



THE FINANCE MINISTER
THE REPUBLIC OF INDONESIA

COPY

REGULATION OF THE FINANCE MINISTER
NUMBER 110/PMK.03/2009
ON
LAND AND BUILDING TAX DEDUCTION
BY THE GRACE OF THE ONE ALMIGHTY GOD

THE FINANCE MINISTER,

- Having considered :
- a. that in order to grant legal certainty and to improve service to the Taxpayers to obtain Land and Building Tax deduction, it is necessary to revise the provisions on Land and Building Tax deduction;
 - b. that based on the consideration as referred to in letter a and in order to implement the provision of Article 19 of Law Number 12 of 1985 on Land and Building Tax as amended by Law Number 12 of 1994, it is necessary to enact the Regulation of the Finance Minister on Land and Building Tax Deduction;

- Having observed :
1. The Law Number 12 of 1985 on Land and Building Tax (State Gazette of the Republic of Indonesia Number 68 of 1985, Supplement to State Gazette of the Republic of Indonesia Number 3312) as amended with the Law Number 12 of 1994 (State Gazette of the Republic of Indonesia Number 62 of 1994, Supplement to State Gazette of the Republic of Indonesia Number 3569);
 2. Presidential Decree Number 20/P of 2005;

HAS DECIDED

- To enact : REGULATION OF THE FINANCE MINISTER ON LAND AND BUILDING TAX DEDUCTION.

Article 1

For the purpose of this Regulation of the Finance Minister, the following words have the following meanings:

1. Land and Building Tax Law hereinafter referred to as PBB Law is the Law Number 12 of 1985 on Land and Building Tax as amended with the Law Number 12 of 1994.
2. Land and Building Tax deduction hereinafter referred to as Deduction is outstanding Land and Building (PBB) Tax deduction as referred to in Article 19 of Law on PBB.

3. Notification of Tax Liability hereinafter referred to as SPPT is the Notification used by Tax General Directorate to notify the Taxpayers of the amount of outstanding PBB.
4. Tax Assessment Notice of Land and Building Tax hereinafter referred to as SKP PBB is Tax Assessment Notice as referred to in Article 10 paragraph (2) of Law on PPB.
5. Pratama Internal Revenue Service hereinafter referred to as KPP Pratama is KPP Pratama where the Taxpayers are registered.
6. Regional Office of Directorate General of Tax hereinafter referred to as Kanwil DJP is Regional Office of Directorate General of Tax which subordinates KPP Pratama.

Article 2

(1) Deduction may be granted to Taxpayers:

- a. because of certain condition of the tax object which is related to the tax subject and/or because of other particular causes;
- b. in the event that the tax object suffers from natural disasters or other extraordinary causes.

(2) Certain condition of the tax object which is related to the tax subject and/or because of other particular causes as referred to in paragraph (1) letter a shall applicable to:

a. Individual Taxpayers for:

- 1) the tax object whose personal Taxpayers are veterans of independence soldiers, veterans of independence fighters, the receivers of guerilla medal merit of order, or their windowers/widows;
- 2) the tax object in a form of a field of agriculture/farming/fishing/animal husbandry whose results are very limited and whose personal Taxpayers have low income;
- 3) the tax object whose personal Taxpayers have the income only from their pension so that it is hard to fulfill the obligation to pay the Land and Building Tax;
- 4) the tax object whose personal Taxpayers have low income so that it is hard to fulfill the obligation of paying the Land and Building Tax; and/or
- 5) the tax object whose personal Taxpayers have low income and whose selling value per square meter increases because of environment changes and positive development impacts;

b. Entity Taxpayers for:

The tax object whose Taxpayers are entity Taxpayers that suffer from liquidity losses and difficulties in the previous Fiscal Year so that they cannot fulfill the routine obligation.

- (3) Natural disasters as referred to in paragraph (1) point b are disasters caused by an event or a series of events occurring due to the nature, such as earthquakes, tsunami, volcano eruption, flood, drought, storm, and landslides.
- (4) Other extraordinary causes as referred to in paragraph (1) point b include fire, plant disease epidemic, and/or plant pest epidemic.

Article 3

- (1) Deduction as referred to in Article 2 is granted to the Taxpayers towards the outstanding Land and Building Tax set forth in SPPT and/or SKP PBB.
- (2) The outstanding Land and Building Tax set forth in SKP PBB as referred to in paragraph (1) is the principal amount of tax plus the administrative penalty.
- (3) SKP PBB as referred to in paragraph (2) which has been deducted shall not be subject to administrative penalty deduction as referred to in Article 20 of Law on PBB.

Article 4

Deduction as referred to in Article 2 shall be granted:

- a. 75% (seventy five percent) of the outstanding Land and Building Tax in a certain condition as referred to in Article 2 paragraph (2) letter a number 1);
- b. a maximum of 75% (seventy five percent) of the outstanding Land and Building Tax in a certain condition as referred to in Article 2 paragraph (2) letter a number 2), number 3), number 4), and/or number 5), or Article 2 paragraph (2) letter b; or
- c. a maximum of 100% (one hundred percent) of the outstanding Land and Building Tax in the event that the tax object suffers from natural disasters or other extraordinary causes as referred to in Article 2 paragraph (3) or paragraph (4).

Article 5

- (1) Deduction as referred to in Article 2 shall be granted upon request of the Taxpayers.
- (2) The request for Taxpayer Deduction as referred to in paragraph (1) may be submitted:
 - a. personally, for the outstanding Land and Building Tax set forth in SKP PBB; or
 - b. personally or collectively, for the outstanding Land and Building Tax set forth in SPPT.
- (3) The collective request for Deduction as referred to in paragraph (2) letter b may be submitted:
 - a. before SPPT is issued in the event of a certain condition as referred to in Article 2 paragraph (2) letter a number 1) for the outstanding

Land and Building Tax in the maximum amount of Rp500,000,000.00 (five hundred million rupiahs); or

- b. after SPPT is issued in the event of:
 - 1) a certain condition as referred to in Article 2 paragraph (2) letter a number 1) for the outstanding Land and Building Tax in the maximum amount of Rp500,000,000.00 (five hundred million rupiahs);
 - 2) a certain condition, as referred to in Article 2 paragraph (2) letter a number 2), number 3), number 4), or number 5), for the outstanding Land and Building Tax in the maximum amount of Rp200,000.00 (two hundred thousand rupiahs); or
 - 3) the tax object as referred to in Article 2 paragraph (3) or paragraph (4) for the outstanding Land and Building Tax in the maximum amount of Rp500,000,000.00 (five hundred million rupiahs);

Article 6

- (1) The request for Deduction submitted personally as referred to in Article 5 paragraph (2) shall fulfill the following requirements:
 - a. 1 (one) request for 1 (one) SPPT or SKP PBB;
 - b. submitted in writing in Bahasa Indonesia by specifying the amount of the Deduction percentage requested and the specific reasons;
 - c. submitted to the Head of KPP Pratama;
 - d. attached with the copy of SPPT or SKP PBB requested for Deduction;
 - e. a letter of request signed by the Taxpayer, and in the event that the letter of request is signed not by the Taxpayer, the following provisions shall apply:
 - 1) the letter of request shall be attached with the Special Power of Attorney, for:
 - a) Entity Taxpayers; or
 - b) Personal Taxpayers with the outstanding Land and Building Tax more than Rp2,000,000.00 (two million rupiahs);
 - 2) The letter of request shall be attached with a power of attorney, for personal Taxpayers with the outstanding Land and Building Tax in the maximum amount of Rp2,000,000.00 (two million rupiahs);
 - f. submitted within the following period of time:
 - 1) 3 (three) months effective since the date of receipt of SPPT;
 - 2) 1 (one) month effective since the date of receipt of SKP PBB;
 - 3) 1 (one) month effective since the date of receipt of the Decision Notification of PBB objection;

- 4) 3 (three) months effective since the date of occurrence of a natural disaster; or
- 5) 3 (three) months since the date of occurrence of other extraordinary causes,

unless the Taxpayers could prove that in such certain period of time they could not fulfill the obligation due to the condition beyond their control;

- g. not having any overdue payment of the Land and Building Tax in the previous Fiscal Year on the tax object requested for Deduction, unless the tax object suffers from natural disasters or other extraordinary causes; and
 - h. not submitting objection towards SPPT or SKP PBB requested for Deduction, or submitting objection in which the Decision Notification of Objection has been issued and no appeal is filed against such Decision Notification of Objection.
- (2) The request of Deduction submitted collectively as referred to in Article 5 paragraph (3) letter a shall fulfill the following requirements:
- a. 1 (one) request for several tax objects with the same Tax Year;
 - b. submitted in writing in Indonesian language by specifying the amount of the Deduction percentage requested and the specific reasons;
 - c. submitted to the Head of KPP Pratama through the board of the local LVRI (Veteran Legion of the Republic of Indonesia) or the board of other relevant organizations;
 - d. submitted the latest on 10 January of the relevant Fiscal Year; and
 - e. not having the overdue payment of the Land and Building Tax of the previous Tax Year on the tax object requested for Deduction.

- (3) The request of Deduction submitted collectively as referred to in Article 5 paragraph (3) letter b shall fulfill the following requirements:
- a. 1 (one) request for several SPPTs of the same Fiscal Year;
 - b. submitted in writing in Indonesian language by specifying the the Deduction percentage requested and the specific reasons;
 - c. submitted to the Head of KPP Pratama through:
 - 1) the board of the local LVRI (Veteral Legion of the Republic of Indonesia) or the board of the relevant organization for request submission as referred to in Article 5 paragraph (3) letter b number 1); or
 - 2) The local Head of the Village, for request submission as referred to in Article 5 paragraph (3) letter b number 2) and the tax object as referred to in Article 5 paragraph (3) letter b number 3);
 - d. attached with the copy of SPPT requested for Deduction;
 - e. submitted within the following period of time:

- 1) 3 (three) months effective since the date of receipt of SPPT;
 - 2) 3 (three) months effective since the date of the occurrence of a natural disaster; or
 - 3) 3 (three) months effective since the date of occurrence of other extraordinary causes,
- unless the Taxpayers through the board of the local LVRI or the board of other relevant organizations, or the Head of the Village, could prove that in such certain period of time they could not fulfill the obligation due to the condition beyond their control;
- f. not having the overdue payment of the Land and Building Tax of the previous Fiscal Year on the tax object requested for Deduction, unless the tax object suffers from the natural disaster or other extraordinary causes; and
 - g. not submitting objection towards SPPT requested for Deduction.

Article 7

- (1) Individual Deduction request which does not fulfill the requirements as referred to in Article 6 paragraph (1) shall not be deemed as a request, so it will not be taken into consideration.
- (2) Collective Deduction request which does not fulfill:
 - a. the provisions as referred to in Article 5 paragraph (3) letter a and the requirements as referred to in Article 6 paragraph (2); or
 - b. the provisions as referred to in Article 5 paragraph (3) letter b and the requirements as referred to in Article 6 paragraph (3),shall not be deemed as a request, so it will not be taken into consideration.
- (3) In the event that the Deduction request is not taken into consideration as referred to in paragraph (1) or paragraph (2), the Head of KPP Pratama, within a maximum of 10 (ten) working days since the date of receipt of such request shall send a written notification with reasonable grounds to:
 - a. the Taxpayer or its representative in the event that the request is submitted individually; or
 - b. the board of the local LVRI, the board of other relevant organizations, or the Head of the local Village in the event that the request is submitted collectively.
- (4) In the event that the Deduction request is not taken into consideration as referred to in paragraph (1) or paragraph (2), the Taxpayer may resubmit request for Deduction provided that it fulfills the requirements as referred to in Article 6 paragraph (1), paragraph (2), or paragraph (3).

Article 8

- (1) The Head of KPP Pratama on behalf of the Finance Minister shall have the authority to make a decision towards the Deduction request in the

matter of the outstanding Land and Building Tax in the maximum amount of Rp500,000,000.00 (five hundred million rupiahs).

- (2) The Head of Kanwil DJP on behalf of the Finance Minister shall have the authority to make a decision towards the Deduction request in the matter of the outstanding Land and Building Tax between Rp500,000,000.00 (five hundred million rupiahs) and Rp1,500,000,000.00 (one billion five hundred million rupiahs).
- (3) The Tax General Director on behalf of the Finance Minister shall have the authority to make a decision towards the Deduction request in the matter of the outstanding Land and Building Tax more than Rp1,500,000,000.00 (one billion five hundred million rupiahs).

Article 9

- (1) The Decision as referred to in Article 8 may grant in whole or in part of, or reject the request of the Taxpayers.
- (2) The Decision as referred to in paragraph (1) is made based on the research result.
- (3) The Taxpayers who have been granted a decision as referred to in paragraph (1) may not resubmit the Deduction request for the same SPPT or SKP PBB.

Article 10

- (1) The Head of KPP Pratama in a maximum of the 3 (three) months effective since the date of receipt of the Deduction request shall make a decision on the Deduction request as referred to in Article 8 paragraph (1), unless a decision on the collective Deduction request as referred to in Article 5 paragraph (3) letter a is given immediately after SPPT is issued.
- (2) The Head of Kanwil DJP in a maximum of the 4 (four) months effective since the date of receipt of the Deduction request shall make a decision on the Deduction request as referred to in Article 8 paragraph (2).
- (3) The Director General of Tax in a maximum of the 6 (six) months effective since the date of receipt of the Deduction request shall make a decision on the Deduction request as referred to in Article 8 paragraph (3).
- (4) The date of receipt of the Deduction request as referred to in paragraph (1), paragraph (2), and paragraph (3) shall be:
 - a. the date of receipt of the letter of Deduction request delivered either directly by the Taxpayer or by its representative to TPT (an integrated service point) or to the appointed officer; or
 - b. the date written on the delivery receipt of the letter of Deduction request sent via post with the delivery receipt.
- (5) If the period of time as referred to in paragraph (1), paragraph (2), or paragraph (3) has elapsed and a decision is not yet issued, the Deduction request shall be considered granted, and the decision shall be issued in accordance with the request of the Taxpayer within a

maximum of 1 (one) month effective since the previous period of time ends.

- (6) In the event that the percentage of Deduction submitted as referred to in paragraph (5) exceeds the provisions as governed in Article 4, the sum of Deduction shall be settled as much as the highest percentage in accordance with the provisions as referred to in Article 4.

Article 11

The format of the Decision of the Finance Minister on the Land and Building Tax Deduction and of the Decision of the Finance Minister on the Collective Land and Building Tax Deduction as referred to in Article 8 is as stipulated in Annex I and Annex II of this Regulation of the Finance Minister, which is an integral part of this Regulation of the Finance Minister.

Article 12

Further provisions on the procedures and settlement of the Deduction Request are governed in the Regulation of the Tax General Director.

Article 13

By the operation of this Regulation of the Finance Minister on the Deduction request having been submitted before the operation of this Regulation of the Finance Minister and not granted a decision yet, the settlement shall still be conducted pursuant to the Decision of the Finance Minister Number 362/KMK.04/1999 on the Land and Building Tax Deduction.

Article 14

By the operation of this Regulation of the Finance Minister, the Decision of the Finance Minister Number 362/KMK.04/1999 on the Land and Building Tax Deduction is revoked and is no longer in effect.

Article 15

This Regulation of the Finance Minister shall be effective as of the date of enactment.

In order that this Regulation is known to the general public, it is hereby ordered that this Regulation be promulgated in the Official Gazette of the Republic of Indonesia.

Enacted in Jakarta

On 17 June 2009

FINANCE MINISTER,

Signed

SRI MULYANI INDRAWATI

Promulgated in Jakarta

On 17 June 2009

MINISTER OF JUSTICE AND HUMAN RIGHTS,

Signed

ANDI MATTALATTA

OFFICIAL GAZETTTE OF THE REPUBLIC INDONESIA NUMBER 146 OF 2009

Annex.....