DR Regina Niken Wilantari is an academic and researcher in the fields of business and economics at the Faculty of Economics and Business at the University of Jember, Indonesia

This Indonesian Taxation Book describes taxation in general in Indonesia so that it can provide an overview for business practitioners, especially business practitioners who are not Indonesian citizens. However, they have a business in Indonesia and can be used as a tax textbook for students. This Indonesian Taxation Book discusses 5 general topics including:

1.Indonesian Tax and Tax Law
2.Classification of Taxes in Indonesia
3.Tax Payable, and Tax Collection in Indonesia
4.General Provisions and Tax Procedures in Indonesia
5.Indonesia's Fiscal and Macroeconomic Policy

The five topics constitute basic knowledge for understanding taxation in Indonesia, including understanding the impact of fiscal policy on Indonesia's macroeconomy. Where Indonesia's macroeconomy is an indicator in making business decisions and investment by international business practitioners who want to invest or open a business in Indonesia.

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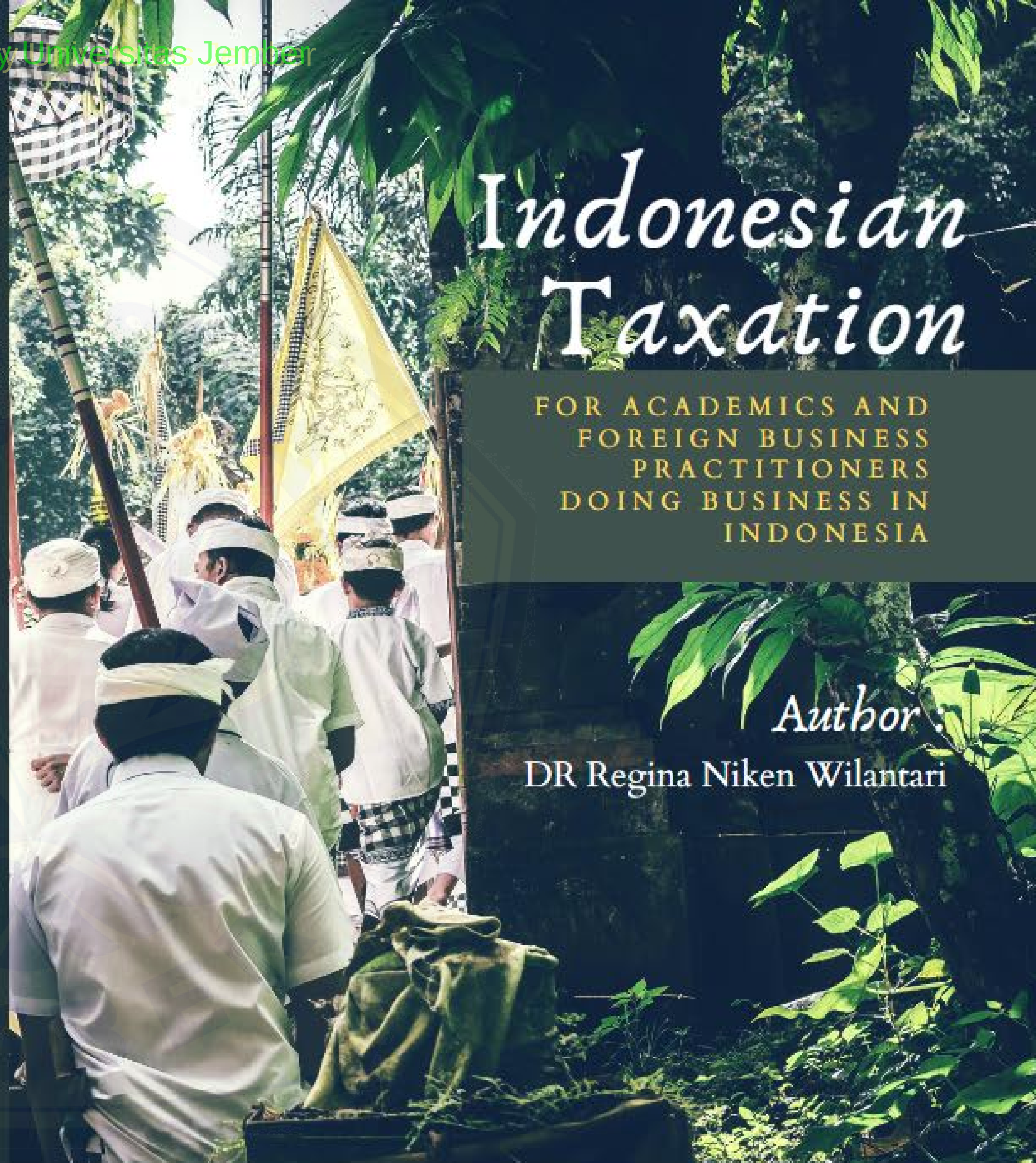

Indonesian Taxation

FOR ACADEMICS AND FOREIGN BUSINESS PRACTITIONERS DOING BUSINESS IN INDONESIA

Author :

DR Regina Niken Wilantari

Triple Nine communication

Indonesian Taxation

for Academics and Foreign Business Practitioners Doing Business in Indonesia

By

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Foreword

This Indonesian Taxation Book describes taxation in general in Indonesia so that it can provide an overview for business practitioners, especially business practitioners who are not Indonesian citizens. However, they have a business in Indonesia and can be used as a tax textbook for students. This Indonesian Taxation Book discusses 5 general topics including:

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The author is working hard to develop this book to its full potential for students. However, constructive criticism and suggestions are open to writers for all parties for the sake of perfection in the development of international economics textbooks.

Best regards

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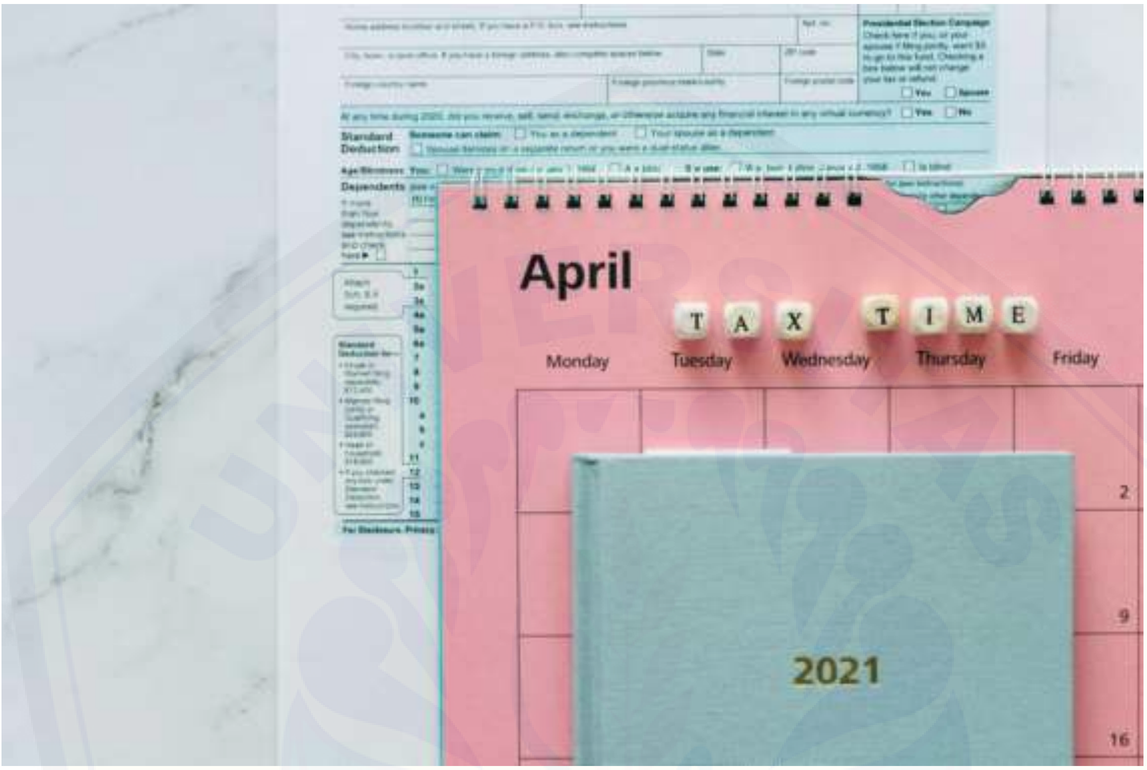
Chapter 1. Indonesian Tax and Tax Law



Taxation Illustration, Photo by Nataliya Vaitkevich from Valencia

In Indonesia, Taxes Are Obligatory Citizen Contribution. This means that everyone has an obligation to pay taxes. However, this only applies to citizens who have met the subjective and objective requirements. Namely, citizens who have incomes exceeding Non-Taxable Income (PTKP). The current PTKP is Rp. 54 million per year or Rp. 4.5 million per month. That means, if you have an income of more than Rp.4.5 million a month it will be taxable. Meanwhile, if you are an entrepreneur or entrepreneur with turnover, the Final Income Tax rate of 0.5% applies from the total gross turnover (turnover) up to IDR 4.8 billion in one tax year (based on PP 23 of 2018).

Taxes are Compulsory for Every Citizen. If someone has met the subjective and objective requirements, then he is obliged to pay taxes. In the tax law, it

Chapter 2. Classification of Taxes in Indonesia

Taxes are the main source of income for a country. The general definition of various types of taxes is the contribution that the people give to the state based on law, so that it can be imposed, and do not receive direct remuneration. So for you, wise citizens, you will never be late in paying taxes. It is undeniable that in Indonesia, taxes play a role as the backbone of the country's development. Some people may already know what taxes are, but sometimes some people don't know the types of taxes they pay. So, before discussing further the types of taxes, first know the basics of the tax itself.

Are all Indonesian citizens required to pay taxes? According to the law, all Indonesian people are required to pay taxes. However, this applies to citizens who have met the subjective and objective requirements of this type of tax.

Taxes are mandatory levies that must be paid by every citizen. The tax paid is later used for the benefit of the community. The benefits that are felt cannot be felt directly. Because this tax is used for public purposes, not private. Taxes are mandatory contributions to the state that are compelling based on law. Taxpayers cannot directly experience the benefits of taxes, because they solve various problems in our beloved country, such as poverty, security and prosperity.

To get to know more about the types of taxes that apply from Sabang to Merauke, we first have to determine from which perspective we will look at the tax. Is it from an angle based on its character, based on the object/subject, based on the collecting agency, or others? Taxes in Indonesia itself consist of various types of classifications, types, and types, usually differentiated based on the collection system and their management.

Chapter 3. Tax Payable, and Tax Collection in Indonesia

Taxes are a source of funds and state revenues that are vital for the interests and development of the country. The tax collection system is a method used to find out how much tax is owed by calculating the amount that must be paid by a taxpayer to the country where he is located. Tax collection in Indonesia has been regulated in Law Number 10 of 1994 which discusses and regulates everything related to the subject and object of taxation. The essence of this law is that the Indonesian tax collection system applies the domicile principle and the source principle at once or at the same time. Indonesia applies these two principles as an important asset for the country that allows additional foreign exchange.

Since the amendment of tax laws and regulations in 1983 (Indonesian tax reform) replacing the taxation regulations made by the Dutch colonial (PPs 1925 and PPd 1944 ordinances), Indonesia has also changed its tax collection system from an Official Appraisal system to a Self-Assessment System. Trust is given to taxpayers to calculate, calculate, pay and self-report the amount of tax that must be owed under tax laws and regulations.

The taxation system is a mechanism that regulates how the tax rights and obligations of a taxpayer are implemented. The tax collection system is a mechanism used to calculate the amount of tax that must be paid by taxpayers to the state. The tax collection system can be said to be a method of managing tax debt that is paid by the person concerned so that it can enter the state treasury. In Indonesia, there are 3 types of taxation systems. The tax collection system in Indonesia is in accordance with the principle of tax collection and adopts a self-assessment system and a withholding system. In Indonesia, 3 types of tax collection systems apply, namely the Official

Chapter 4. General Provisions and Tax Procedures in Indonesia

The taxation system and general tax provisions in Indonesia are regulated by law. The Indonesian government created a taxation system in Law No.6 of 1983 concerning General Provisions and Tax Procedures as last amended by Law No. 16 of 2009. Law on General Provisions and Tax Procedures is based on the philosophy of Pancasila and the 1945 Constitution, which includes provisions that uphold the rights of citizens and place taxation obligations as a state obligation. This law contains general provisions and taxation procedures which in principle apply to the material tax law unless the tax law concerned has regulated its own general provisions and taxation procedures.

In line with economic, information technology, social and political developments, it is realized that it is necessary to amend the law regarding general provisions and procedures for taxation (Law No. 16 of 2009). These changes aim to provide more justice, improve services to taxpayers, increase certainty and law enforcement and anticipate advances in information technology and changes in material provisions in the taxation sector. In addition, these changes are also intended to increase the professionalism of the tax apparatus, increase the transparency of tax administration and increase the voluntary compliance of taxpayers.

Simple systems, mechanisms and procedures for the implementation of tax rights and obligations are the characteristics and features of the amendment of this Law while still adhering to the self-assessment system. These changes are especially related to improving the balance of rights and obligations for taxpayers so that taxpayers can better exercise their tax rights and obligations.

By adhering to the principles of legal certainty, justice, and simplicity, the direction and purpose of amending the Law on General Provisions and Tax Procedures refers to the following main policies:

Chapter 5. Indonesia's Fiscal and Macroeconomic Policy

5.1. Annual Income Tax Return

Tax Notification Letter in Indonesia is known as SPT. SPT stands for "Surat Pemberitahuan Tahunan". SPT is a letter that taxpayers use to calculate and pay taxes, tax objects or non-tax objects and/or assets and liabilities according to taxation legislation.

SPT filling provisions are as follows:

- Business entities that have been registered as taxpayers marked as having a Taxpayer Identification Number have the obligation to submit an annual income tax return.

- As a taxpayer, you are required to fill out the SPT correctly, completely and clearly, in Indonesian using Latin letters, Arabic numerals, and the unit of the Rupiah currency, and sign and submit it to the KPP or Pratama tax office, or other place determined by the Director General of Tax.

- For Corporate taxpayers who are permitted to keep books in English and in United States Dollar, are required to submit the corporate taxpayer's SPT PPh (Income Tax) and its attachments in Indonesian, except for the attachment in the form of financial statements, and in United States Dollar.

Annual Income Tax Return, which consists of:

- Annual Income Tax Return for one tax year; and
- Annual Income Tax Return for Part of the Tax Year.

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