

Here Are the Criteria of Corporates Receiving the Super Deductible Tax

The government specifies the provision of gross income deduction up to 200% for corporate Taxpayers holding training and vocational education for certain competencies. The tax facility, which is popular with the name of Super Deductible Tax, is provided by the government in order to stimulate investment and encourage the development of Indonesian human resources.

Corporate Taxpayers entitled to the Super Deductible Tax are companies organizing an on-the-job training or an internship and a learning/lecturing. The on-the-job training or internship is prepared by companies for students, college students, teachers, educational staffs, instructors of an employment training center, and individuals. Meanwhile, the lecturing is related to the employee assignment by a company on teaching in Vocational High School (*Sekolah Menengah Kejuruan/SMK*), Islamic Vocational High School (*Madrasah Aliyah Kejuruan/MAK*), higher education of diploma program in a vocational education institute, and Employment Training Center (*Balai Latihan Kerja/BLK*).

The explanation of the fiscal incentive policy is expressed in Regulation of the Minister of Finance (MoF) Number 128/PMK.010/2019, effective since the promulgation on 9 September 2019. The regulation is an implementation of the Government Regulation (*Peraturan Pemerintah/PP*) No. 45 Year 2019, which is a revision to PP No. 94 Year 2010 on Calculation of Taxable Incomes and Settlement of Income Tax in A Current Year.

The following is the list of expenses deductible from the gross income:

No	Type of Expenses	Description	Imposition
1	Physical Facility Provision	Electricity, water, fuel, maintenance expense, and other expenses related to on-the-job training and internship	For assets with useful lives >1 year, the income deduction is calculated from the depreciation or amortization expenses in accordance with the period of event execution. For the provision of space, the imposition is made proportionally, based on the utilization period of one fiscal year.
2	Instructor or teacher	Trainer staff for on-the-job training, internship, and lecturing	
3	Goods and/or materials	For the purpose of holding on-the-job training, internship, and lecturing activities	
4	Honorarium or the likes	Granted for the participants of the on-the-job training or internship	Not having a family, business, and ownership relation with the owner, commissioner, director, or other members of a company management

5	Competence Certification Expense	Granted for the participants of the on-the-job training or internship from a certification body	
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The government stipulates 458 types of certain competencies entitled to the tax relief facility. All of the competencies are classified into three allocation groups: (1) for students and teachers of SMK or MAK; (2) for college students and lecturers of higher education of diploma program in a vocational program; and (3) for individuals and instructors of BLK.

In addition, the government classifies the competencies based on the business sectors, namely manufacturing, health, agribusiness, tourism, creative industry, and digital economy.

The gross income deduction facility, which is set at 200%, is divided into two stages. *First*, the facility of gross income deduction is granted 100% for the companies holding the training and vocational education programs. The percentage of the gross income deduction can be added up to 100% if the company meets the following criteria:

1. Performing on-the-job training, internship, or lecturing based on a certain competence;
2. Having a cooperation agreement;
3. Not in a fiscal loss during the utilization of the facility; and
4. Reporting the tax clearance certificate.

After obtaining the gross income deduction facility, the company shall report the expenses incurred to the Director General of Taxes according to the format set. The reporting shall be made by the Taxpayers at the latest when filing the Annual Corporate Income Tax Return for the fiscal year when the facility is used. The Director General of Taxes may issue a letter of reprimand and/or revocation of the facility provision if the Taxpayers do not report the expenses within a specified time limit.

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