

taxBlitz

Tax & Customs Update

Declared Asset for Tax Amnesty Shall Be Reported in Tax Return

Directorate General of Taxes reminds taxpayers participating in tax amnesty to report list of their disclosed assets in Asset Declaration Letter in Annual Income Tax Return in accordance with the issuance year of the Tax Amnesty Certificate (*Surat Keterangan Pengampunan Pajak/SKPP*).

Thus, in regard to SKPP issued last year, taxpayers shall report their disclosed assets in Asset Declaration Letter in their 2016 Tax Return. Meanwhile, taxpayers who just received SKPP in the first three months of 2017 are obliged to report their tax amnesty-related assets in their 2017 Tax Return.

This obligation is stipulated in Directorate General of Taxes Circular Number S-150/PJ.03/2017 on Affirmation of Annual Income Tax Return Submission Related to Asset Declaration Letter Submission for Tax Amnesty, issued on 1 March 2017.

This Regulation affirms Article 2 paragraph (3) of Minister of Finance (MoF) Number 150/PMK.08/2016 on Procedure of Taxpayers' Assets Transfer to Republic of Indonesia's Territory and the Positioning on Investment Instrument in Financial Market for Tax Amnesty Purpose. The policy stipulates that any additional assets and liabilities forming net asset value, which is reported in Asset Declaration Letter and to which the certificate has been issued, are treated as new assets and liabilities.

Therefore, the new assets shall be stated on the Tax Return, with its acquisition date in accordance with the certificate issued. Meanwhile, the net asset value recorded as additional balance on retained earnings and on tangible and/or intangible assets may not be depreciated or amortized.

This Circular also renders detailed guidelines regarding the procedure of asset or liability reporting in Tax Return form. Besides, it also explains the procedure of tax reporting upon income derived from the assets in the Tax Return, under the following provisions:

- a. Income from assets located inland is reported and subject to Income Tax in accordance with the types of income;
- b. Income from reported assets located overseas on **Other Domestic Net Income** table is subject to income tax withholding or collection by other parties. The withholding will be calculated as tax credit;

- c. Income from assets located overseas shall be reported in **Net Income from Overseas** column on **Tax Return Main Form** based on separated attachment prepared by the taxpayers. In the event that the income has been settled or subject to tax withholding overseas, the separated attachment is also deemed as application for foreign tax credit, which therein shall at least comprise:
1. Name and address of source/party rendering the income overseas;
 2. Types of income (dividend, interest, royalty, income from immovable assets and other income);
 3. Net income in rupiah;
 4. Tax settled/withheld/payable overseas; and
 5. Calculation of foreign tax credit (Income Tax Article 24) and attachment of supporting evidences.
- d. The amount of foreign tax credit that can be calculated in the separated attachment as stipulated in letter c shall be reported in the table of **List of Income Tax Withholding/Collection by Other Party, Income Tax Settled/Withheld Overseas, and Income Borne by the Government.**

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