

Tax Alert

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New Stamp Duty Law

On 26 October 2020, the Indonesian government issued Law No 10 of 2020 (“Law-10”) regarding stamp duty, which superseded the previous Law No 13 of 1985 (Law-13) and will be effective on 1 January 2021.

Major update on Law-10 is the imposition single tariff of **IDR 10,000**.

Stamp duty is imposed on **documents** to be used for civil nature and as evidence in the Court. While majority of documents remain the same with Law-13, there are new types of documents that are subject to stamp duty: securities transaction documents, including futures contract transaction document in any name or form; auction document in the form of auction summary excerpt, minute, copy, and auction summary grosse; and other document that will be further indicated through Government Regulation. Following documents are no longer subject to stamp duty: document stating money deposit in a bank, document containing bank account balance, and document issued by the central bank for the implementation of monetary policy. Related to “agreements”, Law-10 does no longer restrict whether the document is used as evidence or not.

Law-10 updates threshold for document stating sum of money that is subject to stamp duty, which is now increased to nominal value of more than IDR 5 million, compared to the previous IDR 250,000.

While taxable events for stamp duty under Law-13 are upon delivery, completion, or place of document being used, under Law-10, this provision is revised to be based on the process of the document, such as upon signature, completion, delivery, submission to the court, and place of usage. Each process provides reference to certain types of document that is dutiable.

Law-10 introduces new concept of “stamp duty collector”, which stipulates the party who has obligation to collect, remit, and report the stamp duty to tax office. When stamp duty collector does not fulfil its obligation on collection and remittance, tax office may issue tax assessment letter along with 100% administrative sanction of underpayment stamp duty. Besides, tax office may issue tax collection letter for late payment and reporting. Further provision regarding stamp duty collector will be specified through Minister of Finance Regulation.

Stamp duty may be remitted through stamp or tax payment slip. Further, Law-10 adds another type of stamp, i.e. electronic stamp which will have unique code and special identification, in addition to the current physical “sticky stamp” and other form of stamps (created with digital clamp machine, computerized system, printing technology, and other system or technology)./

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