

Global Mobility Services Bulletin

March 2018



Financial Institutions Must Provide Taxpayers' 31 December Account Balances to DGT

Following the development of OECD on Base Erosion and Profit Shifting (BEPS), the Directorate General of Tax (DGT) has issued Regulation No. PER-04/PJ/2018, regarding procedures for financial institutions to register with DGT, either as a Financial Reporting Entity or as a Financial Non-Reporting Entity. Banks, investment managers, custodian banks and insurance companies are considered as Financial Reporting Entities; government entities, international organizations, central banks and pension funds are categorized as Non-Reporting Entities.

Based on this regulation, after the end of each calendar year, Financial Reporting Entities must provide annual reports to:

- The DGT by the end of April, in accordance with Indonesian Tax Regulations; and
- The Financial Services Authority (*Otoritas Jasa Keuangan/OJK*) by the end of August, in accordance with the International Agreement of Automatic Exchange of Information.

The Financial Information Reports must include the following details:

1. Account holder identity (name, address, domicile country, tax identification number/TIN, place and date of birth) including the identity of individuals who control a company account;
2. Account number;
3. Financial entity identity (name and TIN);
4. Account balance (including cash value or surrender value of annuities and whole life insurance policies); and
5. Income (interest, dividends and other payments made to the account).

For the purpose of Automatic Exchange of Information, each Financial Reporting Entity must also prepare a report for each country of domicile regarding the account details held by residents of each relevant country.

In addition, the Minister of Finance has just issued Regulation No. 19/PMK.03/2018 to amend Regulation No. 70/PMK.03/2017 regarding Access to Financial Information. This regulation specifically states that accounts held by a deceased individual must also be included in the reports, to ensure tax compliance from income generated by any undistributed inheritance.

This regulation also states that the bank accounts to be reported for an individual are those having an aggregate balance of IDR 1 billion (approximately USD 75,000 at 31 December 2017) and more. Insurance policies to be reported are those having a coverage value of at least IDR 1 billion.



KPMG Note:

This regulation appears to be on “extended” arm to regulation No. 228/PMK.03/2017, which mandates that “Reporters”, i.e., government agencies, institutions, associations and also mobile cellular network operators submit taxation information, such as income, expenditures and wealth positions of individuals and entities to the government on a periodic basis. It is therefore important to update your residency status with your financial institutions and other service providers.

While the DGT regulation is silent on the value of the accounts to be reported, the PMK states that bank accounts of individuals to be reported are those with an aggregate balance of IDR 1 billion or more. However, it is unclear whether an individual would be excluded from the banks’ reports if he/she holds a total of IDR 1 billion or more but has balances in several banks, each less than IDR 1 billion.

Contact us

KPMG Advisory Indonesia

Tax Services

33rd Floor, Wisma GKBI
28, Jl. Jend. Sudirman
Jakarta 10210, Indonesia
T: +62 (0) 21 570 4888
F: +62 (0) 21 570 5888

Abraham Pierre

Partner In Charge, Tax Services

Abraham.Pierre@kpmg.co.id

Aaron Brunier

Aaron.Brunier@kpmg.co.id

Anita Priyanti

Anita.Priyanti@kpmg.co.id

Bambang Budiman

Bambang.Budiman@kpmg.co.id

Eko Prajanto

Eko.Prajanto@kpmg.co.id

Esther Kwok

Esther.Kwok@kpmg.co.id

Hamdanus Lukman

Hamdanus.Lukman@kpmg.co.id

Irwan Setiawan

Irwan.Setiawan@kpmg.co.id

Iwan Hoo

Iwan.Hoo@kpmg.co.id

Jacob Zwaan

Jacob.Zwaan@kpmg.co.id

Julya Permata Tjen

Tjen.Permata@kpmg.co.id

Natalia Yamin

Natalia.Yamin@kpmg.co.id

Sontang Ruli Siregar

Sontang.Siregar@kpmg.co.id

Sutedjo

Sutedjo@kpmg.co.id

Tonggo Aritonang

Tonggo.Aritonang@kpmg.co.id

Yoshiyuki Misao

Yoshiyuki.Misao@kpmg.co.id

kpmg.com/id

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