



MIB Monthly Newsletter | December 2023



Concluding 2023 Tax Developments in Indonesia



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2023 In a Glance • Monthly National
and International Tax Highlights

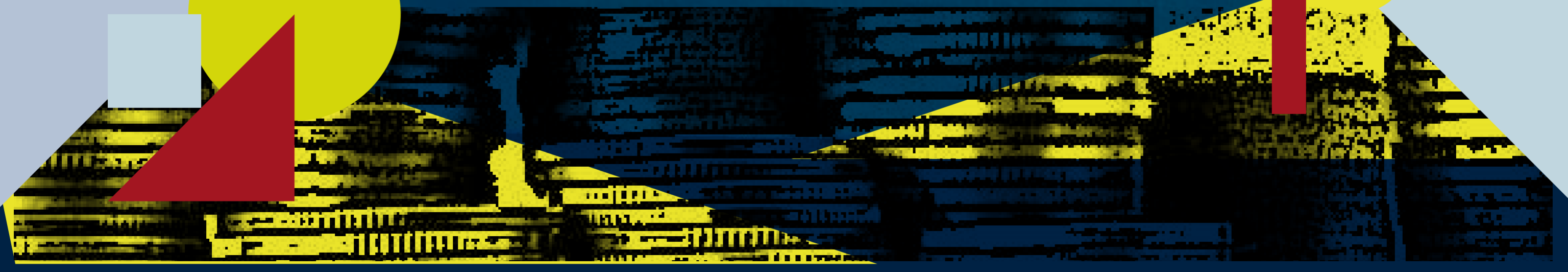


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Tax Kaleidoscope



2023 Yearly Tax Wrapped Summarising Key Events and Timeline of 2023 Tax Developments in Indonesia

The environment of Indonesian tax has been a rollercoaster ride throughout the entirety of 2023. However, it continues to try and develop a safe and comfortable environment for taxpayers to engage in.

2023 Yearly Tax Wrapped

Summarising Key Events and Timeline of 2023 Tax Developments in Indonesia



The environment of Indonesian tax has been a rollercoaster ride throughout the entirety of 2023. However, it continues to try and develop a safe and comfortable environment for taxpayers to engage in.

The Indonesian government is not only focused on building and upgrading the taxation experience but also on increasing revenues and maximizing values to ensure stable taxation, and by default, economic, circumstances in Indonesia. This is done especially by considering the vulnerability of global economic conditions.

Below are the assortment of tax highlights in 2023, ranging from issuance of tax regulations to tax incentives provisions, and taxation ecosystem environment developments.

January

The 2022 Tax Revenue Target Was Exceeded

The target for the 2022 tax revenue, at IDR1,485 trillion, is exceeded with the collected amount reaching IDR1,716.8 trillion. The number of collected tax revenue is also in line with the increasing amount of regional tax revenue, as well as the increasing growth of the economy in Indonesia.

53 Million National Identification Number Integrated Since the Beginning of 2023

Increasing Tax Ratio in Indonesia in 2022

In comparison to previous years, the tax ratio in Indonesia increased, reaching 10,38%. This number is considerably high, especially considering how previously, the tax ratio number in Indonesia only reached 9.11% and 8,33% in 2021 and 2020 respectively.

March

The Directorate General of Taxes Renews e-Form Application

In correlation to the 1770 and the 1770S form, the Directorate General of Taxes renews the e-Form application. This updated version of the application is also in correlation with the issuance of Government Regulations Number 55 Year 2023.

The Government Introduces Tax Incentives for Electric Cars Developers

In order to push the usage and development of electronic cars, the government introduced several tax incentives that its developers can use. For example, tax incentives in the form of tax holidays and exemption of value-added tax. In addition, the government also introduces tax incentives in the form of super tax deductions, cuts in the local tax, and exemptions on import duty.

Effective Article 23 Income Tax Rate for Royalties Received by Individual Taxpayer Using NPPN Decreased to 6%

May

Tax Court Authority Falls Over to the Supreme Court

Following the approval by the Constitutional Court, the organizational, administrative, and financial development authority of the tax court now is given to the Supreme Court. Before, the authority was held by the Ministry of Finance and is proven to not follow statutory regulations concerning special court systems.

Indonesia and other ASEAN countries to Develop Alliance to Strengthen Regional Taxes

Less Than 900,000 Corporate Taxpayers Filed Their Annual Tax Returns

April

The Government Provides Electric Vehicle Tax Incentives

Based on the Minister of Home Affairs Regulation Number 6 Year 2023, electric vehicle owners are entitled to receive tax incentives in the form of vehicle tax and transfer of motor vehicle title fee exemption.

June

Indonesia Able to Collaborate with Other Countries to Collect Taxes

Following the issuance of the Ministry of Finance Regulation Number 61 Year 2023, Indonesia can ask for help from other countries, that are already in partnership with Indonesia, to collect taxes from taxpayers residing in foreign countries.

Provisioning Regional Tax Through Government Regulations No. 35 Year 2023

By referring to Government Regulations Number 35 Year 2023, the regional government will be able to develop regional tax regulations which can be used to collect and withhold taxes at a regional level. This regulation is to ensure that regional governments are not able to collect unsupervised taxes.

July

In-kind Benefit Tax Regulated in the Ministry of Finance Regulation No. 66 Year 2023

The long-awaited in-kind benefit tax regulation is finally issued in July 2023, where income tax will be imposed on in-kind benefits given by companies to their employees. The collection of the tax follows the withholding procedure of income tax article 21.

The Directorate General of Taxes Plans to Develop Tax Supervision Committee

A tax committee that will supervise taxpayer compliance is planned to be developed. The committee will base its supervision on the taxpayers' risk profile developed by the Directorate General of Taxes.

August

Indonesia's Foreign Exchange Reserves Increases Due to Tax Revenue

In August, the number of collected foreign exchange reserves owned by Indonesia reached the international adequacy standard by having US\$137.7 billion collected. This number can be reached due to the help provided by collected tax and services revenue.

September

The Government Sets Up State Budget for 2024

The government has designed the 2024 State Budget by taking into account the economic transformation planned to happen. In the plan, the targeted revenue for taxation is placed at IDR2,309.65 trillion, with Value-Added Tax and Luxury Sales Tax holding the highest target at IDR811.36 trillion.

The Ministry of Finance Regulation No. 88 Year 2023 Regarding Tax Letters is Issued

The Ministry of Finance renews its regulation regarding tax assessment letters and tax collection letters by issuing the Ministry of Finance Regulation Number 88 Year 2023. One of the changes made in the regulation is the issuance of tax assessment and collection letters concerning stamp duty and carbon tax.

Environmental Pollution Tax is Being Formulated

The Ministry of Environment and Forestry explains that the planned environmental pollution tax is being formulated and is in the testing phase. The imposition of the tax is due to the increasing levels of pollution. Alongside the planned tax regulation, an emission standard test will also be implemented for vehicles.

October

Selected Commodities Imposed with Most Favored Nation Tax Rate

Several selected import commodities are added to the list of commodities imposed with a higher tax rate named 'Most Favored Nation' based on the issuance of the Ministry of Finance Regulations Number 96 Year 2023. The newly-added commodities include several types of bicycles, watches, cosmetics, and iron steel, with each item sporting different rates.

VAT Incentives Given For Houses Priced Until IDR2 Billion

The government agreed to provide a VAT incentive for those who bought or handed over houses with prices until IDR2 billion. The incentive is given in the form of 100% government-borne VAT from November 2023 until June 2024, and 50% government-borne VAT from July until December 2024.

November

The President Agreed on Increasing 2023 Taxation Revenue Target

Nearing the end of 2023, the Indonesian president is set on increasing the target of the 2023 taxation revenue. Initially set at IDR1,963.48 trillion, the new target increased by 4.8% to IDR2,045.45 trillion. Specifically for tax revenue, the new target is set at IDR1.818 trillion, with VAT and Luxury Sales Tax, as well as the Land and Building Tax target decreasing.

December

The Government Arranges a New Tax Calculation for Employees

A new format for income tax calculation will be introduced in January 2024. The new format, basing it off of the Average Effective Rate method, is hoped to simplify the calculation process for the income tax article 21 withholders.

Indonesian Tax Revenue Collection is In Line with Its Economic Progression in 2023

Comments from the Deputy Minister of Finance suggest that the collected tax revenue is currently in check with the current economic situation of the country. This comment is derived from the fact that Indonesia's current inflation rate did not reach 3%, and its tax revenue target is 95.7% fulfilled with certain taxes going through growth contraction.

2024?

What's next for Indonesian tax in 2024?



MIB Events Highlights & Coverage



13.04.2023
Thursday

MIB Provides Assistance to Fill Out Corporate Tax Returns

In the first offline event, MIB works together with KADIN Jakarta Selatan and IKPI Jakarta Selatan to assist in filling out corporate tax returns. The event was attended by businessmen also part of the KADIN community and was held from the afternoon until the evening. The event ended just after iftar time, as it was held during the fasting month of Ramadan.

[> Read more here](#)



26.07.2023
Wednesday

MIB Assists Corporations in Planning Their Tax

Understanding the complexity of tax planning for corporations, this event serves as an introduction for taxpayers, as well as providing tips on how corporations can go about their business when conducting tax planning.

Ran for almost 2 hours with Maulana Ibrahim as the speaker, the event is held with Pajak.com as its media partner, and the summary of the event is covered on their website.

[> Read more here](#)



05-09.2023

Mid-Year Donations to a Foundation

MIB is determined to help better the lives of others. Therefore, during the middle of the year, MIB gave out donations to those in need as part of our monthly donation programs. MIB representatives gave out the donation while visiting the foundation site, Yayasan Amal Mulia Indonesia, located in South Jakarta.

[> Read more here & here](#)

MIB Events Highlights & Coverage

20.12.2023

Wednesday

MIB Discusses Tax Audit and Transfer Pricing with Taxpayers

For the last event of the year, MIB held one discussing the importance of tax audit as well as transfer pricing risks for taxpayers. The online event was held in the third week of December 2023, consisting only of materials and learning sessions for the participants.

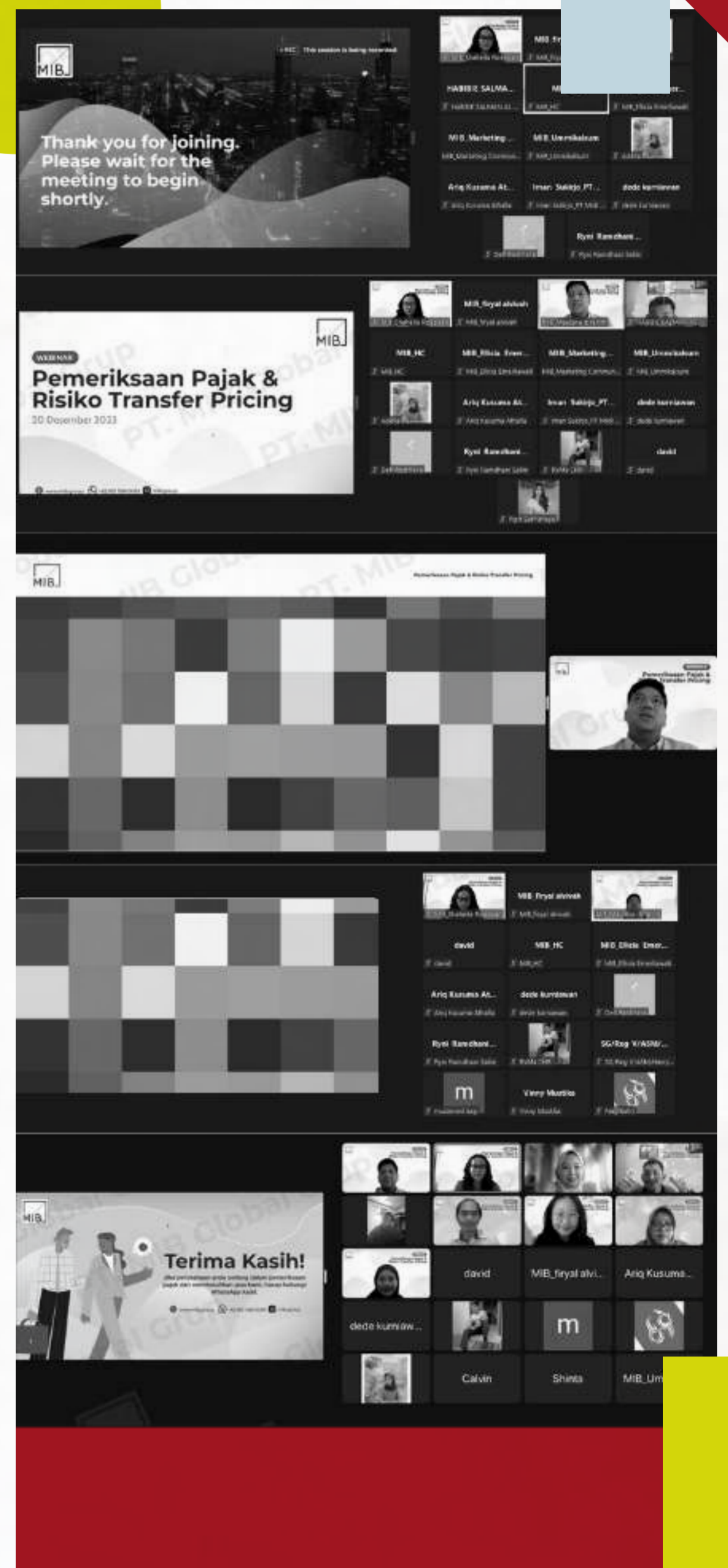
MIB held an event in the third week of December 2023, specifically on the 20th of December 2023, discussing the importance and need of a tax audit conducted by the Directorate General of Taxes, as well as the effect of transfer pricing on tax audits.

MIB introduces the concept of tax audit and transfer pricing to taxpayers attending the online event named **“Pemeriksaan Pajak & Risiko Transfer Pricing”** (in English: “Tax Audit & Transfer Pricing Risks”). Held from 9 AM and ending just an hour before lunchtime, the event is attended by around 20 participants eager to learn more about the key lesson promoted in the posters: tax audit.

The speaker of the event, Maulana Ibrahim, who is the tax director of MIB, shares several lessons and information regarding the concept of tax audit and how it can be encountered by taxpayers following certain requirements. The event started with an opening from the moderator before diving into the first material: the definition and goals of tax audit as introduced by tax regulations in Indonesia.

The materials are next followed by discussions of types and the process of a tax audit in Indonesia if taxpayers face the occasion to fulfil one. Not only that, but the event also showcases examples of documents that a taxpayer must fulfil and show during the tax audit process to tax authorities and the tax audit team from the Directorate General of Taxes. After that, the presentation is followed by materials concerning transfer pricing risks, starting with related concepts of transfer pricing, the importance of transfer pricing documentation, and an explanation of said risks.

Although the event does not include a question and answer session, the event is conducted successfully, as seen by comments and suggestions by the participant. The participants are seen as eager to learn and are interested in learning more topics related to tax following their input towards the event. After taking a picture together with participants, the event then ended with a series of gratitude and goodbyes from the participants of the event.



December 2023

Monthly Highlights

In this month, Indonesia is faced with many changes within the taxation industry. Tax incentives and tax imposition became one of the few highlights within the industry in December 2023. Here are the montly updates happening in December 2023.



The Government Provides Income Tax Incentives for IKN Workers

The government plans to give out an income tax incentive for workers residing in the IKN area. The incentive will be given in the form of income tax exemption for as much as 5%. This incentive will be given to employees of both private and public companies, meaning that the income tax of these workers will be borne by the government.

The tax incentive scheme will be available and applicable until the year 2035, and its provision is regulated in the Government Regulations Number 17 Year 2022.

This tax incentive is one among the many incentives offered by the government concerning the IKN area.

[> Read more here](#)



Accommodation and Restaurants on Boats Imposed with Tax in Labuan Bajo Starting From 2024

The West Manggarai area, including its capital, Labuan Bajo, will be imposing accommodation and restaurant tax on vacation boats starting from January 2024. The imposition of the tax regulation will be based on the activities carried out on the boats.

The regulation will be based on the Regional Regulation of the West Manggarai Regency Number 6 Year 2023.

[> Read more here](#)

Next read

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Integrated NIK-NPWP Postponed & Implemented Mid-2024

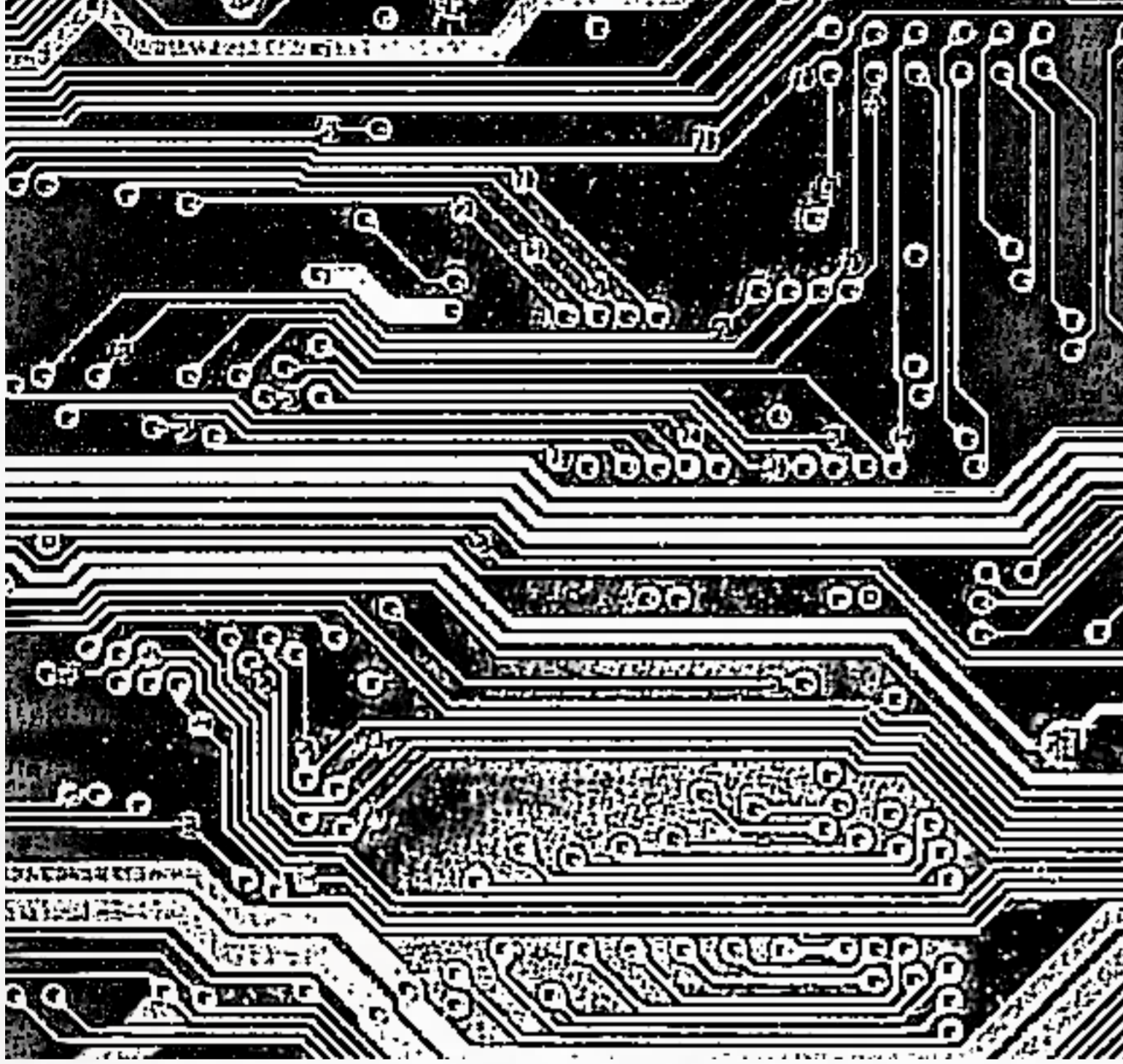
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Imported Electric Car's Tax Incentives Began Rolling Out December 2023

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Integrated NIK-NPWP Postponed & Implemented Mid-2024

Initial plans of implementing the integrated National Identification Number (NIK) and Taxpayers Identification Number (NPWP) will be halted until mid-2024. The postponement is done due to the current condition of the system, where it is currently in its testing phase.

The integration is planned to continue in July 2024, meaning that taxpayers will receive a time extension on the integration process. Taxpayers now have time to integrate their NIK-NPWP until 30 June 2024.

[> Read more here](#)



Imported Electric Car's Tax Incentives Began Rolling Out December 2023

The government is giving out tax incentives for electric car importers. The incentive will be given in the form of the exemption of luxury sales tax and the exemption of import duty, which is regulated in the President Decree Number 79 Year 2023.

This tax incentive will be given to imported cars in the form of completely built-up (CBU) electric cars. Another tax incentive that will be given concerning these electric cars is cuts in the local tax rates.

[> Read more here](#)

Next read

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National Tax Revenue
Amounts to IDR1,739,84 T
Until Mid-December

&

International
Tax
Highlights

December 2023

Monthly Highlights

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National Tax Revenue Amounts to IDR1,739,84 T Until Mid-December

The collected national tax revenue currently amounts to IDR1,739.84 trillion up until 12 December 2023. This number is said to fulfill 95.7% of the newest target set in November 2023.

The highest contribution of this revenue came from Non-oil and gas income tax revenue, with a collected amount of IDR951.83 trillion, which meant that it exceeded the set target by 8%.

[> Read more here](#)



Portugal Plans to Continue Foreign Residents Tax Incentive

The Non-habitual Resident scheme in Portugal is planned to be extended due to the ruling party's decision before previously planned to be concluded by the end of 2023.

[> Read more here](#)



Changes for Japan Crypto Tax in Talks Following Tax Reformation Plans

The Japanese government has plans to change regulation components concerning crypto tax in Japan, prompted by the idea that companies should not pay crypto tax.

[> Read more here](#)



Saudi Arabia Gives Out Tax Incentives for Foreign Companies

The kingdom of Saudi Arabia plans on dishing out tax incentives for foreign countries with plans to place their regional headquarters in the form of corporate income tax exemption for these companies.

[> Read more here](#)

Tax Calendar

January 2024



Tax Calendar

January 2024

MON	TUE	WED	THU	FRI	SAT	SUN
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31	1	2	3	4
5	6	7	8	9	10	11

Reminders

- 1 January 2024** New Year 2024
- 2 January 2024** Payment and Filing Deadline : November 2023 VAT
- 10 January 2024** Payment Deadline : December 2023 Art. 4(2), 15, 21/26, 22, & 23/26 Income Tax
- 15 January 2024** Payment Deadline : December 2023 Art. 25 Income Tax, SME Final Income Tax, & Self-Assessed VAT
- 22 January 2024** Filing Deadline : December 2023 Art. 4(2), 15, 21/26, 22, 23/26, & 25 Income Tax
- 31 January 2024** Payment and Filing Deadline : December 2023 VAT

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