

Holders of Special Mining Business License Must Collect 10% VAT

Government obliges the holders of Special Mining Business License (Izin Usaha Pertambangan Khusus/IUPK) of Production Operation (PO) to collect, remit, and report Value Added Tax (VAT) and Sales Tax on Luxury Goods (STLG).

The taxes are collected from every partner of IUPK and will be remitted and reported to the Tax Authority. This obligation is applicable for IUPK holders whose license issued by Minister of Energy and Mineral Resources until 31 December 2019.

This policy also prevails for mining companies whose license status shifts from Contract Work to IUPK, before the effective period of contract ends.

This provision is stipulated in Minister of Finance (MoF) Regulation Number 166/PMK.03/2018 on Appointment of Holder of Special Mining Business License of Production Operation to Collect, Remit, and Report Value Added Tax or Value Added Tax and Sales Tax on Luxury Goods as well as Procedures for Its Collection, Remittance, and Reporting. This policy was issued and effective on 19 December 2018.

For the amount of VAT that is obliged to be collected and remitted by IUPK holders is 10% of the tax base.

Meanwhile, the SLTG, in case of any payable, shall be collected in accordance with the prevailing rate multiplied by the tax base.

The tax base in MoF Regulation Number 166/PMK.03/2018 is the amount of selling price, compensation or other value used as the base for VAT or SLTG calculation.

The Mechanism of Obligation

The collections of VAT and SLTG are performed when the taxable goods and/or service is transferred or during the payment.

This provision is also effective upon transaction in which the payment is made before the goods/service transfer and such payment is made gradually based on certain period.

After the collections, the holders of IUPK are obliged to pay VAT and/or SLTG to the state's account through designated bank or post office on 15th of the following month at the latest, prior to the end of the tax period.

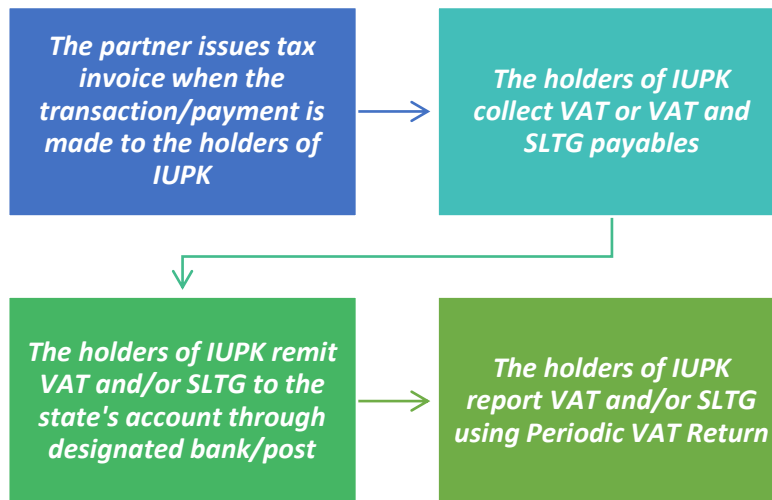
The remittance of VAT and/or SLTG shall be denominated in rupiah using Tax Payment Slip or other administrative means equivalent to Tax Payment Slip.

Several things that shall be taken into account by the holders of IUPK when they remit VAT and/or SLTG among others: they are obliged to state the partner's Tax ID Number and identity

in Tax Payment Slip as well as ensure that the signing therein is done by the holders of IUPK PO as the remitter on behalf of the partner.

After the collection and remittance of VAT and/or SLTG are conducted, the following obligation of IUPK holders is to report anything that has been conducted to the Tax Office on 20th of the following month at the latest after the end of the tax period along with the submission of Periodic Tax Return in the form of electronic document.

If the holders of IUPK PO do not perform this provision, Directorate General of Taxes (DGT) will give sanction under the prevailing regulation.



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