

REGULATION OF THE MINISTER OF FINANCE
OF THE REPUBLIC OF INDONESIA
NUMBER 31/PMK.03/2014

ON

TIME OF CALCULATION AND REPAYMENT PROCEDURES FOR INPUT TAX
THAT HAS BEEN CREDITED AND REFUNDED FOR TAXABLE
ENTREPRENEUR WHO FAILS TO PRODUCE

BY THE BLESSINGS OF ALMIGHTY GOD

MINISTER OF FINANCE OF THE REPUBLIC OF INDONESIA

- Considering :
- a. that the provisions concerning time of calculation and repayment procedures for Input Tax repayment that has been credited and refunded for Taxable Entrepreneur who fails to produce, have been regulated in Regulation of the Minister of Finance Number 81/PMK.03/2010;
 - b. that in order to provide legal certainty regarding provisions concerning capital goods and crediting of Input Tax on the acquisition of capital goods after Taxable Entrepreneur who fails to produce, it is necessary to reformulate provisions regarding time of calculation and repayment procedures for Input Tax that have been credited and refunded for Taxable Entrepreneur who fails to produce;
 - c. that based on the considerations as referred to in point a and point b, and to implement the provisions of Article 9 section (6b) of Law Number 8 of 1983 on Value-Added Tax of Goods and Services and Sales Tax on Luxury Goods as

amended several times, and last by Law Number 42 of 2009 , it is necessary to issue a Regulation of the Minister of Finance on Time of Calculation and Repayment Procedure for Input Tax that have been Credited and Refunded for Taxable Entrepreneur Who Fails to Produce;

- Observing : 1. Law Number 6 of 1983 on General Provisions and Tax Procedures (State Gazette of the Republic of Indonesia of 1983 Number 49, Supplement to the State Gazette of the Republic of Indonesia Number 3262) as amended several times, and last by Law Number 16 of 2009 (State Gazette of the Republic of Indonesia of 2009 Number 62, Supplement to the State Gazette of the Republic of Indonesia Number 4999);
2. Law Number 8 of 1983 on Value-Added Tax on Goods and Services and Sales of Luxury Goods (State Gazette of the Republic of Indonesia of 1983 Number 51, Supplement to the State Gazette of the Republic of Indonesia Number 3264) as amended several times, and last by Law Number 42 of 2009 (State Gazette of the Republic of Indonesia of 2009 Number 150, Supplement to the State Gazette of the Republic of Indonesia Number 5069);
3. Government Regulation Number 1 of 2012 on Implementation of Law Number 8 of 1983 on Value and Service Value-Added Tax and Sales Tax on Luxury Goods as amended several times, and last by Law Number 42 of 2009 on Third Amendment to Law Number 8 of 1983 on Value-Added Tax on Goods and Services and Sales Tax on Luxury Goods (State Gazette of the Republic of Indonesia of 2012 Number 4, Supplement to the State Gazette of the Republic of Indonesia Number 5271);

HAS DECIDED:

- To Issue : REGULATION OF THE MINISTER OF FINANCE ON TIME OF CALCULATION AND REPAYMENT PROCEDURES FOR INPUT TAX THAT HAS BEEN CREDITED AND REFUNDED FOR TAXABLE ENTREPRENEUR WHO FAILS TO PRODUCE.

Article 1

In this Ministerial Regulation:

1. The Law on General Provisions and Tax Procedures is Law Number 6 of 1983 regarding General Provisions and Tax Procedures as amended several times, and last by Law Number 16 of 2009.
2. Input Tax means the Value-Added Tax that should have been paid by the Taxable Entrepreneur for the acquisition of Taxable Goods and/or Taxable Services and/or utilization of Intangible Taxable Goods outside the customs area and/or utilization of Taxable Services from outside the customs area and/or importation of Taxable Goods.
3. Capital Goods mean tangible assets that have a useful life of more than 1 (one) year which according to their original purpose are not for sale, including expenditures related to the acquisition of capital goods which capitalized into the acquisition price of capital goods.

Article 2

- (1) For Taxable Entrepreneur who has not yet produced so that it has not supplied Taxable Goods and/or Taxable Services, Input Tax on the acquisition and/or importation of Capital Goods can be credited.
- (2) Crediting Input Tax as referred to in section (1) cannot be applied to expenses for the acquisition of Taxable Goods other than Capital Goods or Taxable Services before Taxable Entrepreneurs produce.
- (3) Provisions regarding Input Tax crediting on the acquisition and/or importation of Capital Goods for Taxable Entrepreneur who has not yet produced, apply to all business activities, including industrial or manufacturing activities, trading activities, service activities, and other business activities.

Article 3

Taxable Entrepreneur who has not yet produced may submit a refund request for excess on Input Tax in each tax period.

Article 4

Input Tax that has been credited as referred to in Article 2 section (1) and has been refunded must be repaid by the Taxable Entrepreneur, in the event that the Taxable Entrepreneur fails to produce certain period as of the tax period the Input Tax credited begins.

Article 5

The failure to produce as referred to in Article 4 is that:

- a. It is a condition for Taxable Entrepreneurs whose main business activities are producing Taxable Goods and/or Taxable Services, if within a maximum period of 3 (three) years since the first time crediting Input Taxes does not carry out activities:
 1. supply of Taxable Goods;
 2. supply of Taxable Services;
 3. export of Taxable Goods; or
 4. export of Taxable Services, derived from his own production.
- b. It is a condition for Taxable Entrepreneurs whose main business activities are other than producing Taxable Goods and/or Taxable Services, if within a maximum period of 1 (one) year from the first time crediting Input Tax does not carry out activities:
 1. supply of Taxable Goods;
 2. supply of Taxable Services;
 3. export of Taxable Goods; or
 4. export of Taxable Services.

Article 6

- (1) Input Tax that is required to be repaid by a Taxable Entrepreneur who fails to produce equals the amounts of the Input Tax that has been credited and refunded.

- (2) Input Tax that is required to be repaid as referred to in section (1), is paid no later than the end of the following month after the failure to produce.

Article 7

- (1) Input Tax on the acquisition and/or importation of Capital Goods after the maximum period for failure to produce as referred to in Article 5 point a has passed, can be credited.
- (2) Input Tax credited as referred to in section (1) may be compensated for the next tax period or requested for a refund.
- (3) If the maximum period for failure to produce as referred to in Article 5 point a is exceeded, the Input Tax that has been credited as referred to in Article 2 section (1) and has not been requested for a refund, can be compensated or requested for a refund in the next tax period.
- (4) Compensation or request for a refund of excess Input Tax as referred to in section (2) and section (3) can only be made up to a maximum period of 2 (two) years after the tax period of failure to produce as referred to in Article 5 point a has passed.
- (5) Excess on Input Tax that has been refunded as referred to in section (3) and section (4), is required to repaid if up to 2 (two) years as referred to in section (4) Taxable Entrepreneurs do not supply and/or export Taxable Goods and/or Taxable Services from his own production.
- (6) Excess on Input Tax cannot be compensated for the next tax period or requested for a refund in the event that:
 - a. after the expiration of 2 (two) years as referred to in section (4) there is still an excess of Input Tax; and
 - b. Taxable Entrepreneur does not supply and/or export Taxable Goods and/or Taxable Services from their own production until the 2 (two) years maximum period as referred to in section (4) ends.

- (7) Input Tax required to be repaid as referred to in section (5) equals in the amounts of Input Tax that has been credited and refunded.
- (8) Input Tax required to be repaid as referred to in section (7) is paid no later than the end of the following month after the failure to produce.

Article 8

- (1) Repayment of Input Tax as referred to in Article 6 section (2) and Article 7 section (8), is carried out by Taxable Entrepreneur who fails to produce using a Tax Payment Slip by including written-information "Input Tax Repayment on importation and/or acquisition Capital Goods that has been credited and refunded".
- (2) Repayment of Input Tax as referred to in section (1), is reported in the tax period when the payment is made.

Article 9

- (1) In the event of failure to produce due to natural disasters or other causes outside the authority of the Taxable Entrepreneur, Taxable Entrepreneur is not obliged to repay the Input Tax on acquisition and/or importation of Capital Goods that has been credited and refunded as referred to in Article 4 and Article 7 section (5).
- (2) Natural disasters or other causes outside the authority of Taxable Entrepreneurs (force majeure) as referred to in section (1) consist of wars, riots, revolutions, strikes, fires, and other disasters, which must be declared by authorized officials/institutions.

Article 10

For Taxable Entrepreneur who makes repayments as referred to in Article 7 section (8) and Article 8 section (1), a Notice of Tax Collection is issued for administrative sanctions in the form of interest as referred to in Article 14 section (5) of Law on General Provisions and Tax Procedures.

Article 11

- (1) In the event that the Taxable Entrepreneur does not undertake the obligation to repay as referred to in Article 6 section (1) and Article 7 section (7), a Notice of Tax Collection is issued as referred to in Article 14 section (1) point g of Law the General Provisions and Tax Procedures.
- (2) Notice of Tax Collection as referred to in section (1), consists of Input Tax as referred to in Article 2 section (1) and administrative sanctions in the form of interest as referred to in Article 14 section (5) of Law on General Provisions and Tax Procedures.

Article 12

- (1) The Director General of Tax has the authority to audit Taxable Entrepreneur who does not supply and/or export Taxable Goods and/or Taxable Services as referred to in Article 5 point a or Article 5 point b in accordance with the provisions of tax legislation.
- (2) The Director General of Tax annuls Taxable Entrepreneur who does not supply and/or export Taxable Goods and/or Taxable Services as referred to in Article 5 point b, Article 7 section (5), or Article 7 section (6).

Article 13

At the time this Ministerial Regulation comes into force, Regulation of the Minister of Finance of the Republic of Indonesia Number 81/PMK.03/2010 on Time of Calculation and Repayment Procedures for Input Tax that has been Credited and Refunded for Taxable Entrepreneur who Fails to Produce, is repealed and declared ineffective.

Article 14

This Ministerial Regulation comes into force on the date of promulgation.

In order that every person may know here of, it is ordered to promulgate this Ministerial Regulation by its placement in the State Bulletin of the Republic of Indonesia.

Issued in Jakarta
on 10 February 2014

MINISTER OF FINANCE OF
THE REPUBLIC OF INDONESIA,

signed

MUHAMAD CHATIB BASRI

Promulgated in Jakarta
on 10 February 2014

MINISTER OF LAW AND HUMAN RIGHTS OF
THE REPUBLIC OF INDONESIA,

signed

AMIR SYAMSUDIN

STATE BULLETIN OF THE REPUBLIC OF INDONESIA OF 2014 NUMBER 199

Jakarta, 07 May 2019

Has been translated as an Official Translation
on behalf of Minister of Law and Human Rights
of the Republic of Indonesia

DIRECTOR GENERAL OF LEGISLATION,



WIDODO/EKATJAHJANA