



## Creation Job Law (UU Cipta Kerja/Omnibus Law):

### Major Changes to Tax Laws

#### Law No. 11 year 2020 ("11/2020")

The Indonesia parliament approved the Omnibus Law on 5 October 2020 and it was signed by the President on 2 November 2020. The Omnibus Law consist of 11 clusters, 15 chapters and 186 articles. This Tax Update covers the major changes to tax laws, i.e. General Tax Procedures (KUP Law), Income Tax Law, and VAT Law.

### 1) General Tax Provision Law (KUP Law)

Article	Regarding	New Law	Old Law
14 (4)	<b>Administration Penalty</b> <ul style="list-style-type: none"> <li>No Issuance/Late Issuance of VAT Incoie</li> <li>Incomplete VAT Invoice</li> </ul>	1% Penalty of the VAT Base	2% Penalty of the VAT Base
27B (2)	<b>Interest Compensation</b> The Overpayment Tax Return	Interest compensation is granted for the tax overpayment amount agreed in the closing conference.	It was regulated in the Government Regulation of KUP Law
27B (3)	<b>Interest Compensation</b> The Decision of amendment, reduction or cancellation of Tax Assessment Letter or Tax Collection Letter	Interest compensation is granted for max 24 months based on the floating rate determined by the Ministry of Finance (MoF).	It was regulated in the Government Regulation of KUP Law
8(2), (2a), & (5) 9(2) & (2b), 13(2) & (2a), 14(3), 19(1), (2) & (3),	<b>Interest Penalty</b> (the late payment; the additional tax payable due to self disclosure/amendment of tax return, Underpaid Tax Assessment Letter)	The penalty is calculated based on the floating rate determined by the MoF in a monthly basis for the maximum of 24 months.	2% per month

## 2) Income Tax Law

Article	Regarding	New Law	Old Law
2 (3) point c	Category of Tax Subject	The undistributed legacy is classified as domestic Tax Subject.	N/A
2 (4)	Category of Offshore Taxpayer	a) Individual not staying in Indonesia. b) Foreigner staying in Indonesia less than 183 days within 12 months. c) Indonesian citizen staying outside Indonesia more than 183 days within 12 months.	a) Individual not staying in Indonesia. b) Individual not staying in Indonesia more than 183 days within 12 months.
4 (1a)	Exception of Tax Object for the Expatriate	Foreigner who become Indonesia Taxpayer is only taxed for the income from Indonesia, as long as: <ul style="list-style-type: none"> <li>• Having a specific skill</li> <li>• Having been applicable for the first 4 years after becoming Indonesia Taxpayer</li> </ul>	The Foreigner who become Indonesia Taxpayer should report all of income in Indonesia (world-wide income concept).
4 (2) point f	Dividend is excluded from the Tax Object	a) Dividend from Indonesian company received by: <ul style="list-style-type: none"> <li>• Indonesian individual who re-invested the dividend in Indonesia for certain period</li> <li>• Indonesian corporate taxpayer</li> </ul> b) Dividend from outside Indonesia received by Indonesian individual or corporate taxpayer, as long as: <ul style="list-style-type: none"> <li>• Dividend is invested in Indonesia at least 30% from the profit after tax.</li> <li>• The DGT has not issued the Tax Assessment Letter on the dividend.</li> </ul>	a) Dividend from Indonesian company received by: <ul style="list-style-type: none"> <li>• Indonesian individual is subject to 10% Final Tax</li> <li>• Indonesian corporate taxpayer (shareholding less than 25%)</li> </ul> b) Dividend from outside Indonesia received by Indonesian individual or corporate taxpayer should be reported in the annual tax return and subject to the normal tax treatment.

## 3) Value Added Tax Law

Article	Regarding	New Law	Old Law
1a (1) & (2)	Delivery of goods not subject to VAT	<ul style="list-style-type: none"> <li>a) Consignment of goods is no longer subject to VAT</li> <li>b) Transfer of goods for the capital injection, as long as the transferor and the recipient is VAT Entrepreneur.</li> </ul>	<ul style="list-style-type: none"> <li>a) Consignment of goods is subject to VAT</li> <li>b) Transfer of goods for the capital injection is subject to VAT.</li> </ul>
4A (2)	Goods/services not subject to VAT	Coal is subject to VAT.	Coal is not subject to VAT.
9 (2a) & (6a)	Claiming Input VAT for the VAT Entrepreneur who has not started the commercial operation	<ul style="list-style-type: none"> <li>a) The VAT Entrepreneur who has not started the commercial operation can claim <b>all Input VAT</b>.</li> <li>b) The VAT Entrepreneur should start the commercial operation within <b>3 years</b> otherwise the Input VAT should be paid back.</li> </ul>	<ul style="list-style-type: none"> <li>a) The VAT Entrepreneur who has not started the commercial operation can claim <b>the Input VAT from the acquisition of capital goods only</b>.</li> <li>b) The VAT Entrepreneur should start the commercial operation within <b>2 years</b> otherwise the Input VAT should be paid back.</li> </ul>
9 (9a), (9b), (9c)	Claimable Input VAT	<ul style="list-style-type: none"> <li>a) Input VAT before the Taxpayer becomes VAT Entrepreneur (the maximum of 80% Output VAT that should be collected).</li> <li>b) Input VAT found during the tax audit.</li> <li>c) Input VAT imposed in the Tax Assessment Letter (having been paid).</li> </ul>	The Input VAT under those 3 conditions could not be claimed.
13 (5)	Additional Administrative Requirement for VAT Invoice	The VAT Invoice to Individual can be replaced with the Residential Number (NIK)/Passport, except the offshore company.	N/A



## New Stamp Duty ("Bea Meterai")

**Law No 10 year 2020**

The Indonesia Government has passed the Law No 10 year 2020 on 26 October 2020 regarding the Stamp Duty.

This Law revokes the old Law No. 13 year 1985. The key features of Law No. 10 year 2020 is as follows:

No	Key Features	Law No. 10 / 2020
1	Stamp Duty Value	IDR 10,000 for the document mentioning value more than IDR 5 million.  Previous Law No.13/1985: IDR 3,000: for the document mentioning value of IDR 250,000 up to IDR 1 million. IDR 6,000: for the document mentioning value more than IDR 1 million.
2	Effective Period	1 January 2021
3	Transition Period	The old Stamp Duty with value of IDR 3,000 and IDR 6,000 can be used until 31 December 2021, and it is remained to be used with total value of minimum IDR 9,000, i.e. IDR. 6,000 + IDR.3,000 <b>OR</b> 3 X IDR.3,000 <b>OR</b> 2 X IDR.6,000



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