

### IN THIS ISSUE

#### INCOME TAX

Number	Date	Regarding	Effective Date
PER-32/PJ/2011	11 November 2011	The revision of PER-43/PJ/2010 regarding application of arm's length principle in transactions between taxpayers and parties having special relations	11 November 2011

Some major changes of this DGT regulation are:

- The arm's length principle in related party transaction shall be implemented only between the Indonesian taxpayers or Permanent Establishment with foreign taxpayers
- The arm's length principle will be implemented in related party transaction in case the Indonesian taxpayers having transaction with other Indonesian taxpayers or Permanent Establishment to utilize the tax rate difference which caused by the final and non-final tax imposition on certain business sectors, the Sales Tax on Luxury Goods imposition, or having a transaction with oil and gas cooperation contract taxpayers.
- In selecting the transfer pricing method must be further analyzed to determine the most appropriate transfer pricing method
- The related party transactions with the total value of transaction not exceeding IDR10.000.000.000,- (ten billion rupiahs) in 1 fiscal year for every counterparty is exempted from the obligation of arm's length principle

#### VALUE ADDED TAX

Number	Date	Regarding	Effective Date
SE-90/PJ/2011	23 November 2011	The VAT-In crediting on integrated CPO company.	1 April 2010

This circular letter is the confirmation on Minister of Finance Regulation number 78/PMK.03/2010 regarding the guideline of VAT-In crediting calculation for taxable entrepreneurs which having taxable and non-taxable transactions. For integrated CPO company which consists of unit or business activity that produces taxable and non-taxable goods:

- The VAT-In of taxable goods or services which is purposed to produce taxable goods (CPO/CKO), can be credited.
- The VAT-In of taxable goods or services which is purposed to produce the non-taxable agricultural goods (TBS), can not be credited.
- The VAT-In of taxable goods or services which is purposed to produce taxable goods and also to produce strategic goods, can be credited in proportional between the sales of taxable goods with the total sales.

#### Disclaimer:

**This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice.**

## LIST OF REGULATION NOVEMBER 2011

NO	REGULATION NUMBER	DATE	EFFECTIVE DATE	REGARDING
1	S-311/PJ/2011	24 NOVEMBER 2011	24 NOVEMBER 2011	THE STEPS TO SECURE THE END OF YEAR 2011 TAX REVENUE
2	SE-90/PJ/2011	23 NOVEMBER 2011	23 NOVEMBER 2011	THE VAT-IN CREDITTING ON INTEGRATED CPO COMPANY
3	S-415/PJ.08/2011	23 NOVEMBER 2011	1 JANUARY 2012	1500 LARGE TAXPAYERS SELECTION WHICH DETERMINE THE STATE TAX REVENUE
4	SE-88/PJ/2011	17 NOVEMBER 2011	17 NOVEMBER 2011	OFFICIAL DRAFT PROCEDURE OF DIRECTORATE GENERAL OF TAXATION
5	172/PMK.07/2011	17 NOVEMBER 2011	17 NOVEMBER 2011	SECOND AMMANDMENT OF MINISTER OF FINANCE REGULATION NUMBER 244/PMK.07/2010 REGARDING TEMPORARY ALLOCATION OF PROFIT SHARING OF LAND AND BUILDING TAX FOR 2011 FISCAL YEAR
6	S-412/PJ.08/2011	16 NOVEMBER 2011	16 NOVEMBER 2011	THE BREAKDOWN PREPARATION OF LAND AND BUILDING TAX REVENUE PLANNING FOR 2012 FISCAL YEAR.
7	SE-86/PJ/2011	15 NOVEMBER 2011	15 NOVEMBER 2011	THE TAXPAYABLE IMPLEMENTATION UPDATES OF INCOME TAX, VAT AND SALES TAX ON LUXURY GOODS.
8	SE-84/PJ/2011	15 NOVEMBER 2011	15 NOVEMBER 2011	PRIME SERVICE OF TAX OFFICE
9	PER-35/PJ/2011	15 NOVEMBER 2011	15 NOVEMBER 2011	THE GUIDELINE OF TAX AUDIT IMPLEMENTATION FOR OTHER PURPOSES

10	S-406/PJ.08/2011	14 NOVEMBER 2011	14 NOVEMBER 2011	THE DIRECT MONITORING TO SECURE THE COMPLIANCE TARGET IN ANNUAL INCOME TAX RETURNS SUBMISSION FOR 2011
11	SE-83/PJ/2011	11 NOVEMBER 2011	11 NOVEMBER 2011	THE COMPETENT AUTHORITY TO SIGN THE CERTIFICATE OF DOMICILE FOR AMERICAN TAXPAYERS (FORM 6166)
12	SE-82/PJ/2011	11 NOVEMBER 2011	11 NOVEMBER 2011	THE IMPLEMENTATION OF GOVERNMENT REGULATION NUMBER 31 YEAR 2011 REGARDING THE REVOCATION OF GOVERNMENT REGULATION NUMBER 17 YEAR 2009 REGARDING THE INCOME TAX ON INCOME FROM DERIVATIVE TRANSACTION IN FUTURES CONTRACT WHICH TRADED IN EXCHANGE.
13	PER-33/PJ/2011	11 NOVEMBER 2011	11 NOVEMBER 2011	THE INSTITUTIONS WHICH ESTABLISHED OR AUTHORIZED BY THE GOVERNMENT TO COLLECT ZAKAT OR OTHER RELIGIOUS DONATION THAT CAN BE DEDUCTED FROM THE GROSS INCOME
14	PER-32/PJ/2011	11 NOVEMBER 2011	11 NOVEMBER 2011	THE REVISION OF PER-43/PJ/2010 REGARDING APPLICATION OF ARM'S LENGTH PRINCIPLE IN TRANSACTIONS BETWEEN TAXPAYERS AND PARTIES HAVING SPECIAL RELATIONS
15	S-843/PJ.02/2011	7 NOVEMBER 2011	7 NOVEMBER 2011	THE QUESTIONNAIRE FOR VAT RETURNS EVALUATION
16	S-378/PJ.08/2011	1 NOVEMBER 2011	1 NOVEMBER 2011	THE EXPLANATION OF BUSINESS DISTRICT, HIGH RISE BUILDING AND RESIDENCE IN TERM OF NATIONAL TAX CENSUS

## TAXATION NEWS

### **The tax revenue will reach over the target**

The Government is quite optimistic that the state income from the tax revenue as much as IDR 800 trillion will be reached at the end of 2011. Until end of November 2011, the realization has reached IDR 600 trillion. Also there is national tax census that will increase the number of new taxpayers.

### **PERTAMINA will sell the property assets due to high tax burden.**

Pertamina will sell their property assets which is not productive anymore to reduce the high land and building tax burden. Each year Pertamina must pay the land and building tax as much as IDR 350 billion for the non-productive property assets.

### **Ex-DGT official has been sentenced for 12 years**

The Supreme Court has strengthened the high court decision to punish ex-DGT and Bapenas official Bahasyim Assiffie for 12 year in prison and confiscating all his assets as much as IDR 60,9 billion and USD681.147. The



said verdict consists of corruption crime for 6 years and money laundry crime for years.

### **Published the fake tax invoice, 2 entrepreneurs facing 4 year in prison.**

The West Java Tax Regional Office has investigated PT SAH which controlled by 2 entrepreneurs which allegedly committed the tax crime by using the fake tax invoices. The said entrepreneurs are charged for 4 years in prison and granted with sanction as much IDR 1 billion.

### **Tax officers are in fear, 8516 tax disputes are queuing in tax court**

Until September 2011, the number of tax disputes that have not been settled in tax court has reached 8516 cases. The tax court said the condition caused by the tax officer are in fear to serve the taxpayers objection and choose to settle the case at the tax court.

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## Tax Exchange Rate

Based on Minister of Finance Decision  
No. 1244/KM.1/2011 dated 28 October 2011  
For period : 31 October 2011 - 6 November 2011

Currency	Unit	Value
Dollar Amerika Serikat [ USD ]	1	8848.00
Dolar Australia [ AUD ]	1	9331.00
Dolar Canada [ CAD ]	1	8833.44
Kroner Denmark [ DKK ]	1	1666.34
Dolar Hongkong [ HKD ]	1	1138.34
Ringgit Malaysia [ MYR ]	1	2837.54
Dolar Selandia Baru [ NZD ]	1	7168.52
Kroner Norwegia [ NOK ]	1	1615.10
Poundsterling Inggris [ GBP ]	1	14185.21
Dolar Singapura [ SGD ]	1	7043.21
Kroner Swedia [ SEK ]	1	1369.13
Franc Swiss [ CHF ]	1	10145.64
Yen Jepang [ JPY ]	100	11635.19
Kyat Burma [ BUK ]	1	1376.15
Rupiah India [ INR ]	1	178.13
Dinar Kuwait [ KWD ]	1	32203.98
Rupiah Pakistan [ PKR ]	1	101.90
Peso Philipina [ PHP ]	1	205.74
Riyad Saudi Arabia [ SAR ]	1	2359.24
Rupiah Srilanka [ LKR ]	1	80.44
Baht Thailand [ THB ]	1	288.43
Dolar Brunei D. [ BND ]	1	7042.43
EURO [ EUR ]	1	12406.36
Yuan China [ CNY ]	1	1391.28
Won Korea [ KRW ]	1	7.88

Based on Minister of Finance Decision  
No. 1264/KM.1/2011 dated 4 November 2011  
For period: 7 November 2011 - 13 November 2011

Currency	Unit	Value
Dollar Amerika Serikat [ USD ]	1	8940.00
Dolar Australia [ AUD ]	1	9301.53
Dolar Canada [ CAD ]	1	8847.81
Kroner Denmark [ DKK ]	1	1656.52
Dolar Hongkong [ HKD ]	1	1150.78
Ringgit Malaysia [ MYR ]	1	2867.83
Dolar Selandia Baru [ NZD ]	1	7121.96
Kroner Norwegia [ NOK ]	1	1593.24
Poundsterling Inggris [ GBP ]	1	14311.33
Dolar Singapura [ SGD ]	1	7057.93
Kroner Swedia [ SEK ]	1	1359.29
Franc Swiss [ CHF ]	1	10147.56
Yen Jepang [ JPY ]	100	11441.59
Kyat Burma [ BUK ]	1	1392.91
Rupiah India [ INR ]	1	182.18
Dinar Kuwait [ KWD ]	1	32467.77
Rupiah Pakistan [ PKR ]	1	103.75
Peso Philipina [ PHP ]	1	208.37
Riyad Saudi Arabia [ SAR ]	1	2383.83
Rupiah Srilanka [ LKR ]	1	81.15
Baht Thailand [ THB ]	1	290.81
Dolar Brunei D. [ BND ]	1	7060.61
EURO [ EUR ]	1	12326.83
Yuan China [ CNY ]	1	1407.43
Won Korea [ KRW ]	1	8.00

Based on Minister of Finance Decision  
No. 1270/KM.1/2011 dated 11 November 2011  
For period: 14 November 2011 - 20 November 2011

Currency	Unit	Value
Dollar Amerika Serikat [ USD ]	1	8954.00
Dolar Australia [ AUD ]	1	9171.22
Dolar Canada [ CAD ]	1	8809.18
Kroner Denmark [ DKK ]	1	1644.78
Dolar Hongkong [ HKD ]	1	1151.79
Ringgit Malaysia [ MYR ]	1	2858.49
Dolar Selandia Baru [ NZD ]	1	7040.71
Kroner Norwegia [ NOK ]	1	1580.95
Poundsterling Inggris [ GBP ]	1	14313.33
Dolar Singapura [ SGD ]	1	6992.36
Kroner Swedia [ SEK ]	1	1350.61
Franc Swiss [ CHF ]	1	9909.69
Yen Jepang [ JPY ]	100	11514.62
Kyat Burma [ BUK ]	1	1392.92
Rupee India [ INR ]	1	179.70
Dinar Kuwait [ KWD ]	1	32483.52
Rupee Pakistan [ PKR ]	1	103.56
Peso Philipina [ PHP ]	1	207.56
Riyad Saudi Arabia [ SAR ]	1	2387.54
Rupee Srilanka [ LKR ]	1	81.34
Baht Thailand [ THB ]	1	291.32
Dolar Brunei D. [ BND ]	1	6989.96
EURO [ EUR ]	1	12243.52
Yuan China [ CNY ]	1	1411.07
Won Korea [ KRW ]	1	7.97

Based on Minister of Finance Decision  
No. 1323/KM.1/2011 dated 18 November 2011  
For period : 21 November 2011 - 27 November 2011

Currency	Unit	Value
Dollar Amerika Serikat [ USD ]	1	8990.00
Dolar Australia [ AUD ]	1	9070.77
Dolar Canada [ CAD ]	1	8777.61
Kroner Denmark [ DKK ]	1	1631.69
Dolar Hongkong [ HKD ]	1	1154.73
Ringgit Malaysia [ MYR ]	1	2852.81
Dolar Selandia Baru [ NZD ]	1	6893.87
Kroner Norwegia [ NOK ]	1	1555.28
Poundsterling Inggris [ GBP ]	1	14196.76
Dolar Singapura [ SGD ]	1	6946.20
Kroner Swedia [ SEK ]	1	1327.56
Franc Swiss [ CHF ]	1	9799.74
Yen Jepang [ JPY ]	100	11670.73
Kyat Burma [ BUK ]	1	1400.62
Rupee India [ INR ]	1	177.48
Dinar Kuwait [ KWD ]	1	32600.48
Rupee Pakistan [ PKR ]	1	103.48
Peso Philipina [ PHP ]	1	207.34
Riyad Saudi Arabia [ SAR ]	1	2396.94
Rupee Srilanka [ LKR ]	1	81.63
Baht Thailand [ THB ]	1	291.45
Dolar Brunei D. [ BND ]	1	6947.28
EURO [ EUR ]	1	12144.28
Yuan China [ CNY ]	1	1415.74
Won Korea [ KRW ]	1	7.95

Based on Minister of Finance Decision  
No. 1363/KM.1/2011 dated 28 November 2011  
For period : 28 November 2011 - 4 December 2011

Currency	Unit	Value
Dollar Amerika Serikat [ USD ]	1	9043.00
Dolar Australia [ AUD ]	1	8829.71
Dolar Canada [ CAD ]	1	8665.93
Kroner Denmark [ DKK ]	1	1630.34
Dolar Hongkong [ HKD ]	1	1160.27
Ringgit Malaysia [ MYR ]	1	2844.19
Dolar Selandia Baru [ NZD ]	1	6725.41
Kroner Norwegia [ NOK ]	1	1548.47
Poundsterling Inggris [ GBP ]	1	14068.22
Dolar Singapura [ SGD ]	1	6918.18
Kroner Swedia [ SEK ]	1	1313.05
Franc Swiss [ CHF ]	1	9849.46
Yen Jepang [ JPY ]	100	11721.80
Kyat Burma [ BUK ]	1	1404.85
Rupee India [ INR ]	1	173.13
Dinar Kuwait [ KWD ]	1	32726.02
Rupee Pakistan [ PKR ]	1	103.40
Peso Philipina [ PHP ]	1	207.87
Riyad Saudi Arabia [ SAR ]	1	2411.00
Rupee Srilanka [ LKR ]	1	79.88
Baht Thailand [ THB ]	1	289.17
Dolar Brunei D. [ BND ]	1	6919.24
EURO [ EUR ]	1	12127.40
Yuan China [ CNY ]	1	1421.29
Won Korea [ KRW ]	1	7.86