

MOFR 118/2024: **CONSOLIDATION OF TAX ADMINISTRATION PROVISIONS**

Table of Contents

1. Background
2. Application Settlement in Accordance with MoFR Number 118 Year 2024
 - a. Application and Settlement of Rectification Procedure
 - b. Application and Settlement of Objection Procedure
 - c. Reduction, Revocation, and Cancellation Application Procedures
3. Comparison for Previous Provisions with MoFR 118/2014
4. Conclusions and Recommendations

1

Background

The Government issued the Minister of Finance Regulation Number 118 of 2024 (hereinafter referred to as “MoFR 118 Year 2024”) which updated and consolidated the previous regulations regarding The Rectification, Objection, Reduction, Revocation, and Cancellation in the Field of Taxation. The provision also intended to provide fairness and legal certainty for taxpayers as well as to enhance the effectiveness, efficiency, improvement, and alignment of the Sistem Inti Administrasi Perpajakan (PSIAP) implementation. Furthermore, the MoFR covers the provisions of various types of taxes under the authority of the central government, including Land and Building Tax.

Application Settlement in accordance with MoFR Number 118 Year 2024

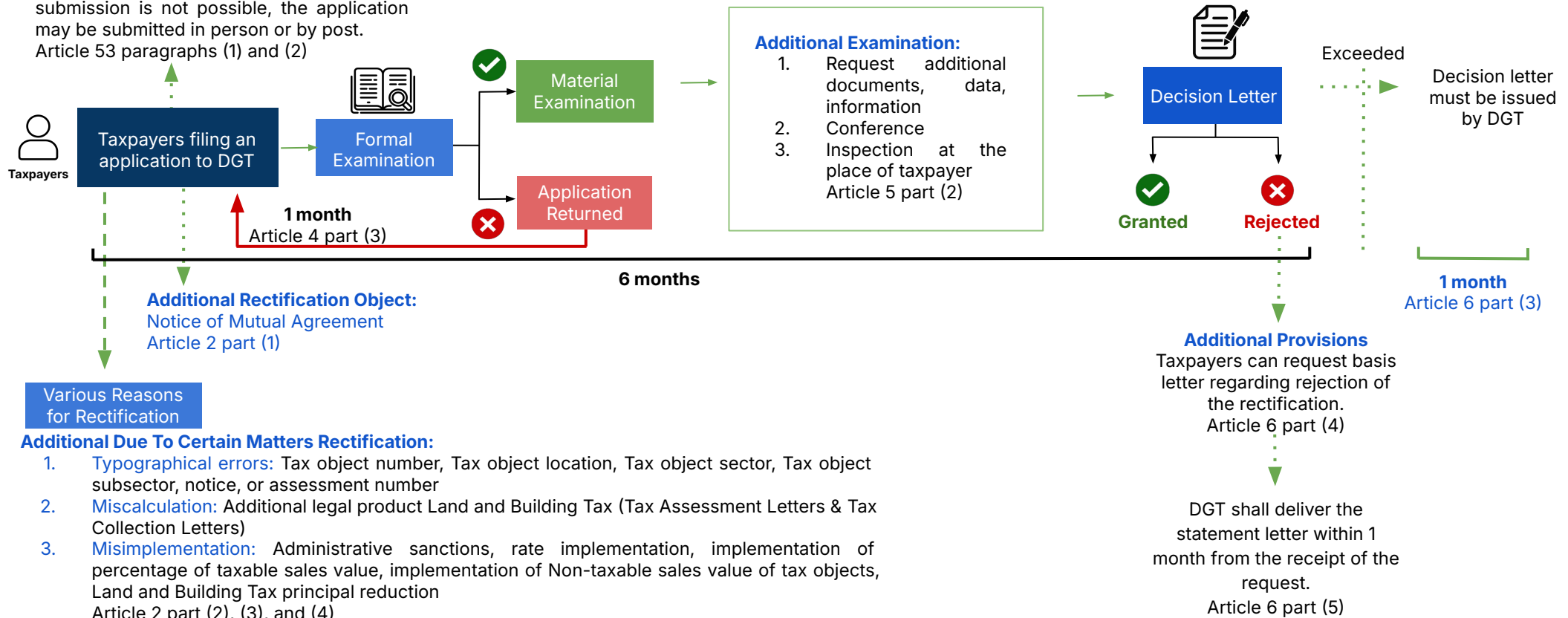
With the issuance of MoFR Number 118 Year 2024, the flow related to administrative efforts in the field of taxation is as follows:

A. Application and Settlement of Rectification Procedure

Additional provisions pertaining to the request for application and settlement of rectification by the taxpayers or by the DGT due to its function have been enacted and are set forth as follows:

Additional Provisions on Submission

The submission of the application shall be carried out electronically through the Taxpayer Portal. In the event that electronic submission is not possible, the application may be submitted in person or by post.
Article 53 paragraphs (1) and (2)



Navigation

Application Settlement in accordance with MoFR Number 118 Year 2024

A. Application and Settlement of Rectification Procedure

- Application and Settlement of Objection Procedure
- Reduction, Revocation, and Cancellation Application Procedures

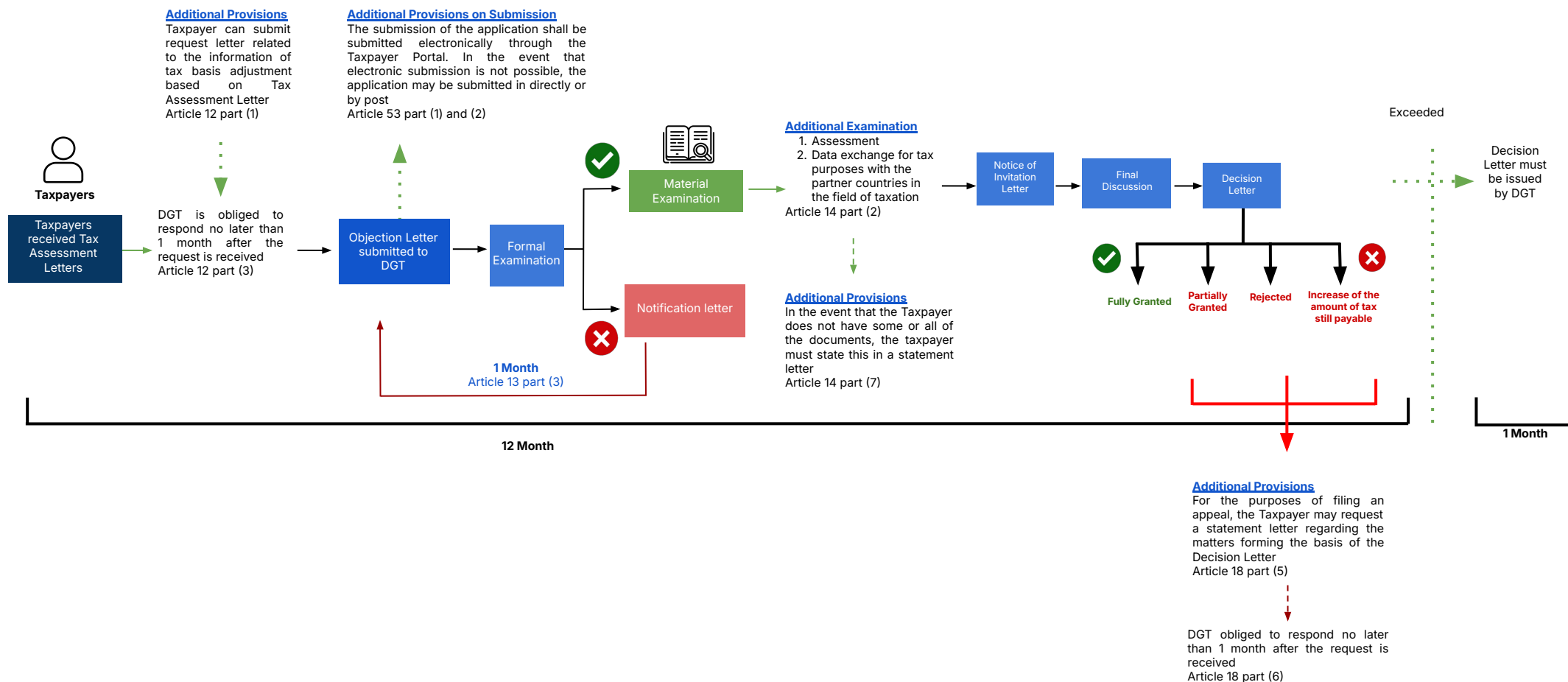
B. Application and Settlement of Objection Procedure

MoFR Number 118 Year 2024, additional provisions pertaining to the objection procedure have been enacted and are set forth as follows:

Navigation

Application Settlement in accordance with MoFR Number 118 Year 2024

- A. Application and Settlement of Rectification Procedure
- B. Application and Settlement of Objection Procedure**
- C. Reduction, Revocation, and Cancellation Application Procedures



C. Reduction, Revocation, and Cancellation Application Procedures

Additional provisions concerning applications for Reduction, Elimination, and Cancellation in the field of taxation, whether submitted by the Taxpayer or initiated ex officio by the DGT, which shall now read as follows:



Navigation

Application Settlement in accordance with MoFR Number 118 Year 2024

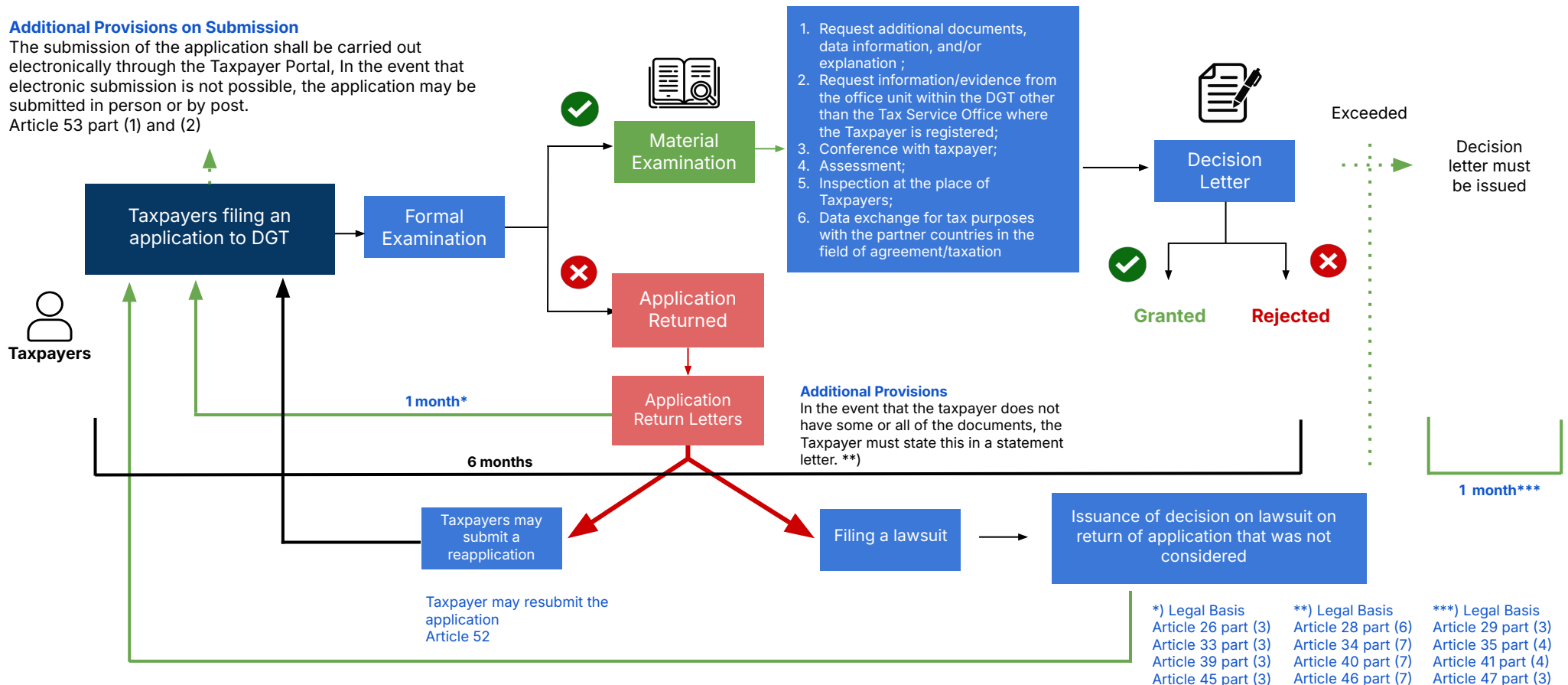
- A. Application and Settlement of Rectification Procedure
- B. Application and Settlement of Objection Procedure
- C. Reduction, Revocation, and Cancellation Application Procedures**

Additional Provisions of Application

Additional of Application for the type of Land and Building Tax that previously Regulated on MoFR-81/PMK/03/2017

Additional Provisions on Submission

The submission of the application shall be carried out electronically through the Taxpayer Portal, In the event that electronic submission is not possible, the application may be submitted in person or by post.
Article 53 part (1) and (2)



Comparison for Previous Provisions with MoFR 118/2014

The provisions stipulated in MoFR Number 118 Year 2024, refine the previous provisions that have been regulated, with following details:

Procedure of Rectification

Description	MoFR 11/2013	MoFR 118 Year 2024	Article
Settlement if the Request does not meet the requirements	A written notification letter shall deliver prior to the expiration of the 6 (six) months period. Article 6 Paragraph (2)	A written notification letter shall deliver no later than 1 (one) month from the application date is received.	MoFR 118 Year 2024 Article 4 Paragraph (3)

Procedure of Objection

Description	MoFR 253/2014 jo. MoFR 249/2016	MoFR 9/2013 jo. MoFR 202/2015	MoFR 118 Year 2024	Article
If the Taxpayers cannot fulfill partially or all books, data, or information requested by DGT	DGT will create an official report (Article 11 Paragraph 9)	DGT will create an official report (Article 13 Paragraph 8)	The taxpayers should stated in a statement letter	MoFR 118 Year 2024 (Article 14 Paragraph 7)
Filing an objection and Mutual Agreement Procedure (MAP) simultaneously	Not regulated	Taxpayers can file an objection and MAP simultaneously (Article 16)	<ol style="list-style-type: none"> 1. Taxpayers filing revocation of objection before the date of Notice of Invitation Letter sent, in the event that the disputed material in the Mutual Agreement Procedure is the same as the material of objection process. 2. Taxpayers adjust the material of objection before the date the Notice of Invitation Letter sent, in the event that there is other disputed material outside the disputed material in the Mutual Agreement Procedure. 3. The DGT answer above the request within no later than 1 (one) month from the date of receipt of the request, in the form acceptance or refusal 	MoFR 118 Year 2024 Article 17
Administrative Sanction	Not regulated	A sanction of 50% (fifty percent) of the amount of tax based on the Objection Decree minus the tax that has been paid before filing the objection. Article 18 paragraph (1)	A sanction of 30% (thirty percent) of the amount of tax based on the Objection Decree minus the tax that has been paid before filing the objection. However, it does not apply to the objection decree above Notice of Tax Due or Tax Assessment Letter Land and Building Tax	MoFR 118 Year 2024 Article 20 paragraph (1)

Procedures for Reduction, Elimination and Cancellation in Taxation Field

Description	MoFR 81/2017	MoFR 8/2013	MoFR 118/ 2024	Article
Provisions if the Taxpayers does not provide partially or all of the documents/data requested by the DGT	Not regulated	Not regulated	Taxpayers must state statement letter	MoFR 118/2024 Article 28 paragraph (6) Article 34 paragraph (7) Article 40 paragraph (7) Article 46 paragraph (7)
Time period for Taxpayers to Submit the Documents Upon Additional Request	Not regulated	Not regulated	No later than five working days from the date the request letter is sent	MoFR 118/2024 Article 28 paragraph (5) Article 34 paragraph (6) Article 40 paragraph (6) Article 46 paragraph (6)



Furthermore, MoFR 118 Year 2024 also provides confirmation regarding the documents submission related to the objection of the Land and Building Tax which was previously not clearly regulated in MoFR 253/PMK.03/2014 jo. MoFR 249/PMK.03/2016. With the issuance of MoFR 118 Year 2024, the implementation of Land and Building Tax objection has been harmonized, whereby books, records, documents, or information that:

Condition	Consequences
Requested during the tax audit process but not submitted by the taxpayers	Not considered, unless it is in the possession of a third party and has not been obtained by the taxpayers at the audit process
Not requested during the audit process but required and requested by the DGT in the objection process	Considered
Not requested either during audit process or objection process, but submitted by the taxpayers in the objection process	Considered

MoFR 118 Year 2024 also regulates the procedure for revocation of applications or submissions. This regulation outlines the requirements for the revocation application and if the revocation letter does not meet the prescribed requirements then revocation letter will not be considered.

With the issuance of MoFR 118 Year 2024, also stipulates the certainty of the time frame for issuance of the revocation acceptance or refusal letter, which must be issued no later than 10 working days from the date the revocation request is received, as stipulated in Articles 55 to 57 of MoFR 118 Year 2024.

4

Conclusions and Recommendations

The issuance of MoFR 118 Year 2024 provides refreshment for taxpayers because it provides certainty, fairness, and simplification of previous regulations. Based on the regulated provisions, this provision have a positive impact on taxpayers including:

1. Legal certainty for Taxpayers

MoFR 118 Year 2024 provides guidance and regulations regarding the timeframe for issuing Application Return Letters, the issuance of Basic Information Letters for Rejection, the issuance of Acceptance/Refusal of Revocation of Application, as well as the time period of issuance of decision that has passed the deadline for issuance of assessment, so that Taxpayers can measure the timeline of the submitted applications.

2. Fairness to the Taxpayers

With the enactment of MoFR Number 118 Year 2024, the principle of fairness is reinforced through enhanced transparency, as applications can now be accessed through the Taxpayer Portal. This ensures that taxpayers have the legal entitled to obtain information regarding the status, progress, and outcome of their submitted applications.

3. Improve the effectiveness and efficiency of application submission

As stipulated in MoFR Number 118 Year 2024, greater emphasis to improve the effectiveness and efficiency of application submission, by prioritizing electronic uploading in the Taxpayers Portal, rather than being submitted directly by post or through expedition or courier services.

4. Extension of the filling project

To provide certainty, thereby allowing the submission of documents that were not explicitly regulated previously, such as the cancellation of Tax Collection Letters due to miscalculation or procedural errors.





Important Considerations

However, with the issuance of the provisions, there are points that need to be considered for taxpayers in strategizing applications requests, including:

1. Determining the Most Suitable Strategic Approach

Taxpayers need to appropriately understand the resolution mechanism of their tax issues, both in terms of the scope of the application and the potential impact of the application to be submitted. For instance, the enactment of MoFR Number 118 Year 2024 imposes a limitation requiring taxpayers to choose one option of action either filing an objection or initiating a Mutual Agreement Procedure (MAP). Considering that the two options cannot be pursued simultaneously, the strategy of choosing the most suitable resolution options will have a major influence on the effectiveness of the dispute resolution.

2. Prepare Supporting Documents related to the Application properly

Ensure that all relevant documents are available and ready to be submitted at an early stage, especially during tax audit and objection. This is considering that MoFR 118 Year 2024 affirms that if the Taxpayers does not have partial or all of the documents/data requested by DGT, it is required to submit a Statement Letter which is a form of formal acknowledgment. The statement letter becomes written evidence that the Taxpayers cannot fulfill the document request by DGT and can be used as evidence in the dispute process that potentially disadvantages the Taxpayers.

3. Monitoring periodically of following up the application

With the implementation of transparency through the electronic processing of applications, it is important for taxpayers to actively monitor the status of the request and prepare further steps for the purpose of mitigating any potential risks that may arise.

Contact Us



Saut Hotma H. Sibarani
saut@taxprime.net



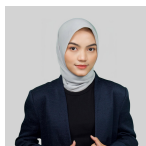
Muh. Fahri Maulana
fahri@taxprime.net



Lita Hanifa Renata
lita@taxprime.net



Dimas Priambodo
dimas@taxprime.net



Rahmadhani Arinda V.
rahmadhani@taxprime.net



Nabilah Zharfa
nabilah@taxprime.net



Sesty Milla Sakina
sesty@taxprime.net



Baeti Romaniah
baeti@taxprime.net

TaxPrime Publications

Taxprime.net: Visit our page to access the latest insights and information on tax regulation updates, accompanied by our comprehensive analysis. Our platform's vision is to be at the forefront of industry trends and regulatory changes. We provide extensive information resources, giving you access to the latest developments in the dynamic tax system.

Connect with Us on LinkedIn:

id.linkedin.com/company/taxprime

Insight: Explore our page, where you can gain an in-depth understanding of local and international taxation and acquire knowledge to understand the complexities of the tax system.

Tax Updates: Compiled to provide the most up-to-date and relevant information on tax regulations to empower you with the latest insights into the dynamic landscape of tax changes and regulations.

Watch Us on YouTube:

bit.ly/taxprimeyoutube

taxprime®

Copyright © 2025 TaxPrime. All rights reserved.

No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without prior written permission from the publisher, except for brief quotations included in critical reviews and certain non-commercial uses permitted under copyright law. For permission requests, please contact TaxPrime directly through our website.