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13 November 2012 | Grand Hyatt, Jakarta

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Amendment Procedures To Submit and Settle Tax Objections

by *Nancy Setiawati*

The Government has issued several new Ministry of Finance (“MoF”) regulations relating to general tax provisions in order to improve the implementation of Government Regulation No.74 of 2011, regarding the Procedures To Implement Tax Rights and To Fulfill Taxation Obligations (“GR 74”). Minister of Finance Regulation No.9/PMK.03/2013 (“MoF-9”) dated January 2, 2013 on Procedures to Submit and Settle Objections is the new implementing regulation of Law No. 6 of 1983, regarding General Taxation Provisions and Procedures (as last amended by Law No. 16 of 2009) (“Tax Law”) and GR 74, revoking the previous implementing regulation on the same matter and already in force since 1 March 2013.

a. Submitting an Objection Letter

We shall note that the requirement to submit an objection differs based on the date of the issuance of the tax assessment, which is classed as (1) a tax assessment issued in 2007 or before; and (2) a tax assessment issued in 2008 or after. The following table summarizes the requirements:

	The Requirements to submit an objection to a tax assessment issued in 2007 or before	The Requirements to submit an objection to a tax assessment issued in 2008 or after
1	It must be written in Indonesian	<i>Same</i>
2	The objection must include the amount of due taxes, tax cut/collected, the losses, along with the calculation	<i>Same</i>
3	One objection is only valid for one tax assessment, or one tax cut/collection	<i>Same</i>
4	It must be submitted within three months after the tax assessment is issued (the date in the tax assessment letter) or the date when a tax cut/collection occurred	It must be submitted within three months after the delivery date of the tax assessment (the date on the postal stamp of the tax assessment) or the date when a tax cut/collection occurred
5	It must be signed by the tax payer; if it is signed by the taxpayer’s representative, it must include a power of attorney	<i>Same</i>
6	The taxpayer must not have submitted a request for a tax reduction or waiver under	<i>Same</i>

	article 36 of the Tax Law	
7.	-	Taxpayers must settle all taxes due before submitting an objection

b. Objection Settlement and Revocation of an Objection Letter

The Director General of Tax (“DGT”) is authorized to request information from the taxpayer, request a statement from the taxpayer, conduct a direct observation of a taxpayer’s location, and carry out other investigations to gather data and information related to the objection. Within 12 months after the objection has been received, the DGT is obligated to render a decision, whether the objection is granted, rejected, or partially granted. However, the DGT is also allowed to impose additional taxes in such decision. In the event the DGT rejects or partially grants the objection, or declares that additional taxes must be paid, the taxpayer is subject to an administrative fine, which is set at 50% of the tax which is due, as stated in the decision.

In the event the taxpayer intends to revoke the objection letter, the taxpayer must submit a written application to the respective tax office. The application must be signed by the taxpayer in person; if it is signed by the taxpayer’s representative, it must include a power of attorney.

Objection letters submitted prior to the issuance of this regulation must comply with the regulation provisions. This regulation repeals and replaces Minister of Finance Regulation No. 194/PMK.03/2007.

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