

May 2017 Edition

# TAXGuide

Enrich your Knowledge

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Consulting Group

## EDITORIAL NOTES



### EXECUTIVE EDITORIAL TEAM

Sugianto  
Muhammad Razikun  
Karsino  
Wahyu Nuryanto  
Imam Subekti  
Medyawati  
Ika Fithriyadi

### EDITORIAL TEAM

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Fhadhila R. Putri  
Asep Munazat Zatznika  
Cindy Miranti  
Iffah Adilah  
Novi Astuti  
Rathihanda Batam

### DESIGN & DISTRIBUTION

M. Trisna Indra  
M. Budhi Kurniawan  
Iksan Sadar

#### ADDRESS

MUC Building 4th floor  
Jl. TB Simatupang 15, Tanjung Barat  
Jakarta (12530)  
Phone: +6221 788 37111  
Fax: +6221 788 37 666  
Email: publishing@mucglobal.com

Tax Guide is a monthly publication of MUC Consulting Group covering latest information on tax and accounting world. Editorial team is open for contributions in the form of photo and opinion related to tax and accounting issue. Any opinion published in Tax Guide is not a representative of MUC Consulting Group's view. Any inaccuracy of statement, opinion, or suggestion in the contents is not Editorial team's responsibility.

Assalamulaikum Wr. Wb. May peace and prosperity befall upon all of us. All praise and gratitude are to the One True Almighty God for the publication of this MUC Tax Guide which coincides with the holy month of Ramadhan.

MUC Tax Guide is consistently published every month with several issues in taxation. The headline for this month's publication is the issuance of Government Regulation in Lieu of Law (Peraturan Pemerintah Pengganti Undang-Undang/Perppu) Number 1 Year 2017 on Financial Information Access for Tax Audit.

In reference to the issuance, this edition comes with complete explanation regarding the policy by Minister of Finance of Indonesia, Sri Mulyani Indrawati.

Other issue that we highlighted is the urgency of the Income Tax Law amendment in terms of state revenue optimization. The holy month of Ramadhan also inspired us to review the relation between Tax and Zakat, as well as its role in overcoming economic inequality. As always, a number of engaging info-graphics enrich the May 2017 Tax Guide edition.

We hope that the issues covered in this 5th edition of Tax Guide will enlighten us and are beneficial for the readers. We are open for inputs, suggestions, critics from you for our evaluation material in enhancing the quality of the upcoming Tax Guide. Enjoy reading.

Wassalamualaikum, Wr. Wb

Jakarta, May 2017

**Karsino**

## Q&A

### Concerning Financial Information Access

On 8 May 2017, Government Regulation in lieu of Legislation (*Peraturan Pemerintah Pengganti Undang-Undang/Perppu*) No.1 Year 2017 on Financial Information Access for the purpose of taxation was issued. The government accelerated this Perppu issuance considering that the deadline of Automatic Exchange of Information (AEOI) is getting closer within days.

The guarantee of financial information confidentiality becomes a victim, as the issuance of Perppu No. 1 Year 2017 will automatically nullify the legal force of 10 articles in 5 (five) kinds of laws related to taxation, banking and sharia banking, capital market, and futures exchange.

In the press conference, on Thursday, May 2017, **Minister of Finance Sri Mulyani Indrawati** explained the urgency of this Perppu issuance. In addition, the Ex-managing Director of World Bank convinced the public that the access of financial information opened for the Tax Authority is not to be used inappropriately for purposes other than taxation. Below is the summary of the explanation:



Minister of Finance Sri Mulyani Indrawati (Source: Wikistage)

## Sri Mulyani: Financial Information Access Is Not For Intimidating Taxpayer!

#### What is the background of Perppu No.1 Year 2017 issuance?

Countries over the globe, especially G20, have entered into an agreement to make taxation collaboration in order to minimize Base Erosion Profit Shifting (BEPS), which among others related to financial information access owned by taxpayers in all jurisdictions or places. This is triggered by global financial crisis causing many countries to perform intensification of tax income. Therefore, the initiative to increase and formalize the international taxation collaboration to minimize or even abolish spaces or places for tax avoiders (tax haven).

*Indonesia as one of G20 country members and being active in international level since 2014 has conveyed its commitment, even has actively shared its views to make BEPS practice as well as the obligation of financial information exchange successfully conducted. This is because Indonesia considers that there are many places and jurisdictions that can be used safely by Taxpayers in avoiding taxation obligation in Indonesia.*

*Indonesia's commitment to participate is also caused by national interest, that is (we) as a country want to guarantee that the entire governance of taxation in Indonesia is similar with that of other countries' authorities, thus we are not in loss position.*

The international's commitment kept by Indonesian government is in the form of Automatic Exchange of Information (AEOI). Until this year, there have been 100 countries or jurisdictions including all G20 countries already participating in AEOI. Fifty of which have committed to participating this year and 50 others will participate in 2018, including Indonesia.

#### **What are the requirements of each country to apply AEOI?**

First, the country shall have the guarantee that the tax authority has access towards financial information for the purpose of taxation in all financial institutions. Thus, there should be the law and provisions that guarantee the tax authority the financial information access for the purpose of taxation in every financial institution.

Second, the law and provisions should also regulate the standards of report or transmission system from information exchange. Therefore, the information exchange has standard procedure, as well as from the format or content aspects. As a result, there is no excuse for a company to send information with different format and size from other countries.

The standardization from the aspect of reporting and report content is also needed to be regulated. It should not be stated in Laws, but in the provision that has lower legal force. If the country can't afford it, in terms of fulfilling the implementation of AEOI, the country will be considered failed to comply or failed in fulfilling the requirements from the aspect of tax provisions.

#### **What are the consequences if Indonesia fails to fulfill the requirements?**

The most serious consequence is the country will not have the power to obtain information from its partners. In other words, the country will not have the right to obtain reciprocal information.

In other words, if Indonesia does not join this program, Indonesia will be at loss since (Indonesia) cannot obtain the financial information access from Indonesian taxpayers owning either fund or assets overseas, in other jurisdictions. Clearly, this condition is very critical because we all know from tax amnesty that there are quite many assets to be disclosed. Of the total assets of IDR4,300 trillion or more, around IDR1,000 trillion of which is located overseas, which accounts for almost 25%.

Based on that background, this is actually a national interest for Indonesia not to be in loss position because of being considered failed to comply. Because of the deadline set in the international level, that to get involved in the second stage in 2018, (the tax authority) shall finish the laws before 30 June 2017.

#### **Isn't the primary legislation required by AEOI is in the form of Law?**

The condition is very urgent and considered having a really big consequence from the aspect of our ability either to maintain tax basis, or to maintain Indonesian interest in collecting tax. Thus, the government needs to issue Perppu No. 1 Year 2017.

This Perppu aims at preventing Indonesia from being at loss because of not fulfilling the international requirement in the field of tax provisions, in order to obtain the rights as well as to fulfill its obligation from the commitment of AEOI.

Therefore, Perppu No. 1 Year 2017 is intended to make Indonesia capable to maintain the national interest in international level. We understand that not only information, but also fund and asset can move to all countries in the world. And, (it) may cause erosion from tax basis in Indonesia.

#### **Has the government anticipated the possibility of rejection from House of Representatives or judicial review against Perppu No. 1 Year 2017?**

The Perppu was issued by the president as a law, an urgent interest. Therefore in this matter the House of Representatives will approve or reject (it). If it is approved, it may overcome the obstacles of other four laws stating that the bank confidentiality is one of the factors causing the access towards financial information from DGT becomes non-automatic.

Certainly, the government will always make consultation and discussion with the House of Representatives, regarding how crucial the national interest is to be protected together.

Because, in the end, the House of Representatives as the representative of the society will expect the best for their country. The agenda of Perppu is clear, consistent with Tax Laws, with Tax Amnesty Laws that has been approved previously by the House of Representatives, with our wishes to fix the tax income, and with the purpose to protect the national interest in the international agreement, upon which may make us loss if we don't fulfill.

Thus, we will always communicate, therefore, the law and provisions may still reflect our country's needs. And at the same time to fulfill the international interest in terms of obtaining information from taxpayers having assets overseas.

#### **But all this time the DGT can obtain information from Financial Service Authority (OJK), can't they?**

Thus far, in terms of tax problem, the protocol is that Minister of Finance conveyed it to the OJK's Head of Commissioner that there are X, Y, Z customers whose information are requested for the purpose of taxation. Then, the Head will deliver the letter to the financial institutions. Thus, the information access is available but it is based on case by case and not automatic.

Meanwhile, the international expects for—and this is performed by 195 countries—the information access by tax authority that is automatic. Therefore, this Perppu provides financial information access that is automatic. It means that we don't have to request one by one in case of any taxation interest.

However, it is not that since it is automatic, every time DGT has intention to check one's account, they will just check it. So, 'automatic' does not mean there will be arbitrariness, occasional checking just for pleasure, or irresponsible conduct, or even intimidation. For example, if there is unpleasant person, the account is tracked. No, that is what we actually protect. Automatic means the DGT has the authority based on provisions for the purpose of taxation, not for other agenda.

This Perppu is certainly for institution, not for individual. Thus, if there is an interpretation that this Perppu will be delegated to DGT, it does not mean the individual (of DGT).

#### **How about the customers' confidentiality guarantee?**

We think it is important to announce to the society about the trust that this Perppu will not be used inappropriately by tax authority. Therefore, to convince the society, that this is the step taken by the government to protect Indonesian national interest, it will be applied carefully and in accordance with good principles of management and discipline.

I understand that the DGT's authority in obtaining society's financial information will cause concern among the society about information misuse. So, the way they (DGT) obtain the information, the procedure and the protocol, as well as in terms of using the information, will be strictly regulated in Minister of Finance Regulation (MoFR) that is the technical provision of this Perppu. Thus, the purpose to obtain the information for the purpose of tax, will not be used inappropriately.

**Isn't there an article of immunity in Perppu that makes the related officials get impunity?**

*We will clearly fix the procedure, protocol, and management. We will also ensure that all DGT officials having access towards the information will be subject to internal discipline in accordance with law and provisions.*

*It means that the information will not be used for other purposes or private interest or to intimidate or scare the society or taxpayer. We will also ensure that the information system or the information exchange that we will obtain shall follow the international protocol. So, it won't be a deed performed individually by tax officer. So, the format, the content or its purposes follow the international standard that is not the subject to be interpretation from the tax officer.*

*More importantly in this context, I have requested the internal Ministry of Finance to strengthen the whistle blower system. It is the platform for people who feel uncomfortable or get treatment from tax officer.*

*This whistle blower system will be performed at times when the DGT officials do not fulfill the discipline or the regulations of attitude, then they (the society) may report it in whistle blower system, that is actually available but I suggest that it should be strengthened and socialized that the society has a line to convey their concern if treated unfair by our tax officers.*

**What will be regulated more specifically in PMK?**

*For the purpose of international taxation, as mentioned previously, the procedure of documentation obligation submission, the procedure of financial account identification, the procedure on how financial institutions are required to report are regulated in PMK. For the purpose of domestic taxation, we will also submit the balance limit required to be reported, registration procedure, report, procedure on information request, or in this case, the procedure of criminal sanction application will be regulated in PMK, if available. The transition, since this will prevail, for year 2018 has been in*

*accordance with AEoI, yet from the aspect of information access for us, the Perppu has prevailed since 8 May 2017.*

**How much is the limit of balance value from financial account that is required to be reported in financial service institutions automatically?**

*From the aspect of international regulation, the limit of balance or financial account value that is required to be reported automatically is of USD250,000. Internationally, in case of any balance above USD250,000, it will be subject to access of information.*

*Therefore, we use the access in the context of the balance limit of financial account that is required to be automatically reported. Here I emphasize, since this is Automatic Exchange of Information, our compliance shall be equal to that of other countries.*

*For Indonesia, for the (business) entity, the reporting shall be without minimum balance, while for individual, the minimum balance mandatory to be reported is IDR200 million.*

*The number of bank accounts with the balance above IDR200 million is now 2.2 million of accounts or 1.14% from the total of depositors. If those accounts come from the regular salary withheld by Income Tax, there is nothing to worry about.*

*\* ) To show the partiality to Micro, Small, Medium Enterprise, the Minister of Finance revised the limit of account balance that shall be reported regularly, from previously IDR200 million to IDR1 billion.*

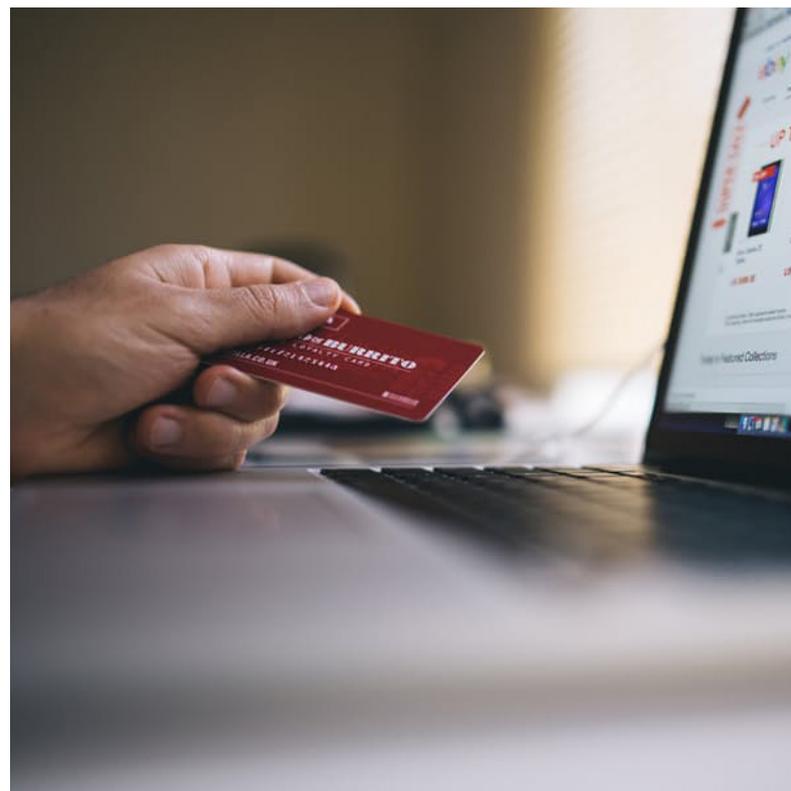
**When the DGT will start to access the financial information and to ask information access from overseas?**

*Just wait until the PMK is issued. Even though this Perppu was regulated on 8 May 2017, yet the implementation is still waiting for the technical provisions. The process of information provision from overseas authorities is regulated in AEoI agreement; as what I said before, the format, procedure, and protocol, all of them are stated therein.*



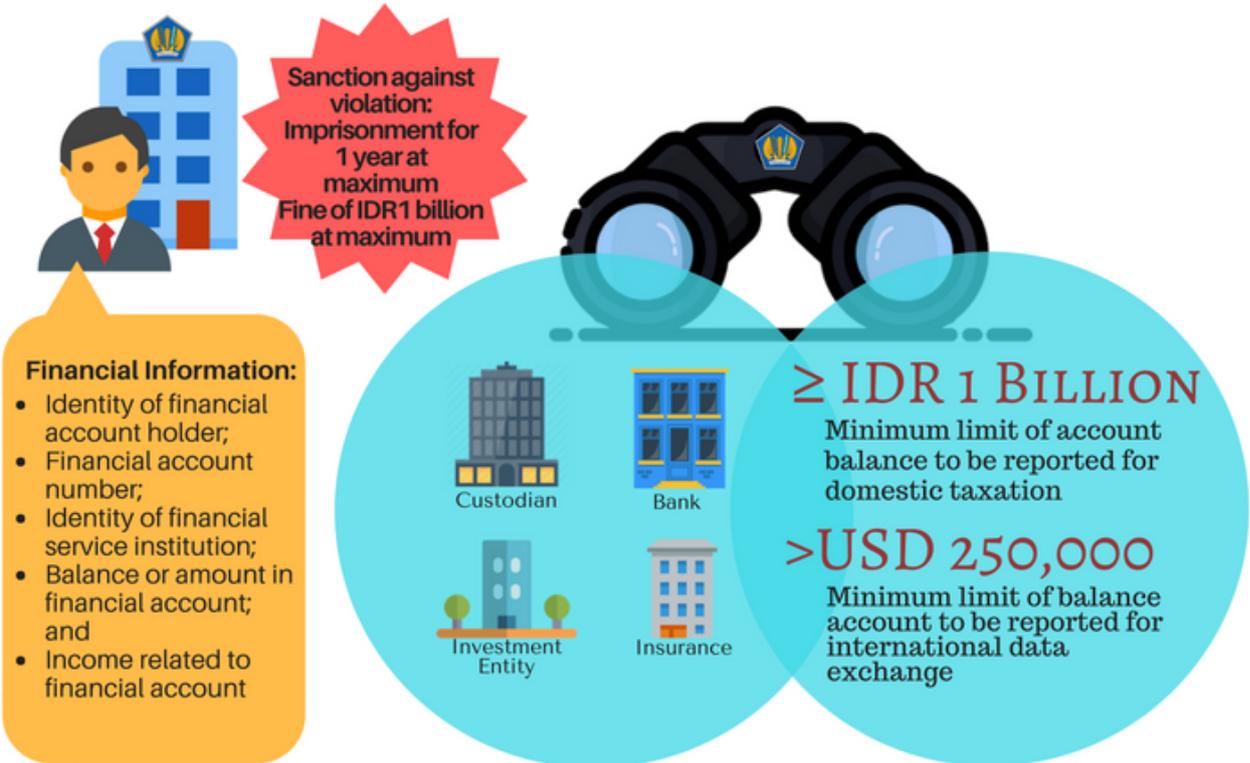
*Even though the financial information can be accessed automatically, it doesn't mean that everytime the DGT has intention to check one's account... there will be arbitrariness, occasional checking just for pleasure, or irresponsible conduct, or even intimidation.*

**—Sri Mulyani Indrawati—**

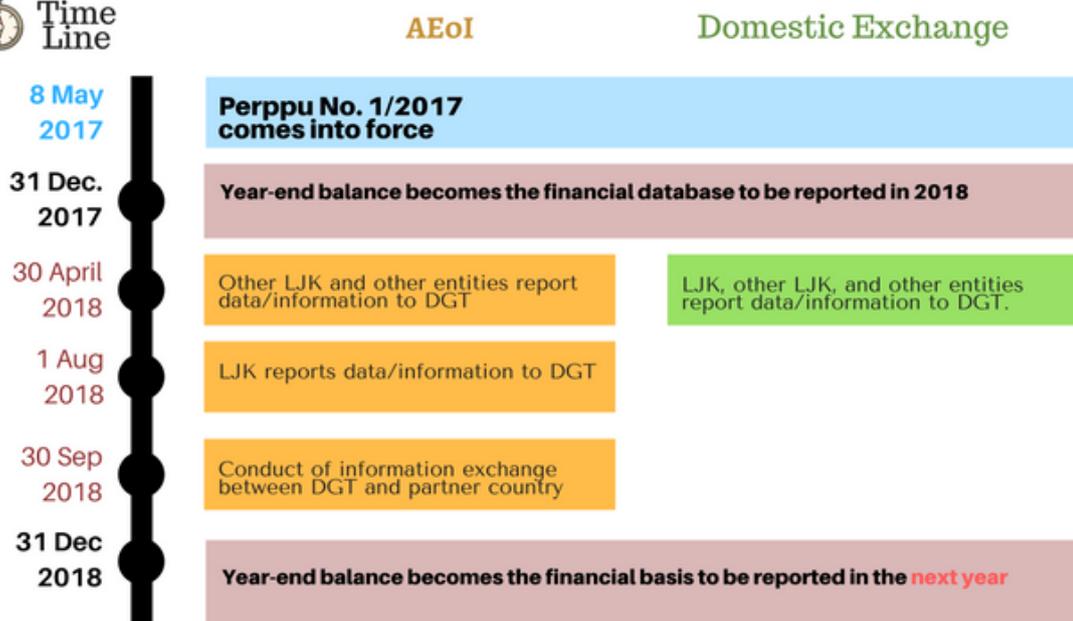


# Tax Authority Traces Financial Data

In implementing Automatic Exchange of Information (AEOI), all financial service institutions (LJK) shall disclose financial data and information to Directorate General of Taxes. It is under Government Regulation in Lieu of Law (Perppu) Number 1 Year 2007 on Financial Information Access for Taxation and Regulation of Minister of Finance Number 73 Year 2017 on Technical Guidance on Financial Information Access for Taxation



Time  
Line





# Tax and Zakat in Economic Inequality

**Poverty has been a chronic problem that remains unsolved across generation. As if it has been written, the Poors always exist despite a country's economy stability that is presented.**

The Statistics Indonesia revealed that number of poor people in Indonesia until September 2016 has decreased to reach 27,76 million of people (10.7%) compared with the position in March 2016 that reached out 28,01 million of people (10.86%).

However, the record is still overshadowed by the level of wealth gap between the Rich and the Poor. This gap between these two groups is getting wider along with the wealth hoarding committed by a number of billionaires. It is proven by the Gini Ratio level of Indonesia that stayed in 0.394 as per September 2016 or has only decreased by 0.03 from the position in March 2016 (0.397).

Gini ratio is the indicator of income inequality ranging from 0 (zero) to 1 (one). The closer it hits 0 (zero), the better or the more excellent it shows an equalization. Contrarily, when it hits 1 (one), it shows an imbalance or an inequality of the income. Many parties believe that poverty is a proof of injustice and economic inequality. There is no denying when speaking of facts. Market law has resulted in an uneven economic distribution.

However, if we see this issue from a different perspective, the presence of the Poor and the Rich is like two sides of coin that complete each other. The two-s live in a high contrast economic condition, but like magnets, they are attracting each other to interact.

There come Tax and Zakat that, among others, becoming an instrument for the Rich and the Poor to bind in terms of state and religion (Islam) contexts. In spite of different base, each context possesses similar good purpose which is the focus on poverty alleviation as well as welfare equality.

Seeing Islam history in the era of Prophet Muhammad SAW and the khilafa, Zakat used to be the only taxation system attached to every Muslim apart from *Jizyah* (tax per capita) and *Kharaj* (tax on land). *Jizyah* and *Kharaj* were collected from Non-Muslim under Islam regulation.

The implementation, nowadays, overlaps with the modern taxation system in which a country applies tax with higher rate compared with zakat. As well, the tax is more

diverse in types than zakat, not to mention the collection and the allocation method that also vary.

Zakat is a part of Islam pillars that shall be performed by every Muslim who is economically capable or has met the criteria (*Muzakki*). Zakat is distributed only for 8 (eight) groups (*Mustahik*), namely *fakir* (person who does not possess assets/income), poor (person who possesses assets/income but insufficient to meet the needs), *Amil* (zakat institutions), *Muallaf* (person converting into Islam), *Riqab* (slave), *Gharimin* (person possessing debt and unable to pay it), *Fisabilillah* (person or institution struggling in the name of Allah) and *Ibnu Sabil* (nomad). Meanwhile, tax is the collection imposed by government to every taxpayer to fund all sectors of life and state.

## Double Expense

The imposition of zakat and tax on similar object(s)—assets or income—has been a contradictory among Muslims. Some believe that zakat and tax may relieve each other, so if they have paid the tax, they are not required to pay zakat or vice versa.

However, Indonesian Council of Religious Scholars (MUI) has announced a fatwa that zakat is still mandatory for every Muslim even when they have paid the taxes.

Type of Zakat	Rate
Zakat Fitrah (basic food)	2.5 kg / 3.5 liter
<b>Zakat Al-Maal (assets)</b>	
• Zakat for corporates	2,5%
• Zakat on income/profession	2,5%
• Zakat on gold, silver, and savings	2,5%
• Zakat on livestock	Depend on type of animals
• Zakat on crops (Ziroh)	5-10%
• Zakat on business wealth and stock (Tijarah)	2,5%
• Zakat on investments (Almustaghilal)	2,5%
• Zakat on prize and discovered treasure (Rikaz)	20%
• Zakat on mining produce (Ma'adin)	2,5%

(Source: National Board of Zakat)

However, to avoid double expense and bring Non-Muslims to justice, the government and House of Representatives agree to exclude zakat and other religion donations from tax object for its recipient (mustahik). Furthermore, zakat and other religion donations which are mandatory are set as tax deduction of taxable income for the payer (muzakki).

Nevertheless, all those have not yet been a solution for all parties, especially for those demanding to make zakat as tax-deductible as prevailing in Malaysia. An example is a demand from the province of Aceh, which is given a special autonomy right through Law Number 11 Year 2006 on Aceh Governance. The Law states that

zakat is the part of original regional income that becomes an income tax-deductible factor.

Amid the government plan to revise the Tax Provision package, which one of them is Income Tax Law, the demand to make zakat as tax-deductible factor re-emerges. However, it still seems difficult to implement considering that the religion prevailing in Indonesia is not only Islam. Moreover, obligation related to donation of each religion is different. For example, Islam obliges Zakat with an average rate of 2.5%, while other religions oblige donation with different rates.

### Low Realization

The potential of zakat in Indonesia is considerably quite high regarding the numbers of Muslim citizen. However, the realization is not as expected.

Based on the Statistics Indonesia's calculation, the number of Muslims in Indonesia has reached 216,66 million of people or approximately 85% of the total population (survey result in 2015).

The National Board of Zakat (BAZNAS) has recorded that the average growth of *Zakat, Infaq, and Sadaqah* (ZIS) per annum is more than 20% or above Gross Domestic Product (GDP) growth with average ranging around 5% per annum. Zakat has contributed more than 60% of ZIS.

The Amount of Zakat, Infaq, and Sadaqah Collection in Indonesia			
Year	IDR (billion)	Growth (%)	GDP Growth (%)
2002	6.839		3,7
2003	8.528	24,7	4,1

## Do You Know?



الزكاة  
ZAKAT

Zakat and compulsory religious donations may reduce taxable income



Pay to the government-recognized agencies



Attach the proof of payment slip when reporting SPT



Zakat and compulsory religious donation reduce the gross income for a tax year

2004	15.009	76,0	5,1
2005	29.552	96,9	5,7
2006	37.317	26,3	5,5
2007	740	-98,0	6,3
2008	920	24,3	6,2
2009	1.200	30,4	4,9
2010	1.500	25,0	6,1
2011	1.729	15,3	6,5
2012	2.200	27,2	6,2
2013	2.700	22,7	5,8
2014	3.300	22,2	5,0
2015	3.700	12,1	4,8

(Source: National Board of Zakat, 2016)

Notwithstanding its significant growth, the zakat collection realization is still low compared with the bigger potential of zakat payers. In 2015, BAZNAS projected the national zakat potential reaching up to IDR286 trillion, but the collected zakat was IDR3,7 trillion or only 1.3% of its potential.

These number may not represent the realization of the real zakat payment. There are some factors that shall be considered related to the low level of zakat settlement in Indonesia. First, it may be caused by avoidance of double expense factor. Second, it is a lack of trust of society in the *Amil Zakat* institutions. Third, most *Muzakki-s* prefer to distribute their zakat directly to *Mustahik* without intermediary. Fourth, Muslim obedience is still considerably low due to an inadequate understanding about how to perform zakat.

Basically, both of zakat and tax are important and have strategic role to overcome economic gap and poverty in a country especially for Indonesia as the country having the biggest Muslim population in the world.

In state context, it is an obligation for all the citizen to pay tax. While, in religion, there is no excuse for Muslims not to pay zakat, since all type of donations given are deductible to taxable income. Zakat and tax will surely not make its payer poor, yet it saves many people from poverty



**PENULIS**  
**Karsino Ak. M.Si**

\*Brief version of this article is published in Republika Online, Wednesday, 14 June 2017.



# Tariff War, BEPS Threat, and Income Tax Law Revision

A country's dependency on the income from tax has been increasing from time to time. The increasing demand of economic development financing becomes the key factor. However, levying the tax as much as possible is not an easy case, especially, in the middle of a tight global economic competition as well as the ingenuity of taxpayers in seeing loopholes in a tax provision.

Besides Base Erosion and Profit Shifting (BEPS), the world has been aroused by the plans of some countries competing in cutting down the tax rate. China, India, United States (US), and numbers of country in European territory are the catalysts of this tax "tariff war" issue.

Even the plans of tax rate reduction becomes the ticket to the success of some world politicians to sit in the presidential position. Donald Trump, for example, has made it to the 45th US Presidency after promising tax rate reduction in his campaign.

The same applies for Emanuel Macron, the young politician that has succeeded to become the youngest French President in history. One of the promises in his campaign is reducing tax rates to save the economy of the Napoleon's Country from the threat of economic crisis.

The domino effect of this tax tariff war has occurred throughout the globe, including Indonesia. Recently, the President Joko Widodo has shared his wish that Corporate Income Tax rate should be cut down to be more competitive than that of the neighbouring countries. Thus, the Income Tax Law should be revised once again.

In fact, the tax problem in Indonesia is not merely about the high or the low of a tax rate. According to the Indonesian Professor in Taxation Prof. Dr. Gunadi M.Sc., Ak, the most important thing to note is the tax rate should be made moderate or equal to that of the neighbouring countries. The next thing to take into account is the effect of the tax rate adjustment (increase or reduction) toward the state revenue. Indeed, the low tax rate is potential to attract the investment and is expected to retrieve the money of Indonesian citizens from overseas.

## Tax Compliance Paradox

Tax Amnesty program shall become a lesson. Even though assurance of tax amnesty has been offered by only settling the redemption with considerably low rate, the amount of assets repatriated by the Indonesian citizens from overseas in fact only reached up to IDR147 trillion from the asset potential of thousands trillion rupiah. The redemption money received in the state treasury of IDR130 trillion is not even significant to meet the tax revenue target.

To put it in another way, the voluntary compliance of the taxpayers is not enough. An unequivocal and equitable tax system is necessary to force the taxpayers to comply with its obligation.

Many things are more crucial and urgent to find solution for than reducing Corporate Income Tax rate—particularly about the taxpayers' compliance considered lacking as well as the limitation of tax authority in conducting tax collection.

The issue about the low compliance of taxpayers shall become an evaluation and a self-introspection of the tax authority. This issue of compliance may raise either from the bad demeanours of the taxpayers, or from the existence of loopholes that allow it.

## Closing the Loopholes

It is important to consider that not all the act of tax avoidance is illegal. The attempt to lessen the tax obligation by taking advantage

Income Tax Rates in ASEAN

Country	Individual Income Tax	Corporate Income Tax
Indonesia	5% - 30%	12.5% - 25%
Malaysia	0%-28%	25%
Singapore	0%-22%	17%
Thailand	0%-35%	20%
Cambodia	0%-20%	20%
Brunei Darussalam	0%	18.5%
Vietnam	5%-35%	22%
Myanmar	0%-25%	25%

of the loose point of a regulation is actually possible before law, even though the vice versa should apply from the ethical perspective.

As an instance, it is the manipulation of profits using the affiliated transaction transfer pricing by business group to press the amount of taxes. This practice is common in business world, but a disaster for the state treasury.

Another case recently blown up to public is the tax dispute dragging some internet based data providers or over the top (OTT) companies. They have been obtaining material amount of profits from the utilization of their applications or digital products in many countries, including Indonesia. However, the tax paid is small or even nil since they use their business network in some tax haven countries. Surely it is ethically wrong, but before law, no regulation to be used as a base to tax the OTTs, which are mostly the world digital giants.

It is not to mention other businesses deducing big profits from transactions out of law detection and supervision from the tax authority (underground economy). Business doers indicated in this sector are mostly micro, small and medium (UMKM) business. The chance of large-scale business doers to gain profits from the underground economy is still open, though.

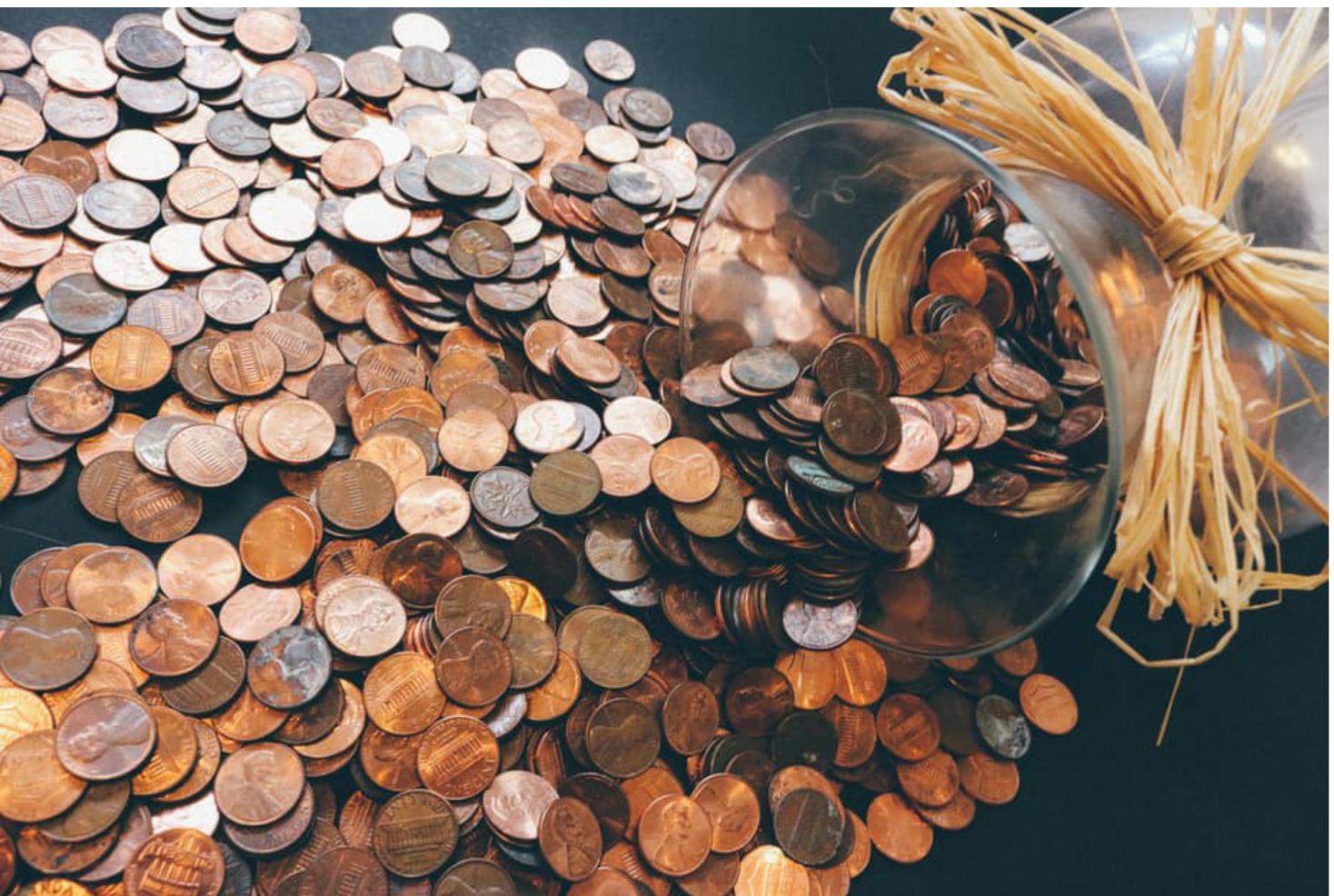
Income Tax Law revision may, at least, be a solution for the problem arising from any bias transactions. Among others, it can be by imposing tax with minimum rate for companies having consecutive loss in certain periods. This option shall be reconsidered to minimize the act of tax avoidance by business group through transfer pricing.

In addition, OECD recommendation to add "Digital Presence" as criteria for tax subjects related to Permanent Establishment is also important to be adopted in the Income Tax Law revision. By doing so, the government will have a clear base to impose tax on profits gained by OTT from the utilization of their digital products in Indonesia.

Speaking of underground economy, which is mostly from the UMKM business, a special approach is needed to optimize the tax levy in this sector. Among others, by giving discretion to government to periodically adjust the limit of turnover value that becomes the base of taxing UMKM based on macroeconomic development. Moreover, for the tax imposition to be more optimal, sectorial approach and different tax rate are needed upon income of the UMKM engaging in manufacturing, trading and service sectors.

The tax object expansion shall also be conducted, for example by targeting the inherited assets with certain value. All types of inheritances with any value have been exempted from tax object. And, that has been misused by the taxpayers to report the assets that should be taxable as inheritance in the tax return.

All of it is like pieces of puzzle from a big framework of tax reformation. Therefore, revision to the Income Tax Law cannot be made partially, but it shall be simultaneous with the amendment of the other related provisions—especially, the General Provisions and Procedure of Taxation (KUP Law) and Value Added Tax Law. In brief, the revision cannot be merely about the reduction or increase of Income Tax rate. Yet, it shall be the part of tax reformation and supported by an administrative system that is effective and efficient, as well as equitable.





## Event

### MUC Opens Office in Makassar



PT Multi Utama Consultindo (MUC) has expanded its business to Makassar, Sulawesi Selatan. The grand launching of MUC Consulting Group's branch office was held on Tuesday (23/5) at Clarion Hotel Makassar.

The 4th representative office of MUC is located in Angin Mamiri city, Makassar. Thus, MUC Consulting Group is now operating in four big cities, namely Jakarta (Head Office), Makassar, Surabaya, and Balikpapan. Ika Fithriyadi, Accounting Partner of MUC Jakarta pointed out that the opening of the branch office of MUC Consulting Group in Makassar was aimed to approach potential business partners.

Along with the inauguration of the branch office in Makassar, MUC Consulting Group also held a taxation seminar under the theme "Post-Tax Amnesty Period and Facing the Taxation Law Enforcement Year".

At the seminar, MUC Consulting Group Partner, Otto Budiharjo, was presented as the keynote speaker.

### MUC's Preparation Training for the Graduates of Universitas Trisakti

MUC Consulting Group moderated preparation training for the graduates of Diploma III program of Taxation Accounting of Economy and Business Faculty of Universitas Trisakti on Thursday (18/5).

The event held at the S Building Auditorium of Universitas Trisakti is a part of the company's commitment to participate in the development of Indonesian young generations through a program called Generating Real Excellence in the Area of Taxation (GREAT). At the event, the HRD manager of MUC, Erry Tri Merryta, SH, CEC reminded the graduates to prepare themselves to deal with the tight competition in both current and future working world.

According to her, academic proficiency and intelligence quotient are not enough to win the competition in a more competitive working world. Hence, it shall also be supported by emotional quotient, good spiritual intelligence, endurance toward difficulties, and creativity. In that opportunity, MUC Consulting Group also entrusted its young consultants to share their experience and insights on taxation, particularly regarding the tax audit procedure and transfer pricing documentation.

### MUC and FIA UI Held An International Tax Seminar

MUC Consulting Group participated in an international seminar titled *Comparative International Tax in Asia Pacific within BEPS Action Plan Frame*, accommodated in Administration Science Faculty of Universitas Indonesia (*Fakultas Ilmu Administrasi Universitas Indonesia/FIA UI*).

The seminar held at Auditorium Vokasi Universitas Indonesia, Depok on 4-7 May 2017 presented Prof. Lee Burns from Melbourne University, Australia, as the speaker.

The international tax lecturer underlined the importance of comprehension on tax planning in cross-country transaction in this globalization era. He did also mention global action plan in facing the threat of Base Erosion Profit Shifting (BEPS).