

Tax News Flash

February 2022



Voluntary Disclosure Program – Procedure and How to Invest

Following the introduction of the Voluntary Disclosure Program (“VDP”) in Harmonization of Tax Regulation Law (*Undang-undang Harmonisasi Peraturan Perpajakan* (“the HPP Law”) – see our [TNF December 2021](#) edition), implementing regulation No. 196/PMK.03/2021 (“PMK-196”) regarding the Procedures for the VDP was issued on 23 December 2021.

PMK-196 provides coherent guidance on the VDP I and VDP II programs with regard to:

VDP reporting

The notification on assets disclosure (“SPPH”) for both VDP I and VDP II should be submitted electronically via dijonline.pajak.go.id from 1 January 2022 until 30 June 2022.

A taxpayer may submit, amend or revoke the submission during the stipulated period, in case of:

- Revision of a prior submission is needed due to miscalculation or typo
- Addition/removal of disclosed net assets
- Revision of the tax rate used, or other reasons.

Taxpayers can also revoke the submitted SPPH. Subsequently, they are not allowed to submit another SPPH.

Pursuant to PMK-196, taxpayers may voluntarily disclose assets that previously were not listed in their income tax returns. The value of these net assets will be considered as taxable income subject to certain final tax rates. For the purpose of calculating the final income tax due, under VDP I the value of the liabilities is limited to 50 percent and 75 percent of the additional asset’s value for individual and corporate taxpayers, respectively, while under VDP II taxpayers can offset the full principal liability value against the asset value.

After the VDP report is submitted, the Directorate General of Taxation will issue a Notification Letter. However, this letter may be amended or canceled if the VDP data is found to be inaccurate.

Foreign assets repatriated and assets re-invested in Indonesia

Repatriated foreign assets should be kept in Indonesia for at least five years. Investment of domestic and repatriated foreign assets should be held for a minimum of five years in the following sectors:

- Processing of natural resources/renewable energy, in the form of:
 - Establishment of a new business, or
 - Capital injection to companies launching an initial public offering or rights issue.
- Government marketable securities
The purchase should be done in the primary market through private placement via a primary dealer by showing the notification letter (“*Surat Keterangan*”) and meeting the following rules:

Type of assets disclosed in VDP	Assets currency	Government marketable securities purchase:	
		in IDR	in USD
Domestic assets	IDR	Yes	No
	Foreign currencies	Yes	Yes
Repatriated foreign assets	IDR	Yes	No
	Foreign currencies	Yes	Yes

During the holding period, the investment can be switched from one form to another in two years after the net assets are fully invested or after 30 September 2023 (if only part of assets is invested). This switching can be done twice only, one time per year.

Realization report

Similar to the previous Tax Amnesty program, taxpayers who have committed to repatriate or invest in qualified programs/investments are required to

submit an Investment Realization Report based on the fiscal year end condition.

Failure to repatriate or invest in qualified programs

Failure to repatriate offshore assets into Indonesia or not investing in the stipulated sectors will result in the asset values being considered as income and subject to final income tax.

KPMG Notes:

This is a good opportunity for taxpayers to review their list of assets and liabilities for any underreporting and participate. With the execution of Automatic Exchange of Information, the Director General of Taxation has access to financial data from overseas jurisdictions on Indonesian tax residents.

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

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