KPMG

Tax News Flash

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New rules for preliminary tax refunds in Indonesia

On 29 April 2026, Indonesia's Minister of Finance issued Regulation No. 28 of 2026 (PMK-28), which updates the preliminary refund procedures for tax overpayment. This regulation replaces PMK-39[1] and its amendments, most recently PMK No. 119/2024.

Under PMK-28, tax overpayment can be refunded through administrative review of applications submitted by:

1. Certain-Criteria Taxpayer (Article 17C of the KUP Law[2]);
2. Taxpayers meeting specific requirements (Article 17D of the KUP Law); and
3. Low-risk Taxable Entrepreneurs (Article 9 paragraph (4c) of the Value Added Tax (VAT) Law).

Key highlights of PMK-28

Stricter eligibility for preliminary tax refunds

Under the previous rules (PMK-39), preliminary tax refunds were often seen as an administrative benefit. Once a taxpayer obtained the required status from the Directorate General of Taxation (DGT), access to faster refunds was generally straightforward and predictable.

PMK-28 introduces a significant change. While the formal categories remain, eligibility for preliminary refunds is now based on compliance with a clear and measurable assessment. Preliminary refunds are no longer treated as a routine facility, but as a benefit granted only to taxpayers that have a strong and consistent compliance track record.

This change is driven by the need to enhance accuracy and legal certainty when implementing tax rights and obligations, while also refining existing provisions to make them more adaptable to developments in tax administration, with the objective of ensuring that the preliminary refund facility can be granted in a more targeted and effective manner.

Here are some practical implications for taxpayers:

- Taxpayers must maintain a consistently high standard of compliance over several years - not only in a single tax period.
- Minor compliance issues–such as late filings, financial restatements, unresolved clarifications of SP2DK (*Surat Permintaan Penjelasan atas Data dan/atau Keterangan*)–that were previously tolerated may now jeopardize a taxpayer's eligibility for preliminary refunds.

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[1]PMK-39/PMK.03/2018

[2]General Provision and Tax Procedures Law (*Ketentuan Umum dan Tata Cara Perpajakan*)

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Key changes introduced by PMK-28

Taxpayer categories under PMK-28	Key changes
Certain-Criteria Taxpayers (Article 17C of the KUP Law)	**Higher compliance threshold for Certain-Criteria Taxpayers** PMK-28 significantly raises the compliance standards for taxpayers seeking certain-criteria status to access a preliminary refund. Compared to the previous rules, the new regulation applies much stricter eligibility requirements, reinforcing that this facility is reserved for consistently compliant taxpayers. Key requirements now include: • Taxpayers must not have made any late payments for any type of tax—including payments under approved installments or deferrals—during the five years prior to designation. • The taxpayer's financial statements must receive an Unqualified Opinion (*Wajar Tanpa Pengecualian/WTP*) for three consecutive years. An opinion with an explanatory paragraph (i.e., a modified unqualified opinion) will not meet this requirement. • Financial statements must not be restated due to errors or indications of manipulation. • The same public accountant can only provide audit services for a maximum of five years. • Taxpayers with fiscal profit or loss corrections exceeding five percent in any of the last three years are not eligible. • Taxpayers must respond to any SP2DK (request for explanation of data and/or information) issued at least three months before the status determination. • Audited financial statements must be attached to the annual income tax return before the taxpayer is designated a Certain-Criteria Taxpayer. • PMK-28 confirms that to qualify as a "Certain-Criteria Taxpayer", a taxpayer must not have been convicted of a tax crime under a final and binding court decision within the last five years. The regulation clarifies that this requirement means the taxpayer has been properly registered and has no final court conviction for any tax-related criminal offense during the five-year period before the designation. PMK-28 expands the reasons for revoking a taxpayer's status by adding several new conditions such as unpaid tax debts, late payment of approved tax deferrals or installments, incorrect financial statements, not responding properly to requests to explain fiscal profit or loss, or tax audit corrections that change fiscal profit or loss by more than five percent.
Taxpayers meeting specific requirements (Article 17D of the KUP Law)	**Clear thresholds for taxpayers meeting specific requirements** Unlike the previous rules under PMK-39, which allowed greater flexibility in practice, PMK-28 introduces clear numerical limits for taxpayers seeking preliminary refunds under the specific requirements category. The updates include: • Corporate Income Tax Preliminary refunds are available for overpayments of up to IDR 1 billion, provided that the taxpayer's revenue does not exceed IDR 50 billion in one fiscal year (or part of one). • Value Added Tax The VAT refund threshold has been lowered from IDR 5 billion to IDR 1 billion. In addition, preliminary VAT refunds are only granted if the value of taxable supplies reported in the monthly VAT return does not exceed IDR 4.2 billion. The regulation also clarifies that this rule does not apply to the taxable entrepreneurs who have not yet made any taxable supplies or exports and only report a small VAT overpayment within the permitted limits. These changes reflect a more targeted approach, limiting access to preliminary refunds to taxpayers with smaller turnover and lower refund amounts.

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Taxpayer categories under PMK-28	Key changes
Low-risk Taxable Entrepreneurs	**PMK-28:** • Excludes taxable entrepreneurs meeting specific requirements from being classified as Low-risk Taxable Entrepreneurs. • Introduces a new activity threshold, requiring that at least 80 percent of the taxpayers' activities be related to taxable supplies and/or exports in order to qualify for preliminary refunds. • Under PMK-28, Low-risk Taxable Entrepreneur status may be revoked if the taxpayer has failed to submit their monthly VAT return on time within the last 12 months.

Transitional provisions:

With the enactment of PMK-28, all existing Certain-Criteria Taxpayer designations issued under PMK-39 and its amendments have been revoked. Affected taxpayers may reapply for the designation between 1 June 2026 and 10 June 2026, provided they meet the updated requirements under PMK-28.

KPMG's notes:

- **PMK-28 clearly positions preliminary tax refunds as a strategic incentive for sustained compliance, rather than a short term cash flow acceleration tool. Taxpayers seeking continued access to this facility must prioritize long term discipline in their compliance, data integrity, and robust tax governance as core elements of their financial strategy.**
- **From a strategic perspective, taxpayers should move beyond simply accelerating refunds and instead focus on building and sustaining strong, long-term compliance.**

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