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Ministry of Finance

Regulation Number

SE-15/PJ/2018

Audit Policy

The issuance of SE-15/PJ/2018 (SE-15) overrides the previous regulation, SE-06/PJ/2016 (SE-06). SE-15 explains the mechanism of audit in order to raise State Income in the tax sector.

The difference is shown by the mapping of Taxpayers upon which audit will be conducted. After the internal process, Taxpayer may proceed to be included in the List of Tax Audit Priority Targets (Daftar Sasaran Prioritas Pemeriksaan or DSPP), which means the Taxpayers listed will be conducted tax audit upon throughout the year with a scope that covers all types of tax.

The following are the stages a Taxpayer go through until it passes as a priority target for tax audit.

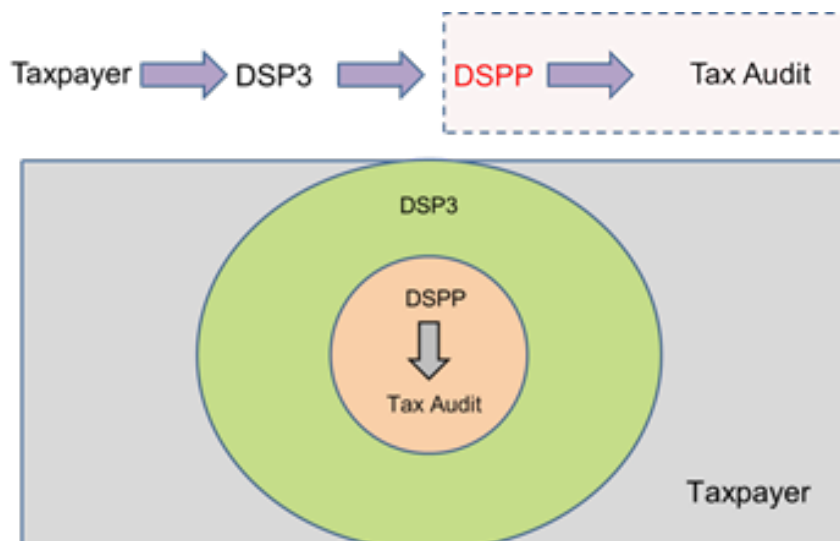


Figure 1. Scheme of Taxpayer until Audit

The indicators of the Taxpayers that are legitimate to be listed under DSPP are specified in the table below:

No.	Routine Tax Audit	Special Tax Audit	Tax Audit for Other Purposes
1.	Reporting Annual Income Tax Return with tax refund claim	Tax Invoice that has not been reported as Output Tax in the Seller’s Monthly VAT Return	Issuance of Tax ID Number and/or official assessment of VATable Entrepreneur Confirmation
2.	Reporting Monthly VAT Return with tax refund claim	Data of unreported withholding slip or misapplication of withholding rate in withholding slip	Revocation of Tax ID Number
3.	Reporting Monthly VAT Return with VAT overpayment compensation	Correction on gross income to calculate Income Tax for Taxpayers who are imposed final Income Tax	Revocation of VATable Entrepreneur status

No.	Routine Tax Audit	Special Tax Audit	Tax Audit for Other Purposes
4	Tax overpayment refund is provided in advance	There is information from risks analysis prepared by : <ul style="list-style-type: none"> • AR; • Tax Auditor or section who propose it to Tax Services Office (KPP); or • Employee(s) on tax audit, collection intelligent, functional official(s), or section who propose it to Regional Tax Office (Kanwil DJP). 	Lodging of objections
5	Reporting Annual Income Tax Return with loss position		Information gathering to file Net Income Calculation Norm (Norma Penghitungan Penghasilan Neto or NPPN)
6	Carrying out merger, consolidation, expansion, liquidation or termination of a business, or Taxpayer that will leave Indonesia indefinitely		Reconciliation of data and/or information tools
7	Any changes of financial year, bookkeeping method and/or revaluing of fixed assets		Establishment of Taxpayers located in remote area
8	Not reporting Tax Object Notification Letter (L&B tax)		Establishment of one or more location for VAT payable
9			Tax Collection
10			Arrangement of commencement date for production
11			Arrangement of extension date for compensation for losses
12			Providing information to request received from the other Contracting State
13			In regard to Mutual Agreement Procedures
14			In regard to Advanced Pricing Agreement

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