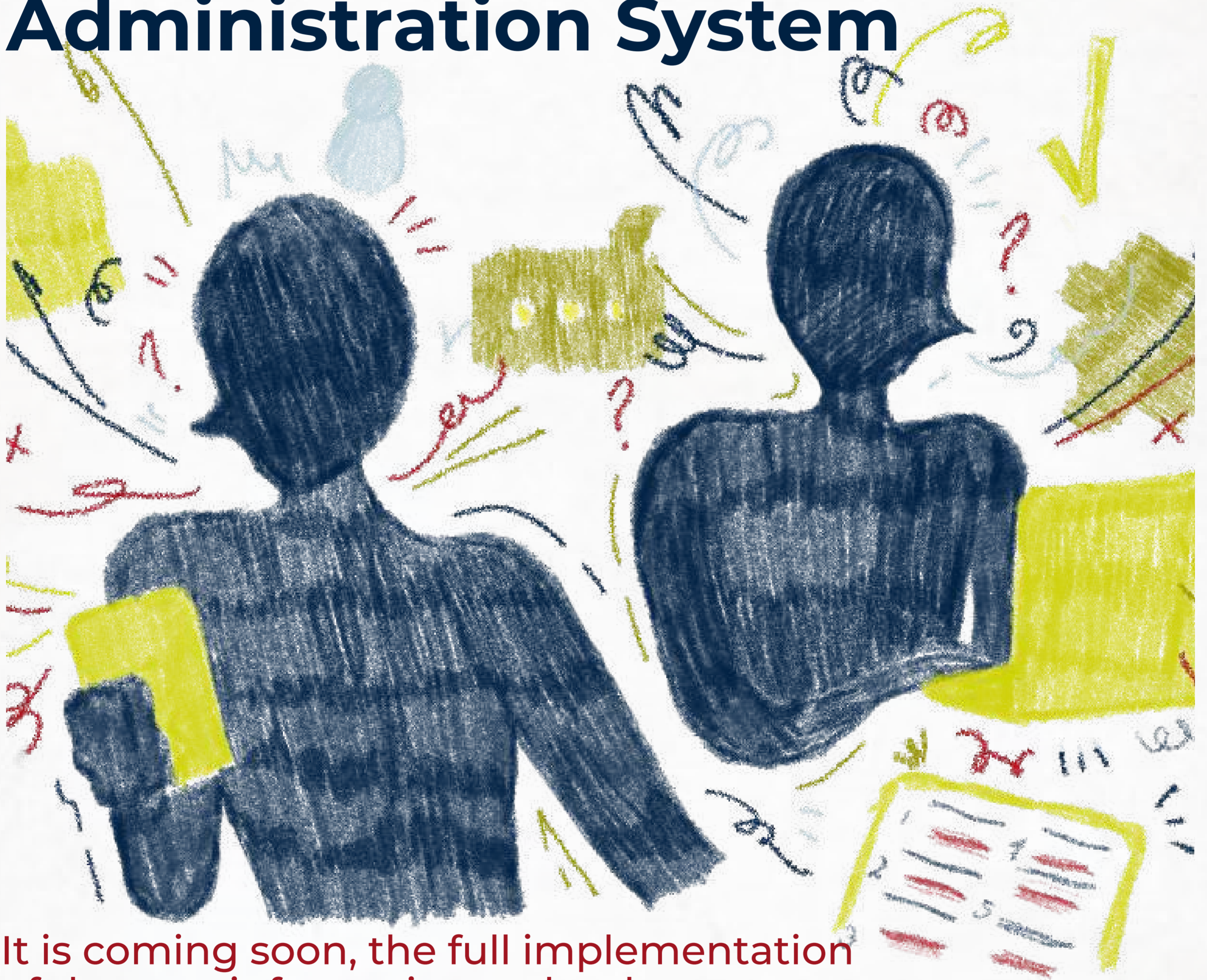
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Insight Article

Getting a Lowdown on Business Processes in the Core Tax Administration System



It is coming soon, the full implementation of the new information technology system invented by the Directorate General of Taxes.

Let's get to know the **Core Tax Administration System**, planned to be implemented by July 2024.



Getting a Lowdown on Business Processes in the Core Tax Administration System

The Directorate General of Taxes plans to implement the new information and technology system developed fully by July 2024. The new system, named the Core Tax Administration System or CTAS, has been the talk of the town ever since its early development and publication and is aimed at digitizing several business processes within the Indonesian taxation environment.

What business processes will be included in the new system? How does it work and how will the system be integrated with other aspects of a taxpayer's life? As the year moves forward, so does the development of the CTAS. Learn more about what to expect and several developed business processes that are hopefully improved in this newsletter issue.

What is a Core Tax Administration System?

The world is moving towards a digitalized system and that includes the digitalization of taxation, as also part of economic development. The Indonesian government plans on expanding and developing the digitalized version of the taxation system, aiming to increase efficiency and effectiveness, as well as putting forward the comfort and safety of the system.

Thus, the Directorate General of Taxes developed a new information technology system, called the Core Tax Administration System, which will later be commonly known as CTAS. Through the development of CTAS, the Directorate General of Taxes plans to upgrade and adjust the quality of 21 business processes previously carried out by the institution separately.

CTAS itself has been designed since 2021 and is planned to be fully implemented by July 2024, where its implementation will be done gradually to accommodate all business processes. The business processes that will be found within the system are centered around law enforcement until public services, for example, taxpayer registration and knowledge management, as well as tax returns filling and tax audit.

We will be discussing several business processes that the Directorate General of Taxes has shared in general, such as taxpayer registration, tax payment, annual tax returns, taxation services, taxpayer account management ("TAM"), tax collection, and tax law enforcement in the form of preliminary evidence audit.

Security in Taxpayer Registration and Taxpayer Account Management

A taxpayer may be able to be more efficient and secure in making a taxpayer's account through CTAS. In CTAS, a taxpayer can create an account and activate their taxpayer's account. The taxpayer registration business process can also serve not only the creation of the account but also the taxable entrepreneur confirmation, registration of land and building tax objects, accommodate changes in a taxpayer's profile, as well as conduct revocation and deletion for taxpayer's accounts.

Taxpayer Account Management

Taxpayers who own a taxpayer account will be able to access Taxpayer Account Management (TAM), which will contain an overview of the taxpayer's profile, where taxpayers will be able to access the overview of their taxpayer profile as well as information regarding their taxation rights and obligation from every business process, and the big book of taxpayer's transactions, where taxpayers will be able to look over the details of their transactions in the form of debits and credits.

In addition, taxpayers will also be able to access the Taxpayer Portal or TPPortal.

Taxpayers can access the TPPortal platform by providing their national identification number or 16-digit taxpayer identification number, a password they made during account activation, and a language setting.

Changing Data and Content in a Taxpayer's Profile

The business process is conducted for taxpayers to be able to update and ensure their data is the newest and the most accurate. In addition to this, taxpayers will also be able to request that the Directorate General of Taxes publish their taxpayer account and receive authorization code for electric certificates, and will also be able to request a taxpayer's transfer from anywhere.

Deletion and Revocation

In terms of services concerning deletion and revocation of a taxpayer's account, the CTAS will provide services such as the revocation of taxable entrepreneur status which will be finished in around 6 months, revocation of a taxpayer's identification number which will be finished at around 6 months for individual taxpayers and 12 months for corporate taxpayers.

However, it should be noted that the taxpayer's account will still be accessible on the Directorate General of Taxes' system, which taxpayers can use to conduct payment, access other services, and access other information unavailable prior to the revocation.

Multi-usage Tax Payments and Other Taxation Services Features

A taxpayer will not only be able to conduct tax payments with CTAS but also will be able to access other tax-related services that could help taxpayers in fulfilling their tax obligations. Several services that CTAS will provide include educational, interactive, and administrative services.

Tax Payments

There are several new features that CTAS has arranged for taxpayers to feel safe and secure in fulfilling their tax payments. For example, CTAS will be equipped with a billing code that taxpayers can use for multiple tax or tax debt payments all at once, and taxpayers will also be able to see which billing codes are active in a dashboard. Next, CTAS will also provide an account that taxpayers can use to pay their taxes earlier called a tax deposit account, and taxpayers will also have an integrated payment channel where they can easily pay their taxes by using affiliated banks.

Taxpayers can also request a transfer, restitution.

Additionally, taxpayers can also request a restitution, or an interest refund application by accessing the CTAS, which taxpayers can do from anywhere and at any time.

Educational, Interactive, and Administrative Taxation Services

In terms of educational taxation services, both taxpayers and non-taxpayers will be able to receive educational taxation services through several activities, including learning applications, educational materials, and reserving a taxation class with the help of the Directorate General of Taxes.

Interactive taxation services are meant to be the channel for communication between taxpayers and non-taxpayers with tax authorities, where they can ask for several things including general inquiries, complaints, suggestions, and appreciation for Indonesian taxation. These services can be accessed through multiple platforms, including a contact center, the official Directorate General of Taxes or a complaint website, tax offices, or through taxpayer's portal.

For administrative taxation services, taxpayers will be able to receive announcements, apply for an administrative service, as well as receive reports on administrative products such as notice of tax exemption application, or MSME's final income tax certificates. This service can be accessed through multiple platforms, similar to interactive taxation services, comprised of call centers, websites, and tax offices.

New Features on Annual Tax Filing for Taxpayers

Through the development of CTAS, taxpayers can access several new features through the platform. For example, the feature to calculate the installments of income tax article 25, can be utilized by various taxpayers.

There is also the feature to report notification letter for land and building tax object, where taxpayers can do so by accessing the menu from said taxpayer's account. The notification letter will be prepopulated for the following year and taxpayers can make adjustments based on the provided data.

For individual taxpayers, there will be one type of tax return formula where taxpayers will start by answering key questions before complementing it with needed appendixes. All withholding tax slips will be prepopulated into individual taxpayer's annual income tax returns, and there will be an accounting menu that can be used by MSMEs taxpayers.

Similar to individual taxpayers, corporate taxpayers will also be provided with one formula to fill out their annual tax returns.

Corporate taxpayers will also receive the liberty of having all of their withholding tax slips be prepopulated as well. Additionally, corporate taxpayers can access standardized and integrated profit and loss reports from 12 sectors.

Government institutions will also be able to use several new features in correlation with tax reporting. These features are not limited only to taxpayers, for example, a prepopulated withholding tax slip for monthly income tax article 21/26 returns. In regards to monthly value-added tax (VAT) returns, VAT withholders that are non-taxable entrepreneurs, and VAT on Trade Through Electronic Systems withholders, new features include integrated tax invoice and autogenerated tax invoice serial numbers, as well as automatic input VAT from previous tax month.

Lastly, government institutions and taxpayers will also be able to use facilities in correlation with the unified monthly income tax returns, whose contents will be integrated with items from the Directorate General of Taxes systems.

For the Tax Authorities: Tax Collection and Tax Audit Features

CTAS is equally important for tax authorities as it is for taxpayers, as the system itself is meant to also facilitate tax authorities to fulfill their duties and take the edge off interactions between taxpayers and tax authorities. Following these needs, the CTAS supplied several services for tax authorities to use.

Tax Collection

In general, tax authorities will be responsible for tax collection, which will be divided into two main steps in the CTAS. These stages are collection preparation and collection implementation.

During the collection preparation stage, tax authorities and taxpayers will be obligated to go through several steps, starting with tax claims and collection basis, which could then evolve into documents delivery and auctions.

See next page for the 'Tax Collection Process'



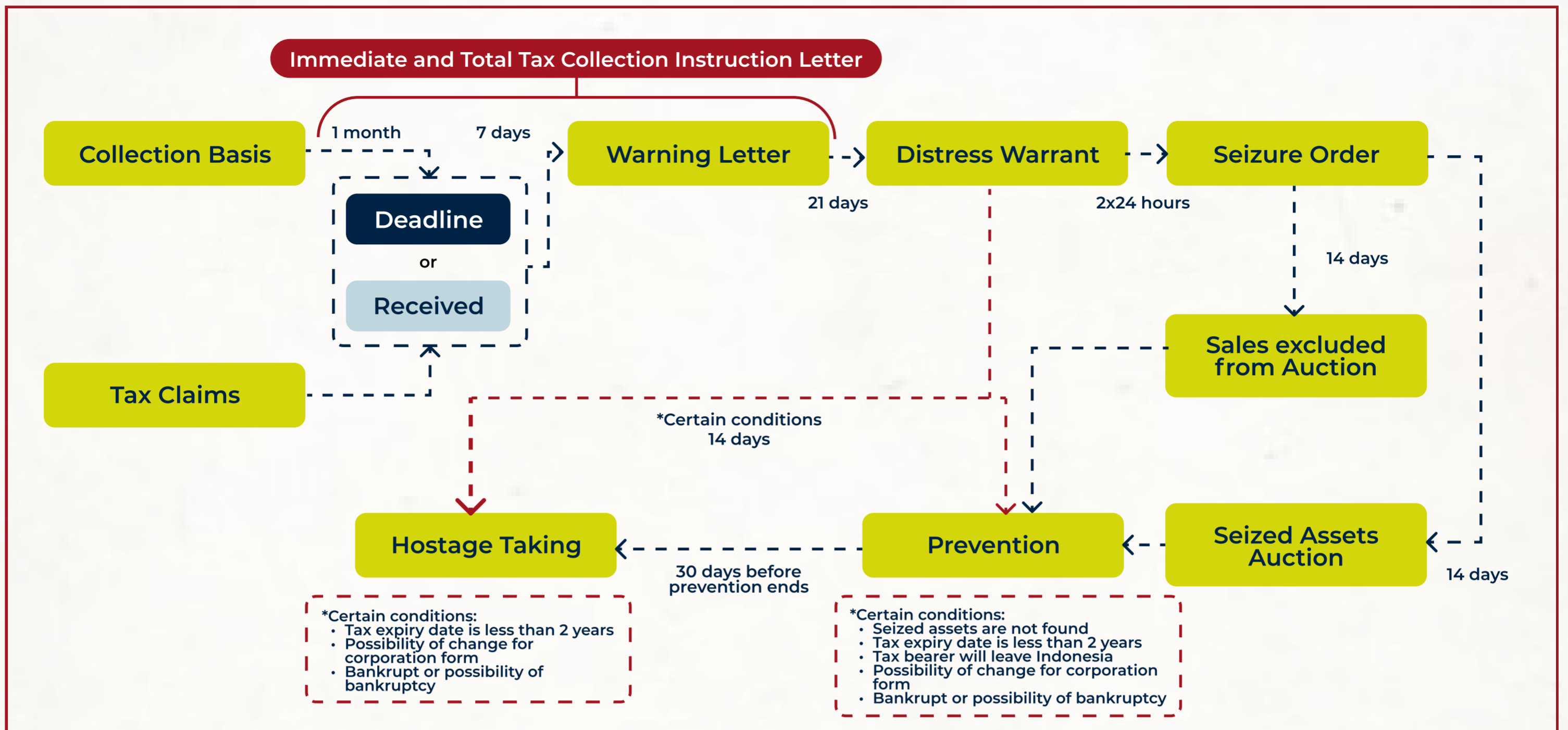


Figure 1: Tax Collection Process

The collection implementation process will be comprised of automated document delivery, in which documents will be delivered directly to taxpayers through the Taxpayer Portal, or other means including registered email, expeditions and other delivery methods, or directly to taxpayers.

Following the implementation of the tax collection process, taxpayers will also be able to apply for several requests through similar platforms, including blockage withdrawal requests or auction revocation requests.

Tax Audit as Law Enforcement in the form of Preliminary Evidence

A preliminary evidence audit is a process where taxpayers can receive preliminary evidence regarding the possibility of a criminal offense conducted within the taxation environment. This process can be done both in an open or closed manner. If the audit is done in an open manner, then said taxpayer will receive a notification letter concerning the audit, where the taxpayer will not be able to correct their tax returns within this time frame.

CTAS aims to increase security by accommodating several features of the Taxpayer Portal, including sending notifications of the audit process through the portal.

By using the taxpayer portal, taxpayers will also be able to be flagged by the system, and by default by the tax authorities behind the audit, letting them know that they are being audited. This process in the portal is called 'Flagging'. Next, correspondence during the audit which will concern the taxpayer can be done electronically, thus taxpayers will not have to spend more time. Lastly, taxpayers can also conduct voluntary disclosure through the portal.

How Can Taxpayers Expect to Use CTAS?

The development of CTAS is meant as a way for taxpayers and tax auditors to be able to utilize their time, thus increasing their efficiency and effectiveness in conducting their obligations.

Once the system is fully deployed, taxpayers can make use of the Taxpayer Portal and Taxpayer Account Management to better manage their taxation obligations and needs, including accessing several educational and interactive or administrative services. In addition, as CTAS is planned to be integrated into other platforms, such as banks or other institutions, taxpayers will also be able to fulfill their tax payment obligations easily and more securely.

Taxpayers can expect an integrated and seamless system to oversee their taxpayer account and find out which obligations and responsibilities they have to fulfill, to ensure that they finish all those obligations right on time.

Taxpayers can expect an integrated and seamless system to oversee their taxpayer account.



Additional Information

21 Business Processes in CTAS

There will be a total of 21 business processes that will be upgraded in CTAS. This list includes processes such as registration, tax returns management, tax payment, taxpayer account management, taxpayers services, third party data processing, Exchange of Information (EoI), Data Quality Management (DQM), Document Management System (DMS), Business Intelligence (BI), Compliance Risk Management (CRM), assessment, supervision extensification, audit, collection, intelligent, investigation, dispute and appeal, non-dispute, and knowledge management system.

**Contents of this issue are based on the latest development of CTAS published in February 2024.*

MIB Events Highlights

MIB conducts events throughout February 2024. With the help of Pajak.com as media partner, MIB successfully conducts several events, including those discussing annual tax returns, tax audits, disputes, and appeals, as well as transfer pricing documentation.



15.02.2024

Thursday

Discussing Corporate Annual Tax Returns and Transfer Pricing

Kicking off with the first event in the middle of February 2024, MIB decided to discuss and educate taxpayers on the importance and obligations of conducting corporate annual tax returns and its correlation with transfer pricing and preparing transfer pricing documentation.

[> Read more here](#)

[> Read coverage from Pajak.com here](#)



21.02.2024

Wednesday

Educating Individual Taxpayers on Reporting Tax Returns

In this event, MIB educates individual taxpayers on one of their obligations: paying, calculating, and reporting their annual tax returns for the 2023 fiscal year. MIB aims to ensure taxpayers are familiar with and understands the concept and the basic technical aspects of reporting tax returns.

[> Read more here](#)

[> Read coverage from Pajak.com here](#)



28.02.2024

Wednesday

Learning Tax Audit and How It Leads to Tax Dispute or Appeal

MIB shares knowledge on how taxpayers should act and respond to a tax audit process, usually conducted to check taxpayers' compliance. Additionally, taxpayers also learned how to respond to the process by requesting a tax dispute process, which could also lead to taxpayers facing the tax appeal process if the result is not satisfactory.

[> Read more here](#)

February 2024

Monthly Highlights

In February 2024, there are several regulations issued by the government in order to further develop the taxation environment, as well as provide tax incentives in order to deliver ease to taxpayers looking forward to purchase electric cars and homes in 2024.

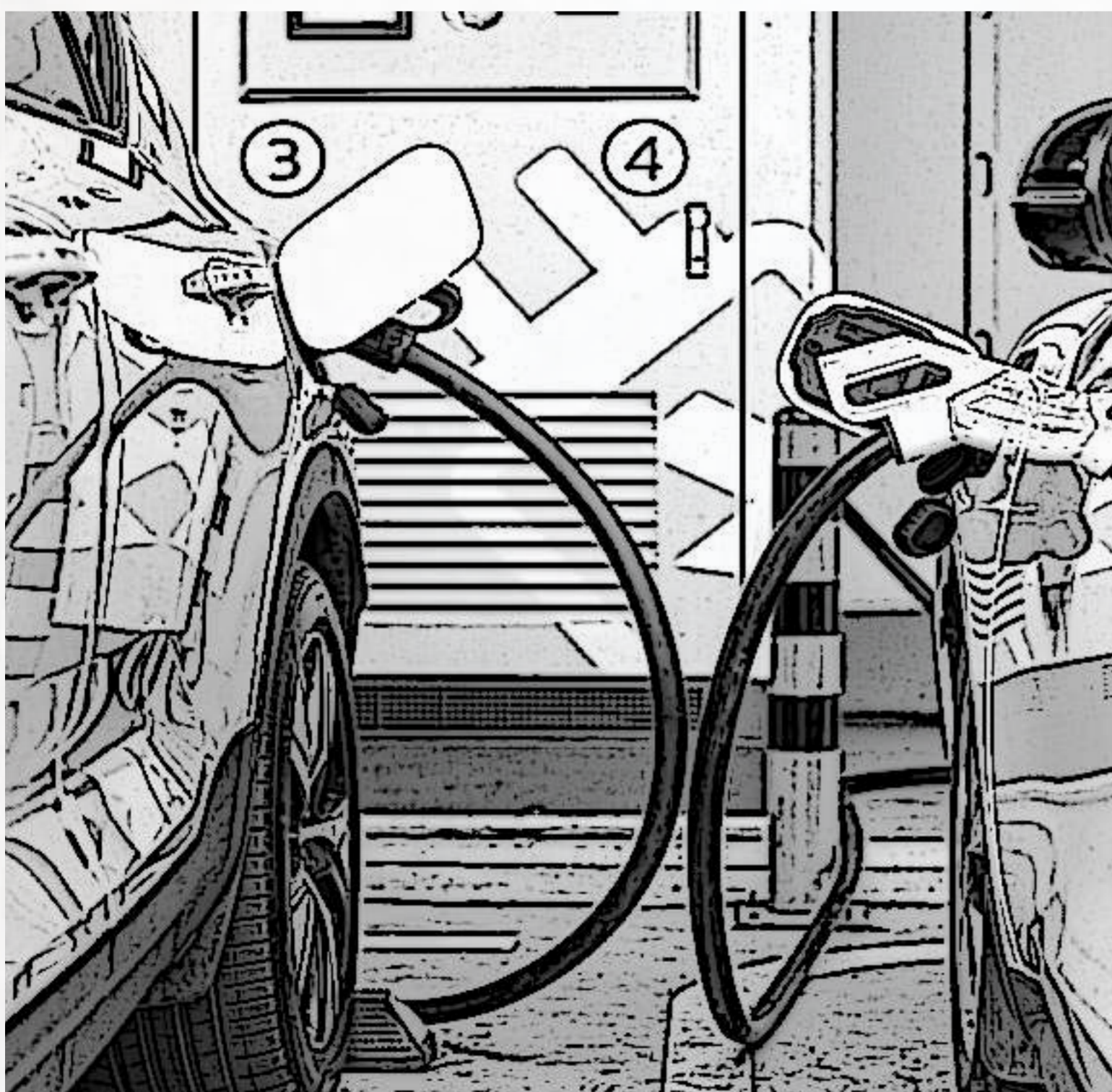


Bali Imposed a Lower Entertainment Tax Rate Amidst Increases

The local government of Bali has decided to lower their entertainment tax amidst the buzz about the higher entertainment tax rate, imposed at a rate between 40% until 75%, and applicable for all regions in Indonesia.

By applying the ruling within the HKPD Law, the government of Bali is imposing a rate of 10% until 15% for entertainment tax under the guise of fiscal incentives given by the government to push investment activities for the area.

[> Read more here](#)



Ministry of Finance Provides Luxury Tax Incentives for Electric Cars

The Ministry of Finance issued two regulations concerning the tax incentives around electric cars.

The Minister of Finance Regulations No. 8 Year 2024 discusses VAT incentives on electric cars and buses with a Domestic Component Level of until 40%, which could have taxpayers only paying a 1% VAT as opposed to the 11% VAT.

The Minister of Finance Regulations No. 9 Year 2024 discusses Luxury Sales Tax on CBU and CKD imported cars, applicable for entrepreneurs who applied for the incentive.

[> Read more here & here](#)

Next read 09 Regulation on Government-Borne VAT for House Purchase is Issued

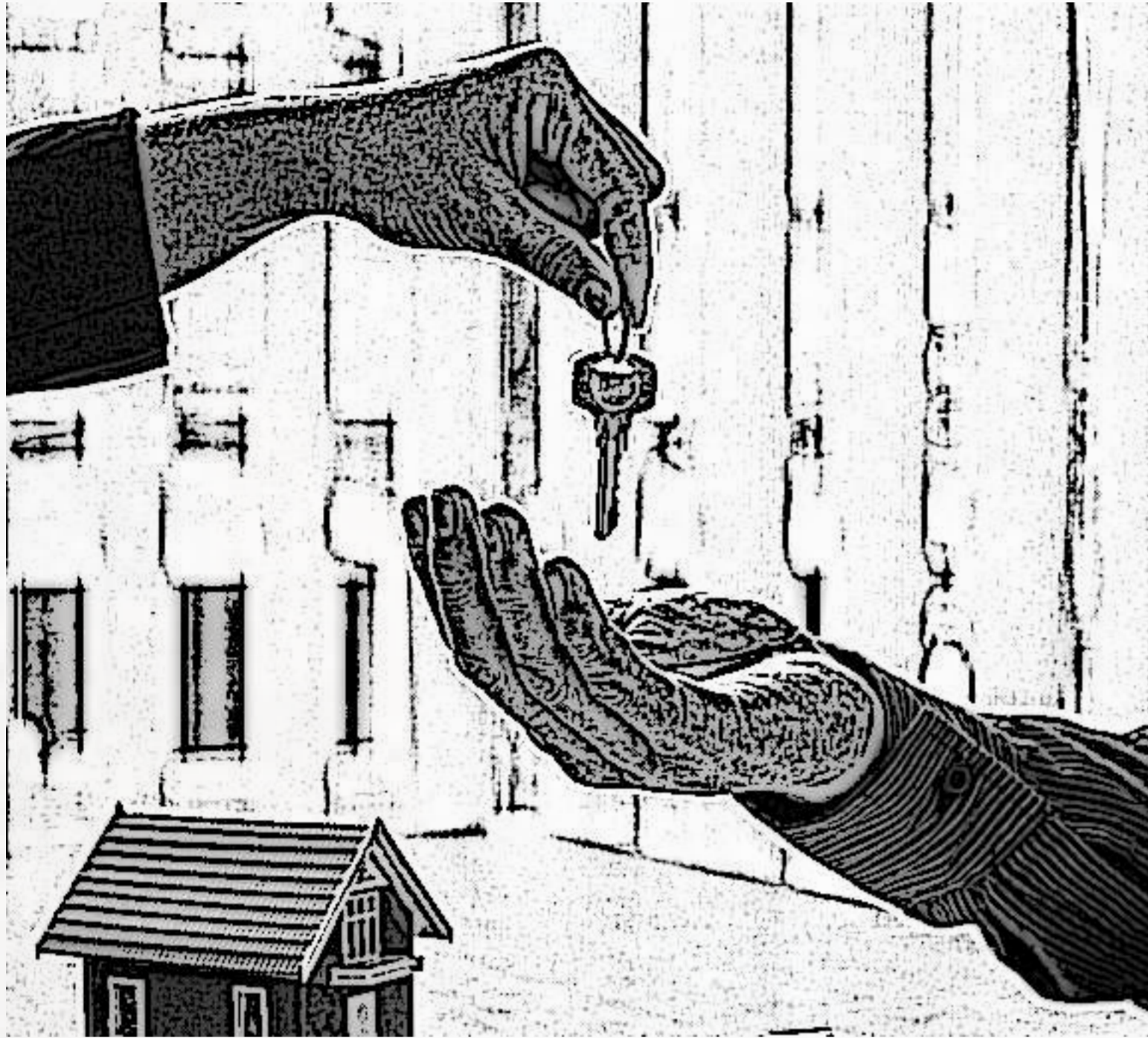
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Regulation on Government-Borne VAT for House Purchase is Issued

The Ministry of Finance officially issued a regulation concerning the VAT incentives on house purchases. Through the Minister of Finance Regulation No. 7 Year 2024, the government offered a tax incentive in the form of a government-borne VAT incentive for house purchases.

Previously, the government agreed on providing this incentives for houses priced until IDR5 billion, with a VAT incentive given at IDR2 billion. The issuance of this regulation continues said incentive, giving it a clear basis of law and ensuring that houses handover from 1 January 2024 until 30 June 2024 can enjoy this incentive.

[> Read more here](#)



The Collected Tax Revenue for January 2024 Amounts to IDR149,25 T

The Ministry of Finance reported that for the beginning of 2024, the collected tax revenue has amounted to IDR149,25 trillion, fulfilling around 7.5% of the target mentioned in APBN 2024.

This number consisted of several taxes, with the highest contribution coming from the collected Non-oil and gas income tax, reaching IDR83.69 trillion just for the first month and have fulfilled 7.87% target.

Sectoral-wise, the highest contribution came from the trade sector with a contribution of 26.6% from the total collected tax revenue.

[> Read more here](#)

Next read

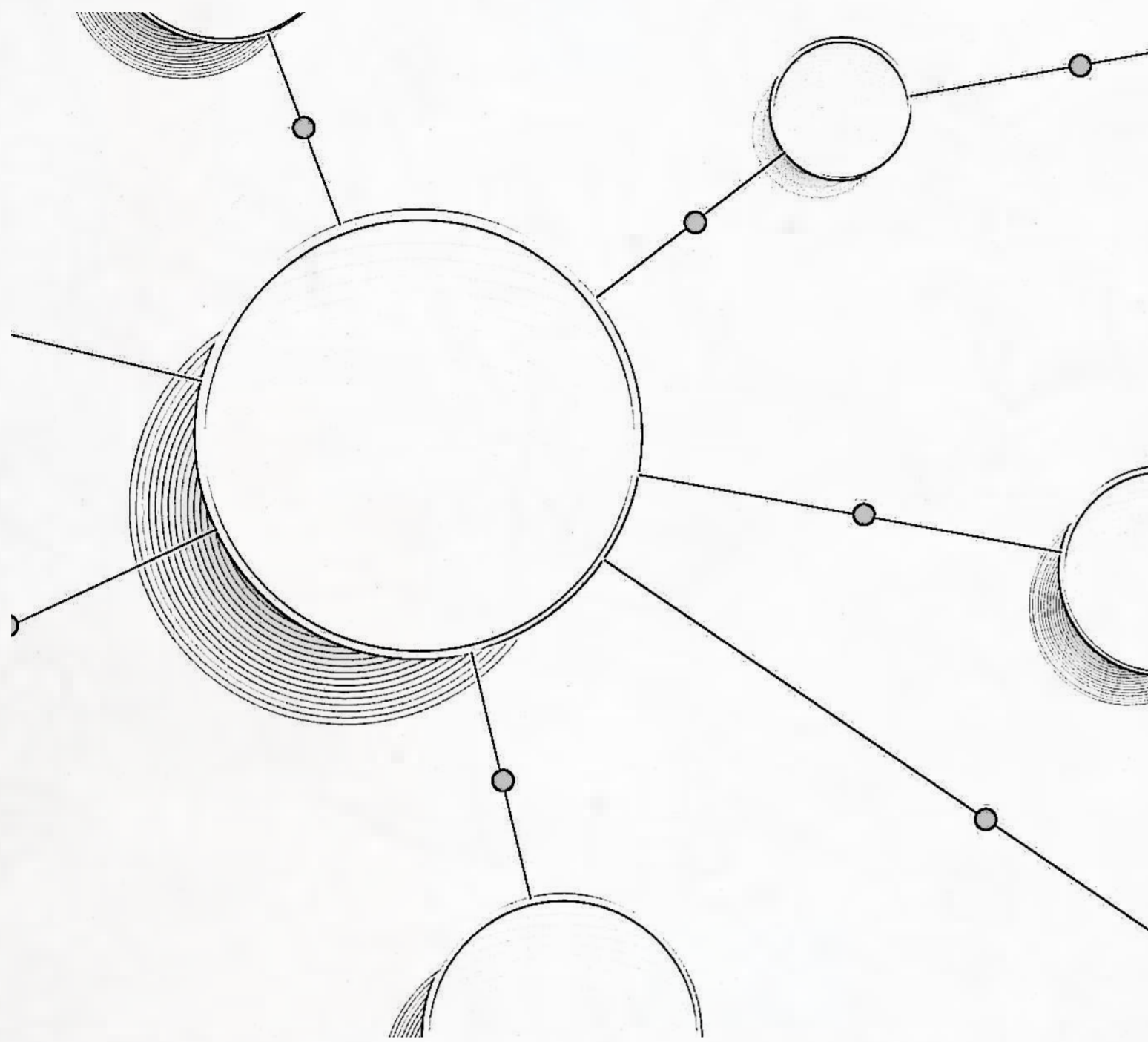
10 Brand New e-Bupot Application for Income Tax Art. 21/26 Launched

& International Tax Highlights

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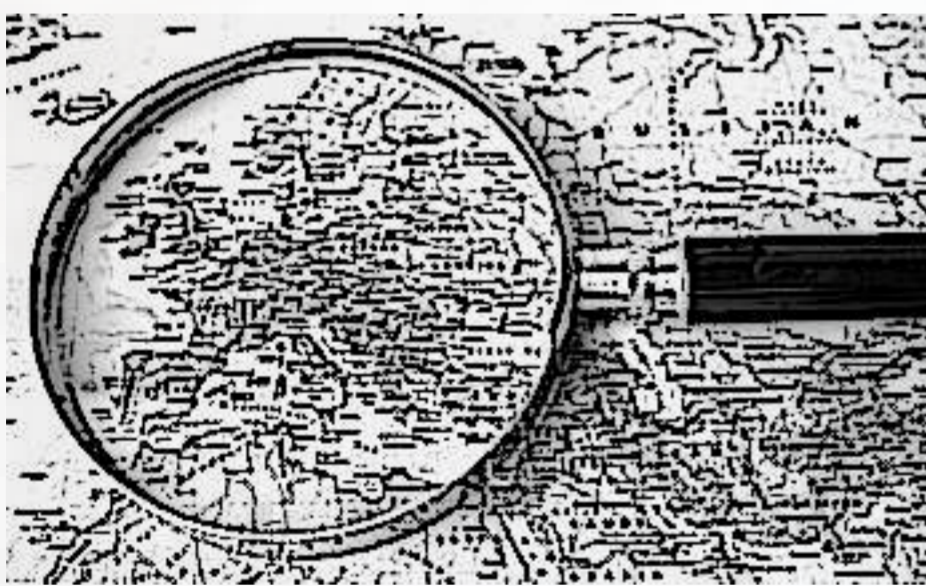


Non-NPWP Taxpayers with Integrated NIK-NPWP Imposed with Normal Income Tax Rate

Through the issuance of the Directorate General of Taxes Announcement Letter No. PENG-6/PJ.09/2024, taxpayers that does not own a Taxpayer Identification Number (NPWP) or a Non-NPWP taxpayer, will not be imposed with an additional tax rate.

This only works if said taxpayer has integrated their NPWP with their National Identification Number or NIK.

[> Read more here](#)



These Countries Imposed Income Tax Rates Above 50%

Several countries in the world imposed the highest income tax rates to its citizens, with an example of Ivory Coast imposing a 60% income tax rate to its people.

[> Read more here](#)



Tourist Tax or Levy Can Be Found in These Countries

Not only in Bali, Indonesia, but you can also find tourist tax or levy being imposed in these countries. Be sure to know that countries such as Spain, Belgium, or New Zealand will impose an additional levy to visitors of the country,

[> Read more here](#)



EU Removed These Countries from the Non-cooperative Tax List

The Council of the European Union decided to remove several countries from the list of non-cooperative jurisdictions for tax purposes list. These countries and jurisdictions include Bahamas, Belize, Seychelles, as well as Turks and Caicos Islands.

[> Read more here](#)

Tax Calendar March 2024



Tax Calendar March 2024

| MON | TUE | WED | THU | FRI | SAT | SUN |
|--------------------------------------|-----|-----|-----|-------------------|-----|------------------|
| 26 | 27 | 28 | 29 | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 Day of Silence & Saka New Year | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 Good Friday | 30 | 31 Easter Day |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Reminders

- 11 March 2024** Day of Silence & Saka New Year
- 12 March 2024** Payment Deadline : February 2024 Art. 4(2), 15, 21/26, 22, & 23/26 Income Tax
- 15 March 2024** Payment Deadline : February 2024 Art. 25 Income Tax, SME Final Income Tax, & Self-Assessed VAT
- 20 March 2024** Filing Deadline : February 2024 Art. 4(2), 15, 21/26, 22, 23/26, & 25 Income Tax
- 29 March 2024** Good Friday
- 31 March 2024** Easter Day
- 1 April 2024** Payment and Filing Deadline : February 2024 VAT

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