



Streamlining of tax regulations for several tax administration procedures ^{P1}

Streamlining of tax regulations for several tax administration procedures

On 27 December 2024, the Minister of Finance (“MoF”) issued PMK-118¹ to streamline several regulations in relation to the procedures for correction, objection, reduction, elimination, and cancellation for taxes under central government authority, including Land and Building Tax (*Pajak Bumi dan Bangunan*/"PBB") into one comprehensive regulation.

PMK-118 revokes several PMKs (i.e. PMK-8², PMK-9³, PMK-11⁴, PMK-253⁵, and PMK-81⁶) and generally adopts most of the existing rules under the revoked PMKs, make some alignments, and provides further elaboration on the administration procedures.

Whilst this TaxFlash is not intended to cover every change brought about by PMK-118, we highlight below the noteworthy elaborations as follow:

1. Objection withdrawal

Once the Directorate General of Taxes (“DGT”) has approved the taxpayer’s Objection request withdrawal, the taxpayer cannot re-submit an objection for the same Tax Assessment Letter (*Surat Ketetapan Pajak*/"SKP"), third party withholding, or Tax Due Notification Letter (*Surat Pemberitahuan Pajak Terutang*/"SPPT") that was previously withdrawn. PMK-118 provides an exception to the above provisions, allowing the re-submission of objections as long as there has been no interaction between the DGT and the taxpayer during the objection process and it has not exceeded a period of three

¹ MoF Regulation No.118 Year 2024 (“PMK-118”) dated 27 December 2024 and effective from 1 January 2025

² MoF Regulation No.8/PMK.03/2013 (“PMK-8”) dated 2 January 2013 and effective from 1 March 2013

³ MoF Regulation No.9/PMK.03/2013 (“PMK-9”) dated 2 January 2013 and effective from 1 March 2013 as amended by MoF Regulation No.202/PMK.03/2015 dated and effective from 12 November 2015

⁴ MoF Regulation No.11/PMK.03/2013 (“PMK-11”) dated 2 January 2013 and effective from 1 March 2013

⁵ MoF Regulation No.253/PMK.03/2014 (“PMK-253”) dated 30 December 2014 and effective from 29 January 2015 as amended by MoF Regulation No.249/PMK.03/2016 dated and effective from 4 January 2017

⁶ MoF Regulation No.81/PMK.03/2017 (“PMK-81”) dated and effective from 21 June 2017

months. The term “interaction” includes document and information requests, discussions and clarifications, tax audit for other purpose, valuation, or location inspection.

2. Mutual Agreement Procedures (“MAP”) related matters

a. Added to scope of Amendments

In alignment with the MAP regulation, PMK-118 is adding MAP Decision Letter (*Surat Keputusan Persetujuan Bersama*) to the scope of decision that can be amended.

b. Simultaneous submission with Objection request

If the Objection and the MAP requests are conducted simultaneously, the taxpayer can file:

- ✓ A withdrawal of the objection – if the disputed material between Objection and MAP is the same; or
- ✓ An adjustment of the objection – if there are disputed materials in the Objection letter other than the material being disputed under the MAP.

3. Taxpayer’s statement letter regarding data unavailability

In the process of reviewing taxpayer’s requests for Objections, Reduction, Elimination, and Cancellation, the DGT may borrow/request books, records, data and information from the taxpayer. PMK-118 now stipulates that if the taxpayer does not have some or all the requested documents, the taxpayer state this in a statement letter.

4. Comprehensive deadline provisions

Although the previous regulations have stipulated the deadlines for most of the processes, PMK-118 now provides a more comprehensive and uniform deadlines for all the processes, which include the deadlines for taxpayers to respond to DGT’s requests or for DGT to respond to taxpayers’ requests or issue relevant legal products.

5. Core Tax

PMK-118 stipulates that the channel for submitting applications, correction, reductions, eliminations, cancellations, and objections is carried out electronically through the taxpayer portal as part of the implementation of the core tax administration system (“Core Tax System”). If the taxpayer is unable to submit the application through Core Tax, the submission can be made directly via post, expedition or courier service.

6. Transitional provisions

Applications for correction, objection, reduction or elimination of administrative sanctions (including PBB penalties), cancellation of incorrect SKP and SPPT that were received prior to 1 January 2025, and for which a decision letter has not yet been issued, will be processed according to the provisions stipulated in the previous PMKs.

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