



## The Indonesian Tax Amnesty Bill is Approved

On 28 June 2016, the House of Representatives finally approved the Tax Amnesty Bill. The Bill is expected to be enacted on 1 July 2016.

Key Points:

### 1. Scope of tax amnesty

The tax amnesty will provide a waiver of the tax liabilities along with tax administration and criminal sanctions in the area of taxation. The taxes and associated sanctions covered in the tax amnesty are:

- Income Tax
- Value Added Tax
- Taxes on Luxury Goods

### 2. Application period

The application period will be 1 July 2016 until 31 March 2017.

### 3. Redemption tariff

The application period will be 1 July 2016 until 31 March 2017.

a) For assets located in Indonesia or abroad that will subsequently be invested in Indonesia for three years after the date of declaration, the tariffs will be as follows:

Tax amnesty application submission	Applicable tariff
July – September 2016	2%
October - December 31 2016	3%
January - March 2017	5%

b) For assets maintained overseas and not repatriated into Indonesia the tariff will be:

Tax amnesty application submission	Applicable tariff
July – September 2016	4%
October - December 31 2016	6%
January - March 2017	10%

#### 4. **Tariff base**

The applicable redemption tariff shall be imposed on the actual net asset value as per 31 December 2015 minus net asset value declared in the 2014 income tax return.

#### 5. **Investment instrument for repatriation**

For the tax payer who repatriates his or her assets back to Indonesia, the fund remittance must be made to designated banks, and must be invested in the following instruments:

- Government Securities
- State-Owned Enterprises Bond
- Bond issued by Financial Institution owned by the Government
- Financial Investment in the Designated Banks
- Bond in certain Private Companies
- Investment in infrastructure development
- Investment in the Indonesian economy (not property)

The detail of those types of investments will be further stipulated by the government.

#### 6. **Confidentiality clause**

All data and information submitted by the tax amnesty participant cannot be used for investigation or criminal prosecution against the participant.

All relevant parties, including employees of the Minister of Finance and Directorate of General of Taxation are prohibited to disseminate the data and information on the tax amnesty participants. Violation will be subject to a maximum of 5-year imprisonment.

#### 7. **What's next?**

Please be advised that the summary above is collected from several sources. This is still subject to confirmation when The Bill is enacted and becomes Law (as signed by the President).

It is expected that the Minister of Finance and The Director General of Taxes will issue the implementing regulations for the Tax Amnesty, such as the format of the application form, further stipulation of the asset and liabilities definition for the purpose of tax amnesty, how to submit the application, etc.

The Ministry of Finance states that he is optimistic that all implementing regulations and procedures will be ready by the beginning of July 2016.

We will continue to monitor how this Tax Amnesty Bill will develop in the following months.

We do suggest that impacted tax payers should immediately start identifying all of his/her assets and considering the advantages and disadvantages for repatriation or non-repatriation schemes including his or her future tax implications.

Rawlinson & Hunter Singapore will be happy to assist you on this matter including preparing and filing the tax amnesty application as soon as all regulations have been enacted.

*This briefing is a general nature and not constituted as professional advice. The information contained therein have been simplified for a presentation purpose only. No responsibility can be accepted for the consequences of any action taken or refrained from as a result of what is written or said.*



**Herdin Syafari**  
Tax Director

+65 6908 8870  
herdin.syafari@rawlinson-hunter.com.sg

Herdin has more than 16 years experience in Indonesian and International tax consultancy having previously worked for one of the "Big 4" accounting firms for 11 years. Serving multinational clients from various industries, Herdin also has 5 years of experience working as Head of International Tax Department in Indonesia's largest public energy company.

In addition, Herdin is a certified Indonesian Customs and Trade consultant, with a Customs Certification from the Indonesian Ministry of Finance. He has been involved in various customs projects from master list facility application, due diligence, audits and appeals assistance in the tax and customs courts.

Herdin obtained his first degree in Economic and Accounting in Indonesia and a Masters Degree in Business Administration (MBA) from the University of Bath, United Kingdom. He is a Certified Indonesian Tax Consultant, Certified Indonesian Customs Expert and holds a License of Tax Power of Attorney for Tax and Customs Appeal in the Indonesian Tax Courts.

### **Rawlinson & Hunter (Singapore) Pte Ltd**

63 Market Street, #10-02  
Bank of Singapore Centre  
048942  
Singapore



**Peter Milnes**  
Managing Director

+65 6908 8870  
peter.milnes@  
rawlinson-hunter.com.sg



**John Chew**  
Director

+65 6908 8870  
john.chew@  
rawlinson-hunter.com.sg