2009 Annual Report

DIRECTORATE GENERAL OF TAXES
Ministry of Finance of the Republic of Indonesia

Head Office

Jl. Jenderal Gatot Subroto No. 40-42
Jakarta Selatan 12190
Phone : (021) 5250208, 5251609, 5262880
Facsimile : (021) 5251245
Website : www.pajak.go.id

Call Center : (021)500200
e-mail : pusat.pengaduan.pajak@gmail.com

DIRECTORATE GENERAL OF TAXES Ministry of Finance of the Republic of Indonesia | 2009 Annual Report

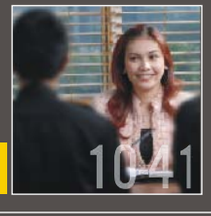
DIRECTORATE GENERAL OF TAXES
Ministry of Finance of the Republic of Indonesia

2009 Annual Report

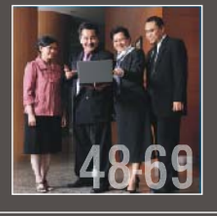


SERVING WITH HEART TO ACHIEVE A SELF-SUFFICIENT NATION

TABLE OF CONTENTS













2 REMARKS OF DIRECTOR GENERAL OF TAXES
4 DGT BOARD OF DIRECTORS AND HEADS OF REGIONAL OFFICES
8 CALENDAR OF EVENTS

ORGANIZATION
13 - Organizational Structure
26 - Vision, Mission, and Values
28 - Strategic Plan

PERFORMANCE
30 - Key Performance Indicators
32 - Tax Revenue
36 - Field Offices Performance
37 - Stakeholders Acknowledgment

SIGNIFICANT EVENTS
39 - Sunset Policy Extension
40 - PINTAR (Project for Indonesian Tax Administration Reform)
40 - Establishment of High Wealth Individual Taxpayers Office
41 - Drop Box
41 - Service Quality Improvement

TAX POLICY REFORM
44 - General Provisions and Tax Procedures
45 - Provisions on Income Tax
46 - Provisions on Value Added Tax and Sales Tax on Luxury Goods
46 - Provisions on Land and Building Tax and Acquisition Duty of Right on Land and Building
47 - Tax Incentives

HUMAN RESOURCES MANAGEMENT AND ORGANIZATIONAL DEVELOPMENT
51 - Human Resources Profile
53 - Human Resources Management
54 - Human Resources Capacity Building
55 - Internal Compliance
58 - Organizational Development
59 - Risk Management

SERVICE, DISSEMINATION, AND EDUCATION
60 - Quick Wins in Services
61 - Tax Dispute Settlement Service
65 - Contact Center "Kring Pajak 500200"
68 - Tax Dissemination, Education, and Public Relation

EXTENSIFICATION AND INTENSIFICATION
72 - Extensification
74 - Intensification

LAW ENFORCEMENT
78 - Audit
80 - Managing Transfer Pricing
82 - Investigation
83 - Collection

DGT AMIDS INTERNATIONAL COMMUNITIES
88 - Tax Treaty
89 - Indonesian Commitment in G20 Forum
89 - Tax Information Exchange Agreement
90 - International Cooperation
91 - Activities of Donor Countries/Bodies

BUSINESS PROCESS AND INFORMATION AND COMMUNICATION TECHNOLOGY
96 - Business Process Improvement
99 - Information and Communication Technology

102 STATISTIC

SERVING WITH HEART TO ACHIEVE A SELF-SUFFICIENT NATION



The self-sufficient of a nation is assessed from the participation of her citizens and the capacity of government apparatus in monitoring taxes. Directorate General of Taxes is now introducing new culture more focusing on service tailored with public needs coupled with firmer law enforcement to assure fairness and prosperity for all citizens. To achieve a self-sufficient nation, we serve the public with heart.

REMARKS OF DIRECTOR GENERAL OF TAXES



Assalamu'alaikum Wr. Wb.

Thanks to the mercy of God, we the Directorate General of Taxes (DGT) were able to fulfill the duty to collect government revenues in 2009. In year 2009, DGT managed to satisfactorily perform collecting tax revenues worth of Rp565.7 trillion or 97.99% of target in Revised State Budget 2009 and grow by 0.93% higher than last year. This robust performance was attributed to various economic factors of global and national level. Global financial crisis in the end of 2008 has significant influence over the realization of tax revenues, indicated by the decline of national import that in turn affects national economy.

Tax modernization through tax administration and regulatory reforms was maintained in 2009, including policy measures of extending Sunset Policy until March 2009, launching Tax Reform Chapter Two, which one of its programs will embrace Project for Indonesian Tax Administration Reform as the continuation of Tax Reform Chapter One, enhancing services for Annual Tax Return submission under Drop Box program, and other initiatives that will be further elaborated in this Annual Report.

As an attempt to improve DGT performance, especially to enhance the roles of individual taxpayers in overall tax revenues, High Wealth Individual Taxpayers Office was established in May 2009 as pilot project aimed at improving tax services and supervision to high wealth individuals in Indonesia.

In international tax communities, DGT played active roles by organizing Statute of Association of Tax Authorities of Islamic Countries (ATAIC) Drafting Committee meeting in Jakarta in April 2009 and Study Group on Asian Tax Administration and Research (SGATAR) Annual Meeting in Bali in October 2009. DGT participation in other international fora has reinforced its position amid international tax communities.

Indeed, we could not chalk up this excellent performance without industrious and professional efforts, high integrity and fervent endeavors to look for new innovations as demonstrated by all DGT's staff in securing tax revenues as mandated by all Indonesian people.

For year 2010, despite such extraordinary tax realization, it just underscore us to carry out the mandates and tasks assigned to DGT in much more optimistic and enthusiastic manner to pursue tax revenue targets deemed necessary for Indonesian citizens.

Wassalamu'alaikum Wr. Wb.

Director General of Taxes
Mochamad Tjiptardjo





1. Suryo Utomo
2. Estu Budiarto
3. Pontas Pane
4. Robert Pakpahan
5. Gusti Nyoman Putera
6. Wahju K. Tumakaka
7. Yoyok Satiotomo
8. Hario Damar
9. Sumihar Petrus Tambunan
10. Hartoyo
11. M. Iqbal Alamsjah
12. Eddy Marlan
13. Otto E. Panjaitan
14. Achmad Sjarifuddin Alsah
15. Catur Rini Widosari
16. Mochamad Tjiptardjo
17. Djonifar Abdul Fatah
18. Bambang Tri Muljanto

DGT BOARD OF DIRECTORS AND HEADS OF REGIONAL OFFICES



Mochamad Tjiptardjo
Director General of Taxes

He has been assigned as Director General of Taxes since 28 July 2009. His Diploma Degree in Finance majoring in General Tax was obtained from Finance Institute in 1979, while his Master of Arts in Economics was from Williams College Massachusetts of USA in 1984.



Djonifar Abdul Fatah
Secretary of Directorate General of Taxes

His current position as the Secretary of Director General of Taxes is from 28 April 2009. He got his Diploma Degree in Finance for General Tax from Finance Institute in 1980 and Master of Arts in Economics from Vanderbilt University of USA in 1984.



Suryo Utomo
Director of Tax Regulations I

His appointment as Director of Taxation Regulations I started from 6 April 2010. His Diploma Degree in Economics majoring in Accounting came from Diponegoro University in 1992. As for his Master of Business Taxation, he gained it from University of Southern California of USA in 1998.



Achmad Sjarifuddin Alsah
Director of Tax Regulations II

He has been assigned in this position of Director of Tax Regulations II since 28 April 2009. He was graduated from Finance Institute in 1980. He was also recorded as an alumni of University of Illionis of USA in 1986 and the alumni of University of Blomington of USA in 1992 from which he got his Doctor of Philosophy in Management.



Otto Endy Panjaitan
Director of Audit and Collection

He has been working as Director of Audit and Collection since 12 May 2010. His Diploma Degree in Economics majoring in Accounting was from North Sumatera University in 1980 and his Master of Business Administration was from Saint Louis University of USA in 1989.



Pontas Pane
Director of Intelligence and Investigation

His position as acting Director of Intelligence and Investigation was from 9 October 2009. He was the alumni of Economics Faculty in North Sumatera University in 1988 and he graduated from Magister of Management Program of Universitas Krisnadwipayana in 2007.



Hartoyo
Director of Extensification and Appraisal

He has been assigned as the Director of Extensification and Appraisal since 16 June 2008. He graduated from Universitas Mulawarman in 1982 as Diploma degree holder in Management. His Master in Business Property was from University of South Australia in 1992.



Catur Rini Widosari
Director of Objection and Appeal

Since 6 April 2010 she was assigned as Director of Objection and Appeal. Her Diploma degree was from Universitas Sriwijaya Palembang in 1989. In addition, she got Master in Business Taxation from University of Southern California of USA in 1998.



Sumihar Petrus Tambunan
Director of Potency, Compliance, and Revenue

The position of Director of Potency, Compliance, and Revenue was held since 28 December 2006. He graduated from North Sumatera University in 1978 and got Diploma degree in Economics majoring in Accounting. His Master of Arts in Economics and Doctor of Philosophy in Economics were from University of Colorado of USA in respectively 1984 and 1987.



M. Iqbal Alamsjah
Director of Counseling, Service, and Public Relation

Alumni of Diploma IV program in Finance Specialization in Accountancy of State College of Accounting in 1988 has been in the position of Director of Counseling, Service, and Public Relation since 6 April 2010. He got his Master of Economics in Public Finance and Tax Policy from Vanderbilt University of USA in 1997 and Doctorate degree in Business Management from Padjadjaran University in 2007.



Yoyok Satiotomo
Director of Tax Information Technology

His position as Director of Taxation Information Technology has been held since 6 April 2010. He graduated from Krisnadwipayana University in 1986 as Diploma degree in Economics majoring in Management and his Master of Arts in Business and Commerce was from Keio University of Japan in 1999.



Wahju Karya Tumakaka
Director of Internal Compliance and Aparatus Transformation

This alumni of Diploma IV Specialization in Accounting of State College of Accounting in 1987 has been in charge of Director of Internal Compliance and Apparatus Transformation since 12 May 2010. He also recorded as the alumni of Master of Public Administration Program, Harvard University of USA in 1995.



Hario Damar
Director of Information and Communication Technology Transformation

He has been working as the Director of Information and Communication Transformation since 18 June 2009. His Diploma degree in Management was from Krisnadwipayana University in 1988 and his Master of Business Administration came from University of New Brunswick of Canada in 1996.
He was also PhD in Information System Management from Asahi University of Japan in 2003.



Robert Pakpahan
Director of Business Process Transformation

Since 28 December 2006 he has been assigned as Director of Business Process Transformation. He was the alumni of Diploma IV program in Finance Specialization in Accounting of State College of Accounting in 1987. His PhD in Economics was from University of North Carolina at Chapel Hill of USA in 1998.



Eddy Marlan
Expert Staff of Tax Extensification and Intensification

He is in charge of Expert Staff in Tax Extensification and Intensification since 28 April 2009. He got Diploma degree in Economics majoring in Accounting from Padjadjaran University in 1980. As to Master of Business Administration, he obtained his degree from Case Western Reserve University of USA in 1989. He accomplished his PhD program in Management Accounting from Technology Universty of Philippines in 1999.



Gusti Nyoman Putera
Expert Staff of Tax Service

Since 12 May 2010, he has been in charge of Expert Staff of Tax Service. He got diploma degree in Accounting and Magister of Science from Universitas Gajah Mada in respectively 1979 and 1998.



Estu Budiarto
Expert Staff of Human Resources Development

This current position of Expert Staff of Human Resources Development has been held since 6 April 2010. He was the graduate of Diploma IV program in Finance Specialization in Accounting of State College of Accounting in 1990. His Master of Business Administration in Finance was from University of Rochester of USA in 1993.



Bambang Tri Muljanto
Expert of Tax Supervision and Law Enforcement

This Diploma degree in Law holder from University of Indonesia in 1986 has been in charge of Expert of Tax Supervision and Law Enforcement since 12 May 2010. He is also the holder of Master of Business Administration from Saint Louis University of USA in 1992.

LIST OF HEAD OF REGIONAL OFFICE AND HEAD OF DATA AND DOCUMENT PROCESSING CENTER

1.	Amri Zaman	Head of Large Taxpayers Regional Office
2.	Riza Noor Karim	Head of Jakarta Special Regional Office
3.	Muhammad Haniv	Head of Nanggroe Aceh Darussalam Regional Office
4.	Yusri Natar Nasution	Head of North Sumatera I Regional Office
5.	Harta Indra Tarigan	Head of North Sumatera II Regional Office
6.	Nirwan Tjipto	Head of Riau and Riau Islands Regional Office
7.	Peni Hirjanto	Head of West Sumatera and Jambi Regional Office
8.	Pandu Bastari	Head of South Sumatera and Bangka-Belitung Islands Regional Office
9.	Rizal Admeidy	Head of Bengkulu and Lampung Regional Office
10.	Herry Sumardjito	Head of Central Jakarta Regional Office
11.	Ichwan Fachruddin	Head of West Jakarta Regional Office
12.	Sutrisno Ali	Head of South Jakarta Regional Office
13.	Ramram Brahmana	Head of East Jakarta Regional Office
14.	Djalintar Sidjabat	Head of North Jakarta Regional Office
15.	Sigit Priadi Pramudito	Head of Banten Regional Office
16.	Dedi Rudaedi	Head of West Java I Regional Office
17.	Taufieq Herman	Head of West Java II Regional Office
18.	Sakli Anggoro	Head of Central Java I Regional Office
19.	Dicky Hertanto	Head of Central Java II Regional Office
20.	Djangkung Sudjarwadi	Head of Special Region of Yogyakarta Regional Office
21.	Suharno	Head of East Java I Regional Office
22.	Erwin Silitonga	Head of East Java II Regional Office
23.	Ken Dwijugiasteadi	Head of East Java III Regional Office
24.	Hubertus Agus Wuryantoro	Head of West Kalimantan Regional Office
25.	Agus Hudiyono	Head of South and Central Kalimantan Regional Office
26.	Bambang Is Sutopo	East Kalimantan Regional Office
27.	Angin Prayitno Aji	Head of South, West, and South East Sulawesi Regional Office
28.	Bambang Basuki	Head of North and Central Sulawesi, Gorontalo, And North Maluku Regional Office
29.	Zulfikar Thahar	Head of Bali Regional Office
30.	Adjat Djatnika	Head of Nusa Tenggara Regional Office
31.	Singal Sihombing	Head of Papua and Maluku Regional Office
32.	Kismantoro Petrus	Head of Data and Document Processing Center

CALENDAR OF EVENTS

1 January

Tax on individual who travel abroad (Exit Tax) was relieved only for those who has Taxpayer Identification Number.

28 February

The deadline of Sunset Policy program. Under this program, DGT managed to issue more than 5 million new Taxpayer Identification Number and collect Income Tax Revenue of Rp7.46 trillion.

18 March

Commencement of the establishment of High Wealth Individual Taxpayers Office by the President of Republic of Indonesia and the Minister of Finance in Medium Taxpayers Office Jakarta, Jl. MI. Ridwan Rais. In the same occasion, the President, Susilo Bambang Yudhoyono along with the ministers submitted their Annual Income Tax Return Year 2008.



20 March

Constitution Court rejected request of judicial review of Article 7 paragraph (1) subparagraph a, b and c and Article 9 paragraph (1) subparagraph g of Income Tax Law.



25 March

The Ratification of Law No. 16 of 2009 concerning Government Regulation in lieu of Law No. 5 of 2008 concerning the Fourth Amendment of Law No. 6 of 1983 concerning General Provisions and Tax Procedure into a law.

13-15 April

DGT hosted Statute of ATAIC Drafting Committee Meeting in Jakarta.



22 June

Declaration of Tax Reform Chapter Two by Minister of Finance in Jakarta.



16 July

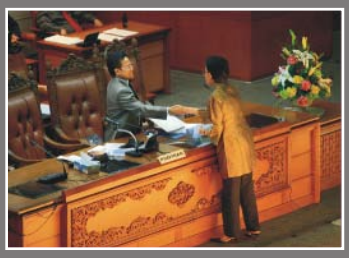
The inauguration of New DGT Head Office Building by the Minister of Finance.

28 July

The Minister of Finance assigned Mochamad Tjiptadjo as Director General of Taxes to replace Darmin Nasution.

15 October

Law No. 42 of 2009 concerning the Third Amendment to Law No. 8 of 1983 concerning Value Added Tax for Goods and Services and Sales Tax of Luxury Goods was passed and took into effect on 1 April 2010.



19-21 October

Tax Treaty Negotiation between Indonesia and Oman.



9-12 November

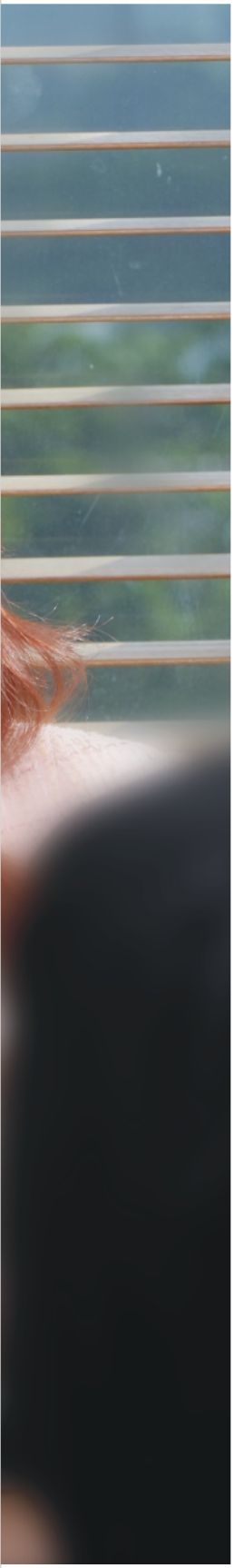
DGT organized the 39th SGATAR Meeting in Bali.



2-4 December

Tax Treaty Negotiation between Indonesia and Hongkong





01

ENHANCING SERVICES TO ACHIEVE SELF-SUFFICIENCY OF NATION

DGT plays very strategic roles in collecting revenues as targeted in State Budget . As the backbone institution for the national economy, we commit to render excellent services to achieve self-sufficiency in financing national development.

ORGANIZATION

13 Organizational Structure
26 Vision, Mission, and Values
28 Strategic Plan

PERFORMANCE

30 Key Performance Indicators
32 Tax Revenue
36 Field Offices Performance
37 Stakeholders Acknowledgment

SIGNIFICANT EVENTS

39 Sunset Policy Extension
40 PINTAR (Project for Indonesian Tax Administration Reform)
40 Establishment of High Wealth Individual Taxpayers Office
41 Drop Box
41 Service Quality Improvement

12

ORGANIZATION



During early independence era, tax administration was managed by an institution named *Djawatan Padjak*. This institution then experienced some institutional changes, and the title of the institution was severally altered. Lastly, the institution was named Directorate General of Taxes, under the coordination Ministry of Finance. The main task of DGT is to formulate and implement technical policy and standardization in the taxation area. In performing its main task, DGT performs the functions of:

a. preparing policy formulation of the Ministry of Finance in taxation area;
b. implementing tax policies;
c. preparing standards, guidelines, manuals, criteria and procedures in taxation area;
d. providing technical guidance and evaluation in taxation area; and
e. performing the tax administration.

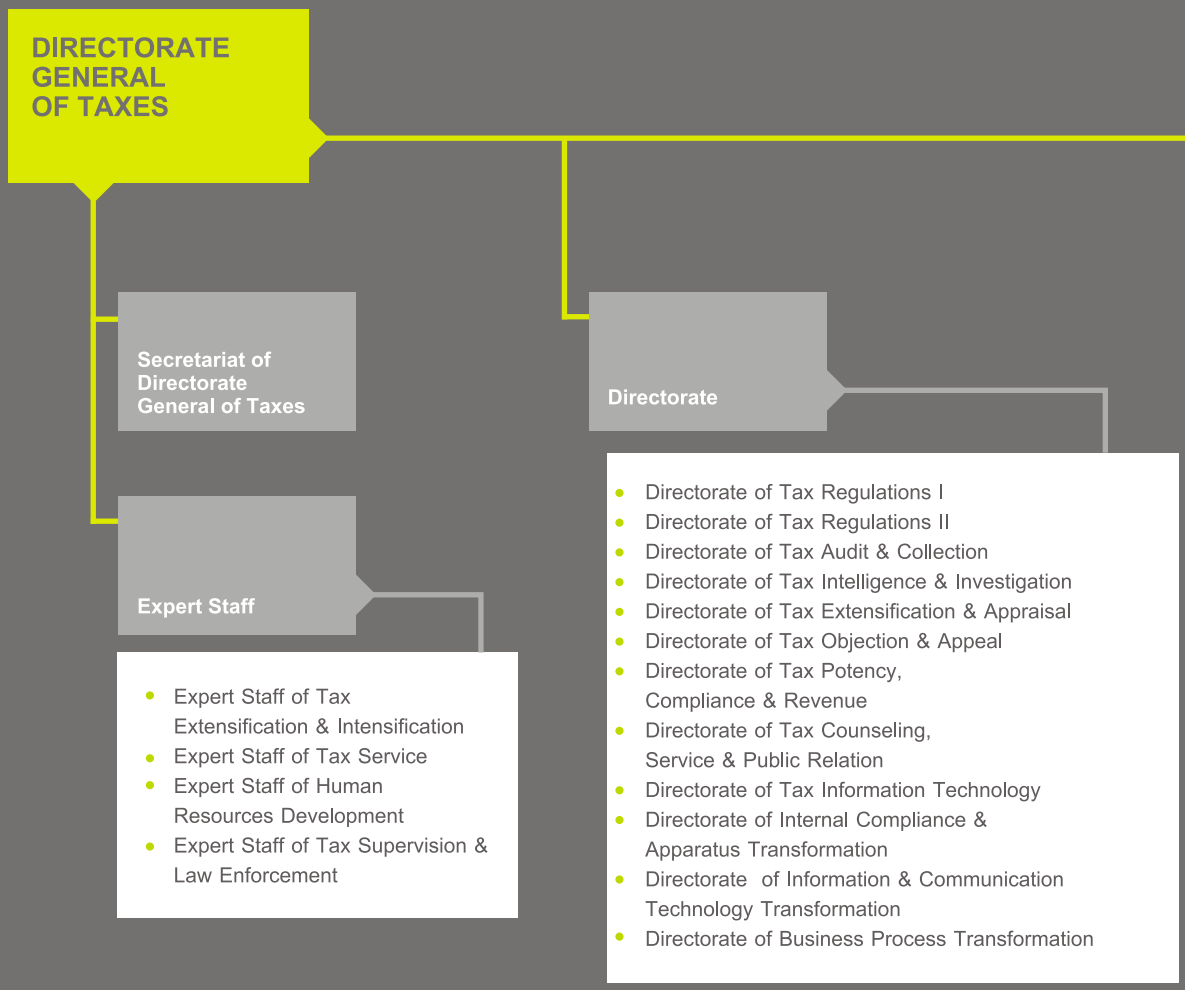
DGT main task and functions in supporting the government self-financing are becoming more important and strategic. It is particularly due to the declining role of oil and gas revenue for the last ten years. This increasingly role is more obvious after economic crisis during which state budget drastically soar since it must cover the cost of crisis. To deal with this State Budget problems, the Government had to increase the role of tax revenue. In 2009, 67% of total domestic revenues came from tax collection.

It is worthwhile noting here that at large taxes charged in Indonesia can be differentiated into central tax and local tax. Central taxes are managed by DGT. Central tax includes Income Tax (PPh), Value Added Tax (PPN) and Sales Tax on Luxury Goods (PPnBM), Land and Building Tax (PBB), Acquisition Duty of Right on Land and Building (BPHTB), Stamp Duty (Bea Materai) and other Indirect Taxes.

ORGANIZATIONAL STRUCTURE

DGT organization is divided into head office and field offices. The former consists of Secretariat of Directorate General, 12 directorates, and 4 expert staff positions. As to the latter, they consist of 31 regional offices, 331 tax offices, 207 tax service, dissemination, and consultation offices, and 1 Data and Document Processing Center.

DGT Organizational Structure



Regional Office

- Large Taxpayers Regional Office
- Jakarta Special Regional Office
- Nanggroe Aceh Darussalam Regional Office
- North Sumatera I Regional Office
- North Sumatera II Regional Office
- Riau & Riau Islands Regional Office
- West Sumatera & Jambi Regional Office
- South Sumatera & Bangka-Belitung Islands Regional Office
- Bengkulu & Lampung Regional Office
- Central Jakarta Regional Office
- West Jakarta Regional Office
- South Jakarta Regional Office
- East Jakarta Regional Office
- North Jakarta Regional office
- Banten Regional Office
- West Java I Regional Office
- West Java II Regional Office
- Central Java I Regional Office
- Central Java II Regional Office
- Special Region of Yogyakarta Regional Office
- East Java I Regional Office
- East Java II Regional office
- East Java III Regional Office
- West Kalimantan Regional Office
- South & Central Kalimantan Regional office
- East Kalimantan Regional Office
- South, West & South East Sulawesi Regional Office
- North and Central Sulawesi, Gorontalo & North Maluku Regional Office
- Bali Regional Office
- Nusa Tenggara Regional Office
- Papua & Maluku Regional office

Data & Document Processing Center

Main Task of Units within DGT Head Office

- **Secretariat of Directorate General**
  Provide technical and administrative supports to all elements within DGT.

- **Directorate of Tax Regulations I**
  Prepare policy formulation, standardization and technical guidance in General Provisions and Tax Procedures, Tax Collection with Coerce Warrant, Value Added Tax and Sales Tax on Luxury Goods, Other Indirect Taxes, Land and Building Tax, and Acquisition Duty of Right on Land and Building.

- **Directorate of Tax Regulations II**
  Prepare policy formulation, standardization and technical guidance on Income Tax regulations, tax treaty and international cooperation, legal assistance, and harmonization of tax regulations.

- **Directorate of Audit and Collection**
  Prepare policy formulation, standardization and technical guidance, planning, implementation, control and evaluation in tax audit and collection.

- **Directorate of Intelligence and Investigation**
  Prepare policy formulation, standardization, technical guidance, implementation and evaluation of intelligence, identification of criminal offence and tax investigation.

- **Directorate of Extensification and Appraisal**
  Prepare policy formulation, standardization, technical guidance and evaluation of tax extensification, in the area of taxpayers database, mapping, appraisal and assessment.

- **Directorate of Objection and Appeal**
  Prepare policy formulation, standardization and technical guidance, implementation and evaluation of tax correction, deduction, annulment, cancellation, objection, appeal and lawsuit in the Tax Court and judicial review on Tax Court decision.

- **Directorate of Potency, Compliance, and Revenue**
  Prepare policy formulation, standardization and technical guidance, evaluation and implementation of tax revenue analysis and evaluation.

- **Directorate of Counseling, Service, and Public Relation**
  Prepare policy formulation, standardization and technical guidance and evaluation of tax counseling, service and public relation.

- **Directorate of Tax Information Technology**
  Prepare policy formulation, standardization and technical guidance, evaluation and implementation of system and infrastructure monitoring, operational supports and services and data processing and document management.

- **Directorate of Internal Compliance and Apparatus Transformation**
  Implement strategies and designs formulation, and implement internal audit within DGT, and prepare strategies and design formulation, and pilot development and implementation evaluation in apparatus.

- **Directorate of Information and Communication Technology Transformation**
  Implement strategies and designs formulation, planning, development, control, evaluation and implementation in the information system analysis and evaluation, hardware development, and application development, in information and communication technology area.

- **Directorate of Business Process Transformation**
  Implement the review business process development, strategies formulation, design, prepare and pilot development and implementation evaluation in operational area.

- **Expert Staff of Tax Extensification and Intensification**
  Review and study issues in tax extensification and intensification and provide conception solution rationing.

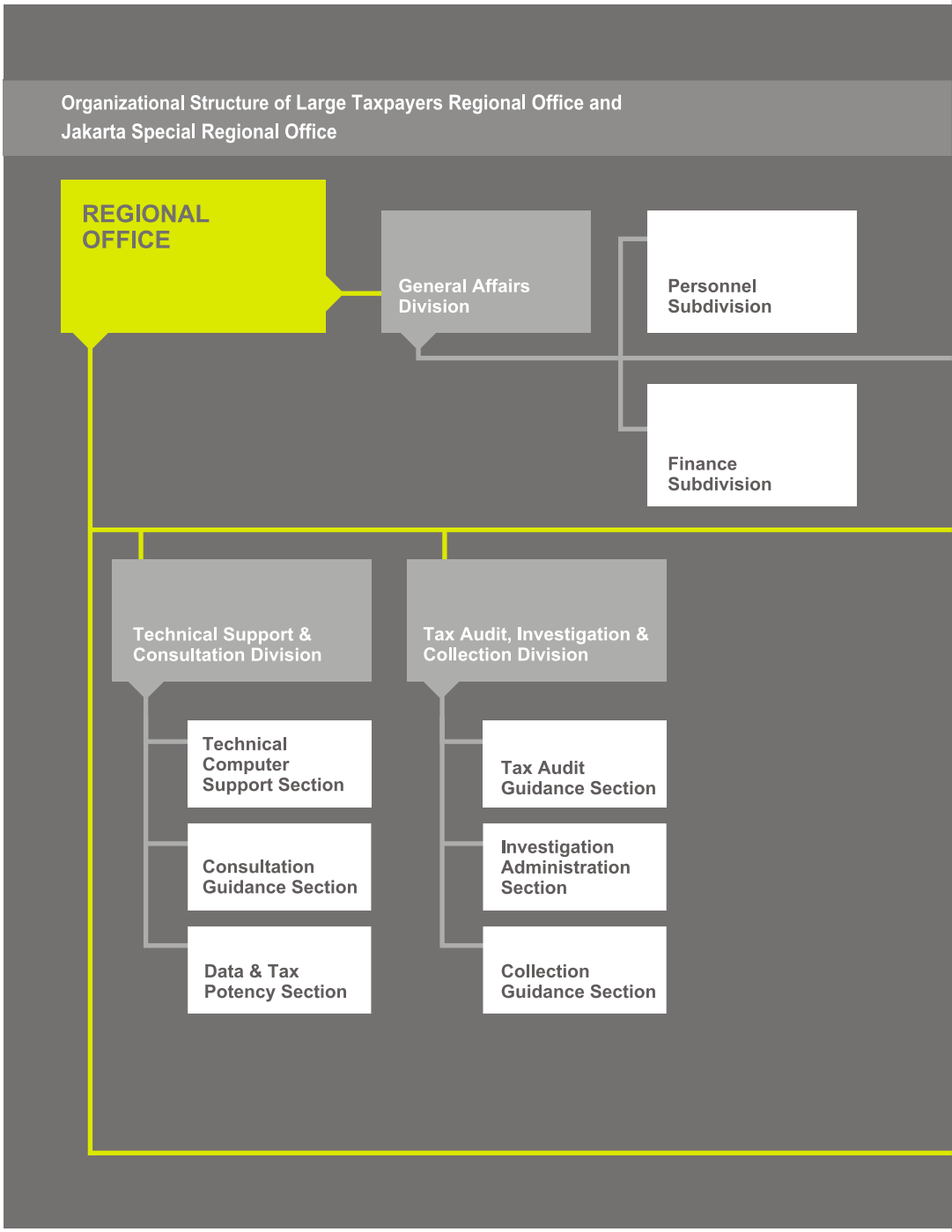
- **Expert Staff of Tax Service**
  Review and study issues in tax service and provide conception solution rationing.

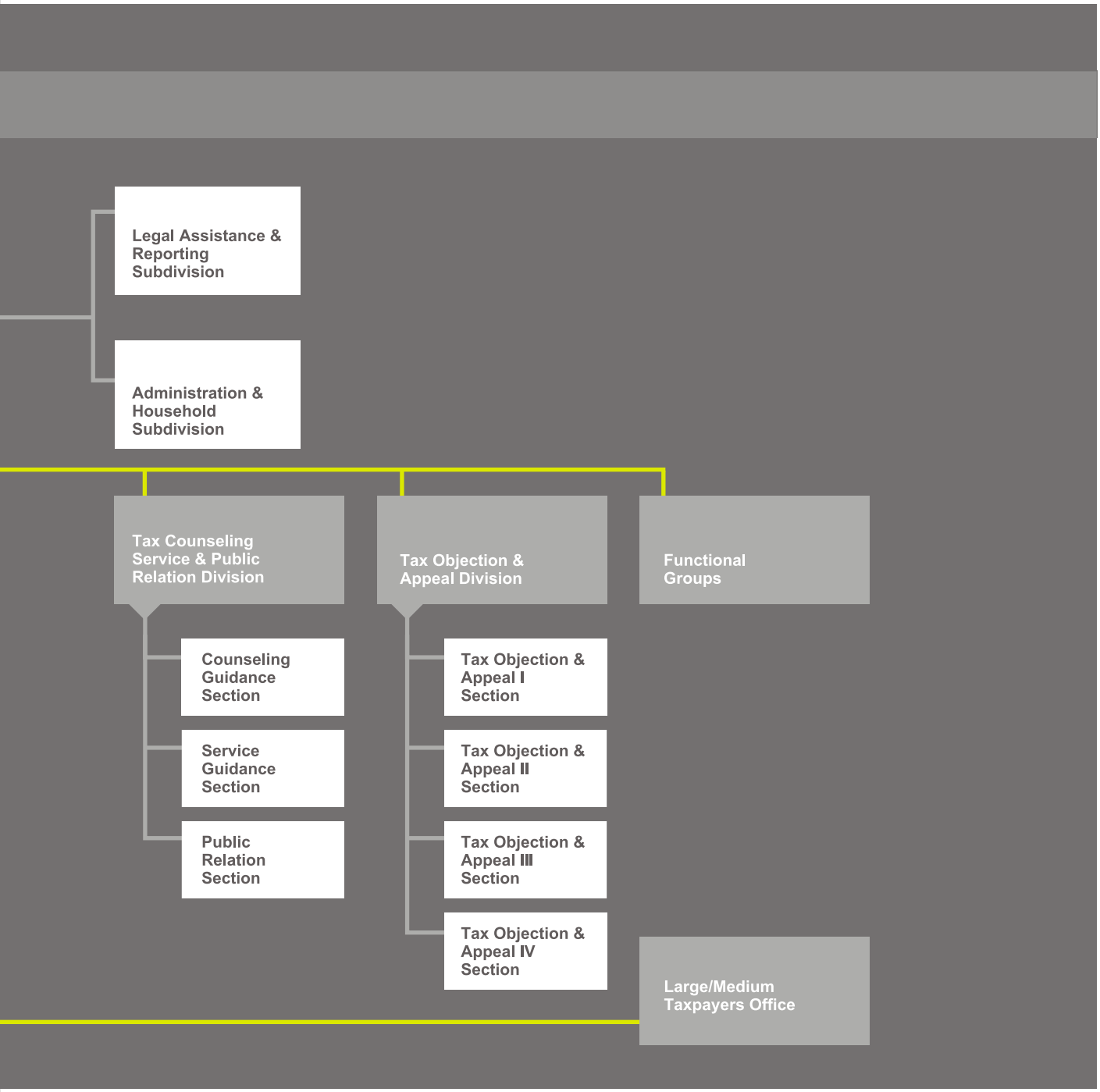
- **Expert Staff of Human Resources Development**
  Review and study issues in human resources development and provide conception solution rationing.

- **Expert Staff of Tax Supervision and Law Enforcement**
  Review and study issues in tax supervision and law enforcement and provide conception solution rationing.

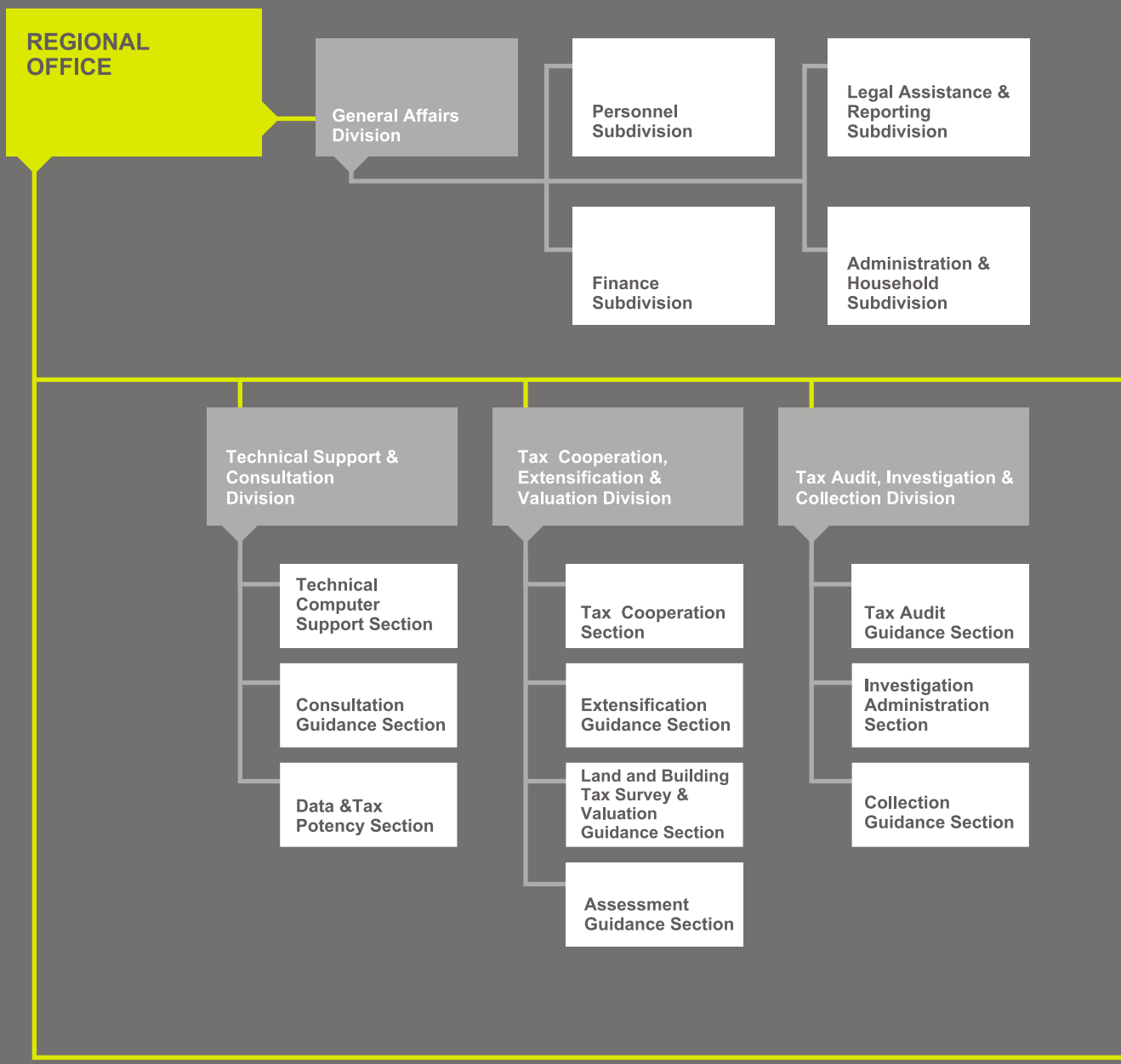
Regional office performs the tasks of coordinating, controlling, analyzing and evaluating the tax office operations, and elucidation of policies from the head office. The type of regional office is differentiated into:

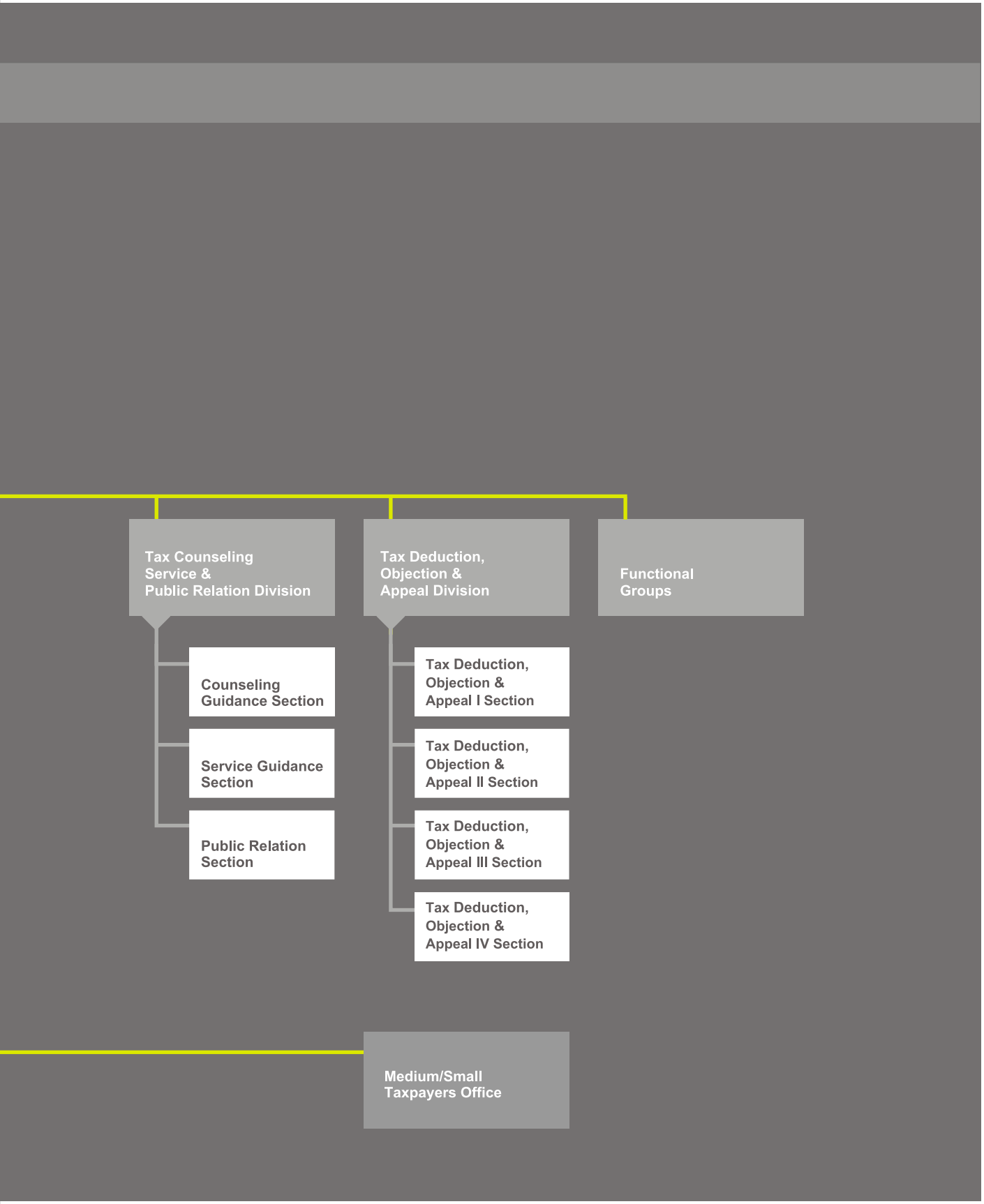
a. Large Taxpayers Regional Office and Jakarta Special Regional Office located in Jakarta; and
b. regional offices other than Large Taxpayers Regional Office and Jakarta Special Regional Office consisting of 29 regional offices located throughout Indonesia.




Legal Assistance & Reporting Subdivision
Administration & Household Subdivision
Tax Counseling Service & Public Relation Division
Tax Objection & Appeal Division
Functional Groups
Counseling Guidance Section
Service Guidance Section
Public Relation Section
Tax Objection & Appeal I Section
Tax Objection & Appeal II Section
Tax Objection & Appeal III Section
Tax Objection & Appeal IV Section
Large/Medium Taxpayers Office

Organizational Structure of Regional Offices other than Large Taxpayers Regional Office and Jakarta Special Regional Office

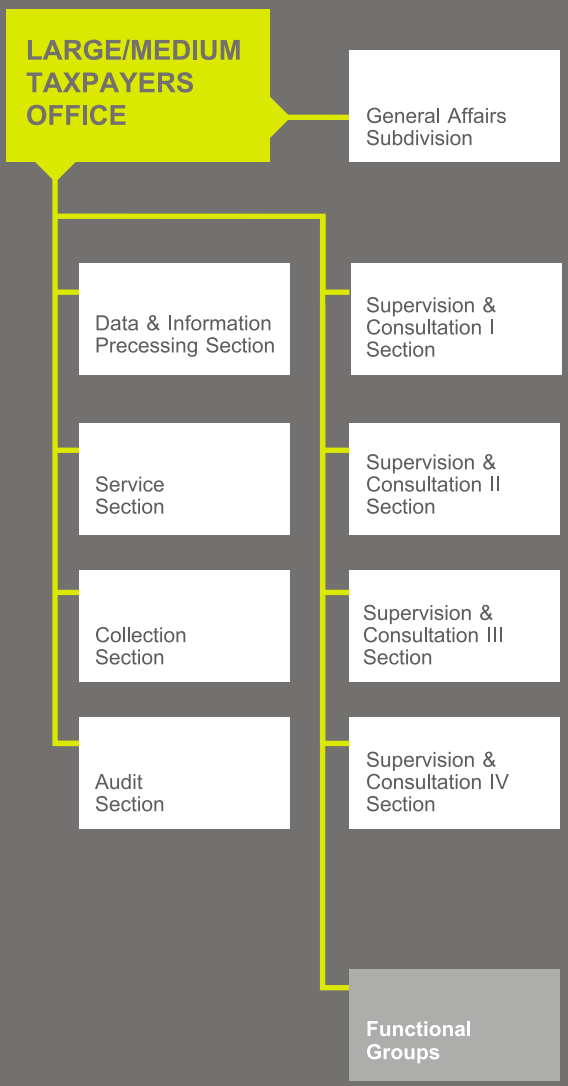



Tax Counseling Service & Public Relation Division
Tax Deduction, Objection & Appeal Division
Functional Groups
Counseling Guidance Section
Service Guidance Section
Public Relation Section
Tax Deduction, Objection & Appeal I Section
Tax Deduction, Objection & Appeal II Section
Tax Deduction, Objection & Appeal III Section
Tax Deduction, Objection & Appeal IV Section
Medium/Small Taxpayers Office

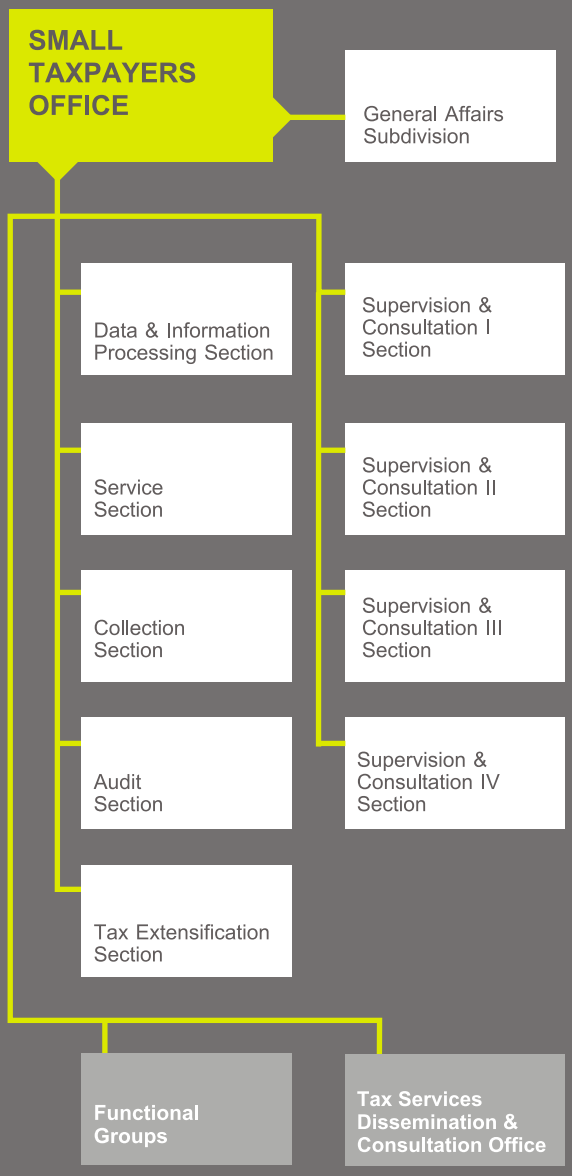
Tax office performs the functions of delivering services, counseling, and supervision to taxpayers. Based on the taxpayer segmentations, tax office can be differentiated into:

a. Large Taxpayers Offices (LTO) consists of 4 units administering national large corporate taxpayers, state-owned enterprises, and high wealth individuals;
b. Medium Taxpayer Offices (MTO) consists of 28 units are in charge of administering regional large corporate taxpayers, foreign investment companies; permanent establishment and expatriates, and public listed companies;
c. Small Taxpayers Offices (STO) consists of 299 units serving local individual and corporate taxpayers.

Organizational Structure of Large Taxpayers Offices & Medium Taxpayers Offices

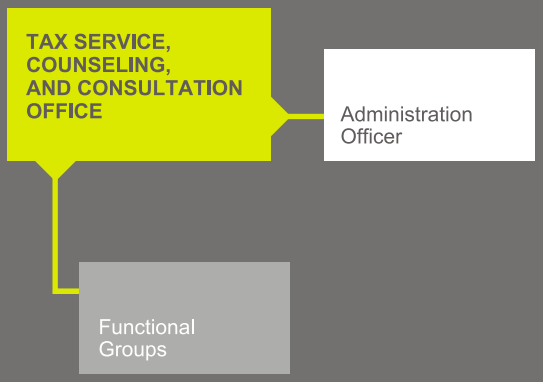


Organizational Structure of Small Taxpayers Offices



Because of large territory, some Small Taxpayers Offices are supported by Tax Service, Counseling, and Consultation Office which performs the functions of delivering tax services, counseling and consultation to local community in remote regions.

Organizational Structure of Tax Service, Counseling & Consultation Office

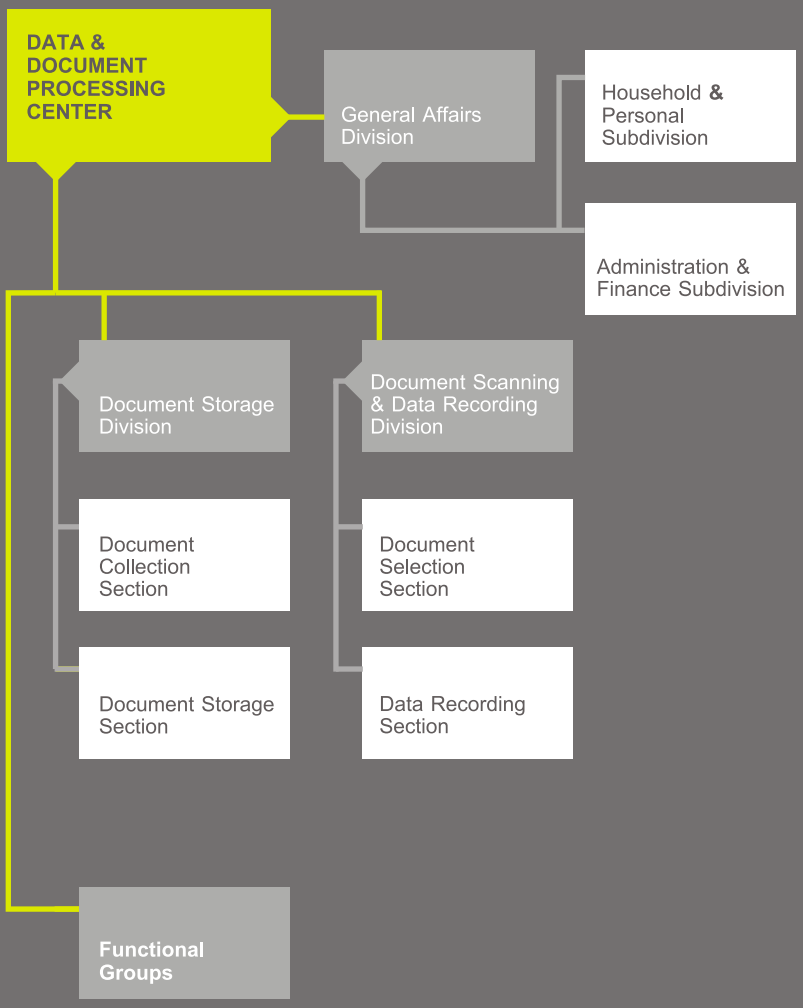


Number of DGT Field Offices in 2009

Offices	Total
Regional Office	31
Large Taxpayers Office	4
Medium Taxpayers Office	28
Small Taxpayers Office	299
Tax Service, Counseling, and Consultation Office	207
Data and Document Processing Center	1

DGT also has Data and Document Processing Center. This unit is located in Jakarta with main tasks of receiving, scanning, recording and storing tax documents using information technology.

Organizational Structure of Data & Document Processing Center



Vision

To become a government institution that implementing effective and efficient modernized tax administration system with the intention to achieve public trust with high integrity and professionalism.



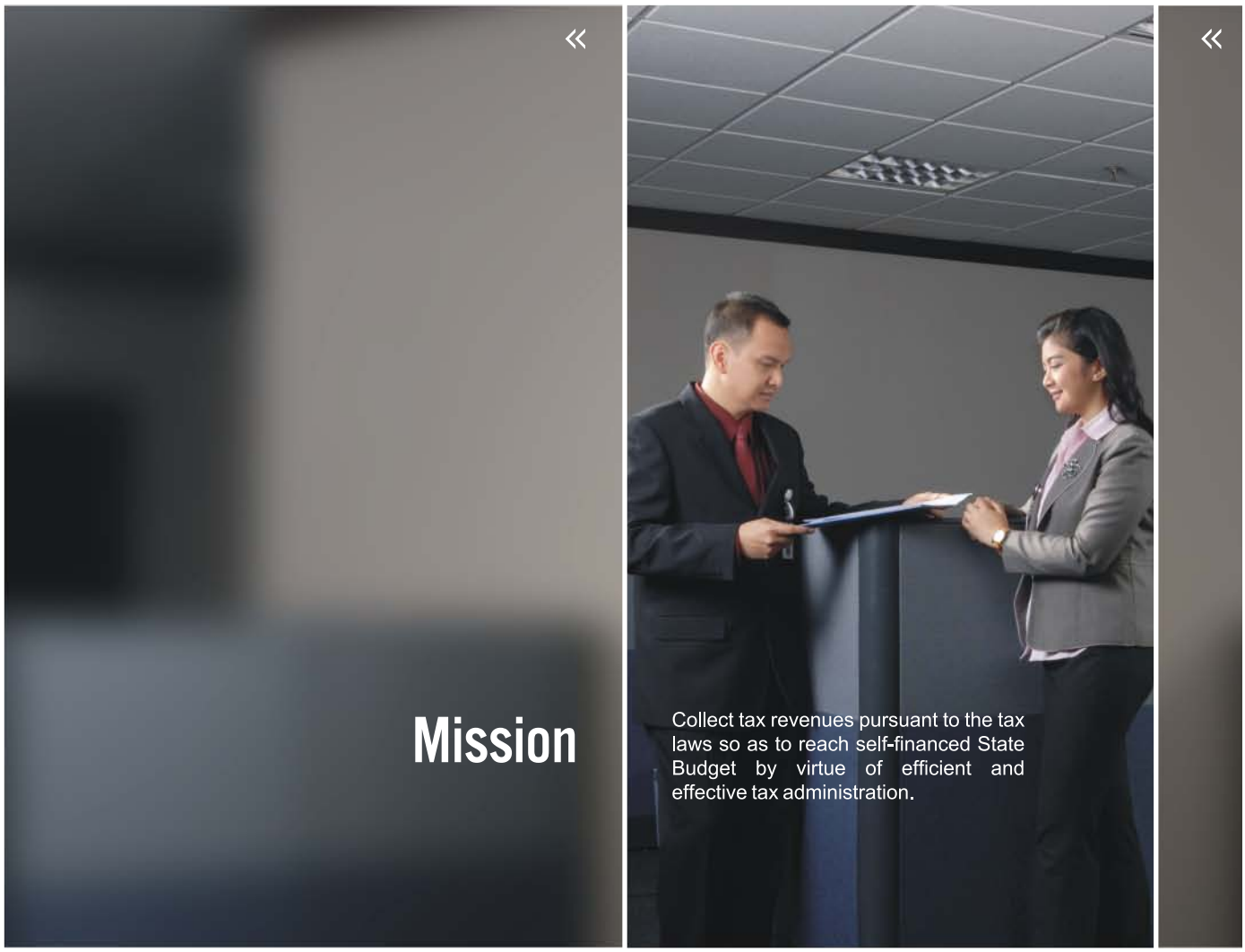
Values

Self-financing will be inseparable from public roles in complying with the tax obligations. In light of that, DGT is responsible to deliver best services to the public with the introduction of good governance principles. It aims to encourage public participation in voluntarily exercising tax obligations in accordance with the current laws and regulations.

DGT develops organizational values to gain public trust through culture and character building of human resources, that includes:

a. Professionalism
Possess professional competence and carry out the tasks and duties according to the acquired know-how, given authorities and professional norms, ethics and social values;

b. Integrity
Carry out the tasks and duties while at all time respecting codes of conduct and moral principles reflected in honesty, consistency and commitment.



c. Teamwork
Have capacity to work along with other persons or parties and build networks to support the given tasks and duties.

d. Innovation
Possess breakthrough and alternative thinking for creative problem solving based on the prevailing rules and norms.

By applying the organizational values, DGT created working environemnt that is conducive for competency-based management system that will motivate the employees to further develop themselves with professionalism, integrity, and teamwork to pursue the best performance coupled with innovations.

By consistently implementing such values, it is expected that DGT produces best performance in pursuing the vision and mission.

STRATEGIC PLAN

DGT Strategic Plan 2008-2012 is prepared according to the Law No. 25 of 2004 concerning National Development Planning System with reference to Mid-Term National Development Plan 2004-2009 and in line with Strategic Plan of the Ministry of Finance 2004-2009. DGT Strategic Plan depicts the objectives and goals to achieve, strategies and programs to implement and indicators to assess the realized performance for five year period. DGT Strategic Plan is formulated based on inputs addressed by all units within DGT and set as reference in pursuing the mission and stepping forward to its long-term vision.

Objectives and Goals in 2008-2012

Objectives	Goals
Improved Taxation Services	Enhance the service quality
	Enhance the counseling effectiveness
	Enhance the public relations effectiveness
Improved Taxpayers Compliance through Supervision and Law Enforcement	Enhance non-filer monitoring
	Increase taxpayers compliance through correction of Tax Return
	Enhance tax extensification
	Enhance tax collection
	Intensify tax intelligence
	Enhance the audit effectiveness
	Enhance the investigation effectiveness
Enhanced Organizational Effectiveness and Efficiency through Reform and Modernization	Enhance policy reform
	Enhance business process reform
	Enhance organizational reform
	Implement the Modernization of Information and Communication Technology
	Improve budget management and disbursement
Improved Human Resources Professionalism and Integrity	Develop performance-based and competency-based human resources management system
	Enhance human resources development and supervision

To pursue the above strategic objectives and goals as indicated in Strategic Plan 2008-2012, in 2009 DGT instituted programs that brought about added values to taxpayers service including:

1. Tax services:
   a. develop tax knowledge base that has been initiated in 2007;
   b. establish service standards with policy preparation and supports for excellent services;
   c. broaden service coverage by deploying more Tax Car *(Mobil Pajak)* and Tax Corner *(Pojok Pajak)*;
   d. launch interactive short message service (SMS), from which the communities can gain information about or address complaint against services rendered by DGT;
   e. increase public tax service broadcasts in terms of frequency or types of media; and
   f. prepare e-learning modules related to behavior standard of tax service.
2. Increase taxpayers compliance by intensifying supervision and law enforcement:
   a. conduct risk analysis in audit;
   b. increase taxpayers extensification;
   c. develop tax audit module and manual; and
   d. enhance cooperation with other institutions for investigation purpose.
3. Enhance organizational effectiveness and efficiency:
   a. conduct business process mapping on core business process, personnel, organization, finance and general affairs;
   b. develop risk management through pilot project;
   c. evaluate and improve organizational structures of head office and field offices;
   d. implement capacity building for employees in internal compliance through training and system and procedure testing;
   e. carry out compliance test for prevention purposes through systems and procedures testing of information system;
   f. conduct preliminary internalization of organizational values in comprehensive manner to all officials involving overall organizational units;
   g. implement tax treaty revision;
   h. improve policy on personnel rotation and promotion system and career path planning;
   i. implement training need analysis;
   j. develop e-learning through the formulation of blue print 2010-2014 as a reference for the future implementation and development; and
   k. perform on-the-job training.

PERFORMANCE

KEY PERFORMANCE INDICATORS

The realization of strategic objectives of DGT and other echelon I units within the Ministry of Finance is measured using the so-called Key Performance Indicators (KPI). At the beginning of each year, every echelon I unit of the Ministry of Finance receives mandate to achieve KPI targets set for a year period. Commitment to achieve the targets is then set out into a performance contract signed between the Minister of Finance and each head of echelon I unit.

DGT KPI Performance in 2009

No.	Key Performance Indicators (KPI)	Target	Realization
1	Total tax revenue (including Oil and Gas Income Tax)	100% Rp577.38 trillion	94.31% Rp544.53 trillion
2	Taxpayer Satisfaction Index against Tax Administration from survey:		
	a. Large Taxpayers Office	83	77
	b. Medium Taxpayers Office	77	75
	c. Small Taxpayers Office	72	-
3	Actual service time / targeted service time	100.00%	99.74%
4	Actual number of dissemination activities / targeted number of dissemination activities	100.00%	128.25%
5	Additional number of individual taxpayers / total number of registered individual taxpayers at the beginning of the year (*baseline: Year 2008)	20.00%	93.05%
6	Number of investigation dossiers submitted to Attorney General / total number of dossiers	25.00%	32.17%
7	Number of tax audits conducted / targeted number in the audit plan	70.00%	93.40%
8	Tax arrears settlement / total amount of tax arrears	15.00%	25.86%
9	Actual number of revised or new Standard Operating Procedures (SOP) / targeted number of revised or new SOP	100.00%	114.75%



The KPI performance in 2009 could be elaborated as follows:

1. Realization of tax revenue from Oil and Gas Income Tax for January to December 2009 amounted Rp544.53 trillion or 94.31% of the set target. There was a decrease of 4.65% from last year's revenue realization of Rp571.10 trillion.
2. Taxpayer Satisfaction Index of tax administration was obtained from the results of Nielsen's Taxpayer Satisfaction Survey funded by TAMF-AusAID. This survey measured the index in Large Taxpayers Offices and Medium Taxpayers Offices. The survey confirmed that with more modernized tax administration system, the degree of service was relatively intact in terms of quantity and quality. However, public demand for better service quality will at all time exist. The benchmark of satisfaction index value of public institutions in developed countries ranging at 71-76 scale.
3. The performance of service time was measured in the Quick Wins in Eight Services. However, it was revealed that some services had yet to reach the standard time as promised, so that actual performance has not yet met the target. This becomes a concern to evaluate factors contributed to this under-performance. It requires corrective measure and improvement to the quality of services to meet the taxpayers and public satisfaction.
4. Tax dissemination was conducted in several activities, such as face-to-face meeting with taxpayers, establishment of Tax Corners, hosting college students coming to tax offices, and dialogue in radio and television. KPI measurement to the dissemination program covers activities performed by head office.

5. The number of individual taxpayers in 2009 increased significantly attributed to tax extensification, counseling and services. A full range of policies and regulations issued by the government had encouraged the public to register as taxpayers, among other things:
   a. extension of Sunset Policy program;
   b. different tariff applied in Income Tax Law for those possess Taxpayer Identification Number; and
   c. no exit tax at the airport for individuals having Taxpayer Identification Number.
6. Success in achieving KPI target with respect to the submission of investigation dossiers to Attorney General was supported by the assistance of head office to the respective regional offices. The head office assistance was also intended to bolster the competence and capability of human resources through advanced training and education on the verification of preliminary evidence and investigation. In 2009, DGT completed the 37 investigation cases with 18 cases had been ruled.
7. Audit performance indicated good result due to the following supports:
   a. revisions to audit regulations;
   b. capacity building for the officials regarding audit techniques, methods and quality control; and
   c. development of audit supporting systems and infrastructure.
8. Settlement of tax arrears in 2009 in the amount of Rp16.57 trillion was a significant increase. The increase was due to extra effort in tax collection during trimester 2009 through the evaluation of tax arrears prognosis and intensive monitoring.
9. Targeted number of revised and new SOP in 2009 were 427 and DGT managed to realize 490 SOPs. This higher actual number was because of the formulation of additional SOPs on new tax provisions issued in 2009.

TAX REVENUE

1. Revenue Target

National economy in early 2009 remained under the shadow of uncertain global economy. Price fluctuation in international commodity markets, soaring crude oil price compounded with slow down in global economic growth were expected to exert pressure to national economy, and should be adopted by the government in establishing macro assumptions in State Budget 2009.

Until the mid of 2009, macro economic indicators such as the faltering global economic growth, lowering commodity prices in international market, reversal trend of international oil price, and declining inflation rate were considered as the basis for the revision of State Budget 2009, i.e. (1) economic growth from 6% to 4.3%, (2) inflation rate from 6.2% to 4.5%, (3) exchange rate from Rp9,400/US$ to Rp10,500/US$, and (4) average crude oil price from US$ 80/barrel to US$ 61/barrel.

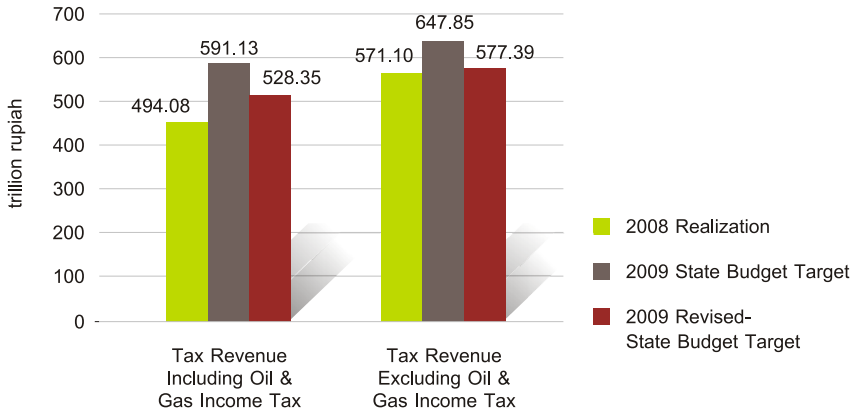
Macro Economic Indicators Assumptions in 2009

No.	Macro Assumptions	2008 Realization	2009		2009 Realization
			State Budget	Revised State Budget	
1	Economic growth (%)	6.20	6.00	4.30	4.40
2	Inflation (%)	11.10	6.20	4.50	2.78
3	Average interest rate of 3 months SBI (%)	9.30	7.50	7.50	7.60
4	Exchange rate (Rp/US$1)	9,692.00	9,400.00	10,500.00	10,408.00
5	ICP (US$/barrel)	96.80	80.00	61.00	61.60
6	Lifting (million barrel/day)	0.931	0.960	0.960	0.952

Source : Tax Revenue Weekly Report from Directorate General of Treasury, Ministry of Finance

Based on the above mentioned macro economic indicators the government revised the targets set for revenues, expenditures, budget deficit, and additional budget financing to be more realistic and capable in supporting the country's economic development.

Realization of Tax Revenue 2008 and Tax Revenue Target 2009



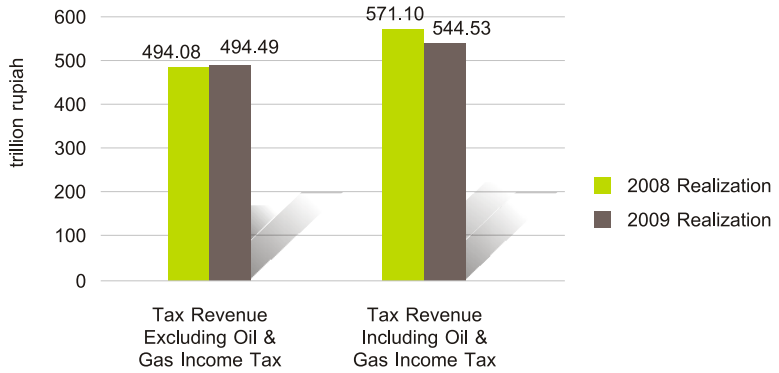
After some revisions and adjustments in State Budget 2009, the tax revenue target excluding Oil and Gas Income Tax was Rp528.35 trillion or increased by 6.94% compared with realization in 2008. For the target including Oil and Gas Income Tax, it was set to amount Rp577.39 trillion or increased by 1.10% of 2008 realization.

2. Revenue Realization

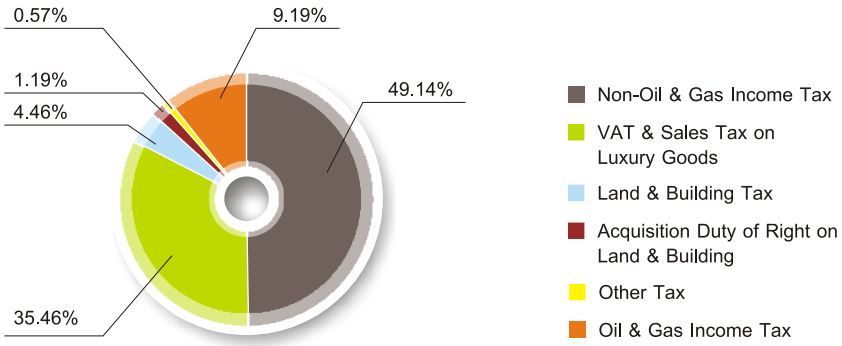
In 2009, DGT managed to collect tax revenue excluding Oil and Gas Income Tax of Rp494.49 trillion or 93.59% of the target. As to tax revenue including Oil and Gas Income Tax, the realization was Rp544.53 trillion or 94.31%.

Tax revenue excluding Oil and Gas Income Tax grew by 0.08%, meanwhile tax revenue including Oil and Gas Income Tax recorded negative growth of 4.65%.

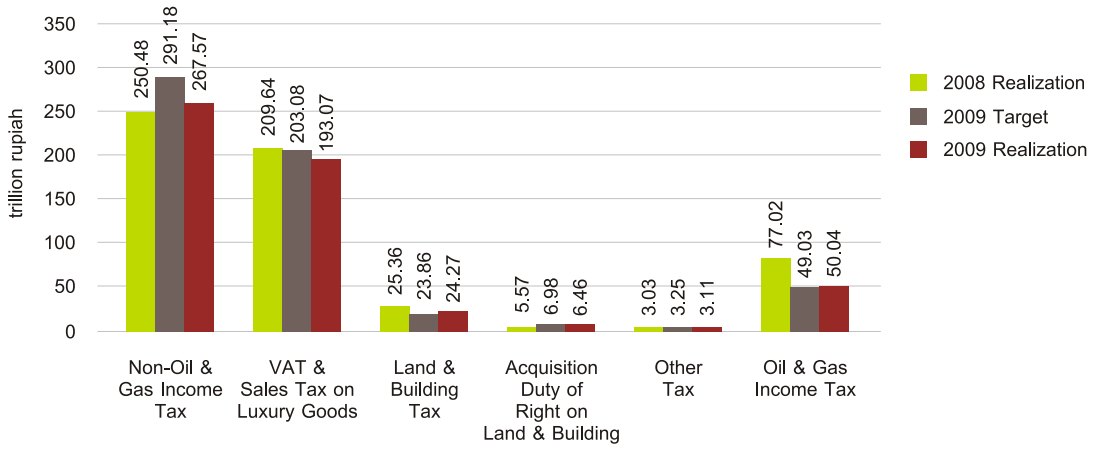
Tax Revenue Realization in 2008 and 2009



Revenue Proportion per Type of Tax in 2009



Realization of Tax Revenue 2008 and 2009 per Type of Tax



The performance of tax revenues in 2009 produced revenues per tax type as follows:

a. tax revenue from Non-Oil and Gas Income Tax amounted Rp267.57 trillion or 91.89% of the target or increased 6.82% from 2008 realization;
b. VAT and Sales Tax on Luxury Goods were Rp193.07 trillion or 95.07% of the target to record negative growth 7.90% if compared with its realization in 2008;
c. revenue from Land and Building Tax was Rp24.77 trillion or 101.70% of the target or negatively grew by 4.29% to 2008 realization;
d. revenue from Acquisition Duty of Right on Land and Building amounted Rp6.46 trillion or 92.60% of target or increased 15.97% of its realization in 2008;
e. revenue from other taxes was Rp3.11 trillion implying 95.83% of the target or grew by 2.64% from last year's realization; and
f. revenue from Oil and Gas Income Tax reached Rp50.04 trillion or 102.06% of the target or to record negative growth of 35.02% from its realization in 2008.

Global economic crisis in 2009 caused the declining international and national trade in terms of value and volume. In the country, the crisis weakened the purchasing power of the community with immediate impacts of less domestic consumptions and imports. This in turn affected significantly the revenues from Import VAT, Import Sales Tax on Luxury Goods and Import Income Tax. Revenue from Import VAT and Sales Tax on Luxury Goods experienced negative growths by respectively 21.79% and 28.87% compared with the realization in 2008. Accordingly, revenue from Import Income Tax was to decrease by 23.35%.

3. Tax Revenue Performance from 2004-2009

Tax Revenue Performance in 2004-2009

No.	Description	2004	2005	2006	2007	2008	2004-2008 Average	2009
1	National Revenue (trillion rupiah)	403.10	493.92	636.15	706.11	979.52	643.76	845.34
2	Total Tax Revenue (trillion rupiah)	280.56	347.03	409.20	490.99	658.67	437.29	619.74
3	DGT Total including Oil & Gas Income Tax (trillion rupiah)	238.98	298.34	358.05	426.23	571.10	378.54	544.53
4	Oil & Gas Income Tax Revenue (trillion rupiah)	22.94	34.99	43.19	44.01	77.02	44.43	50.04
5	DGT Growth Revenue excluding Oil & Gas Income Tax (trillion rupiah)	216.04	263.35	314.86	382.22	494.08	334.11	494.49
6	DGT Growth Revenue including Oil & Gas Income Tax (%)	17.06	24.84	20.01	19.04	33.99	22.99	(0.90)
7	DGT Growth Revenue excluding Oil & Gas Income Tax (%)	16.55	21.90	19.56	21.39	29.27	21.73	0.08
8	Economic Growth (%)	5.00	5.60	5.60	6.30	6.20	5.74	4.40
9	Inflation (%)	6.40	17.10	6.80	6.59	11.06	9.59	2.78
10	DGT Real Revenue Growth (%)	11.72	16.16	12.78	13.31	17.95	14.38	7.30
11	DGT Revenue Performance Improvement including Oil & Gas Income Tax	5.34	8.68	7.23	5.74	16.04	8.61	(8.20)
12	DGT Revenue Performance Improvement excluding Oil & Gas Income Tax	4.83	5.74	6.78	8.09	11.32	7.35	(7.22)

The realization of tax revenue for the last six years recorded growth of more than 15% per year except in 2009. In 2004 it rose by 16.55% and further increased to 21.90% in 2006. For the next four years the growths were 19.56% in 2006, 21.39% in 2007, 29.27% in 2008 and 0.08% in 2009 respectively.

From 2004-2009, tax revenue achieved average growth of 19.01% for revenue including Oil and Gas Income Tax and 18.13% for revenue excluding Oil and Gas Income Tax. The highest revenue growth was chalked up in 2008 when tax revenue hit 16.04% (including Oil and Gas Income Tax) and 11.32% (excluding Oil and Gas Income Tax). The poor performance in tax revenue was in 2009 when tax revenue including Oil and Gas Income Tax indicated negative growth of 8.20% and 7.22% for performance excluding Oil and Gas Income Tax.

The highest tax revenue performance in 2008 was attributed to the skyrocketing global oil price in 2008 that affected overall revenues. Likewise, national economic conditions contributing to economic growth made VAT and Corporate Income Tax revenue grow significantly. This was also due to Sunset Policy in 2008 receiving positive response from taxpayers.

FIELD OFFICES PERFORMANCE

1. **The Best Offices in Tax Revenue Performance**
   The performance of tax revenue by regional offices and tax offices is assessed based on the performance index. It includes growth (40%) and actual revenue realization (60%). Ten regional offices and 10 tax offices with the best revenue performance are listed on this following table.

Field Offices with the Best Tax Revenue Performance in 2009

Rank	Office	
	Regional Tax Office Level	Tax Office Level
1	South and Central Kalimantan Regional Office	Permanent Establishment and Expatriates Tax Office II
2	Nanggroe Aceh Darussalam Regional Office	Foreign Investment Companies Taxpayers Office IV
3	West Jakarta Regional Office	MTO Medan
4	North and Central Sulawesi, Gorontalo, and North Maluku Regional Office	MTO West Jakarta
5	Nusa Tenggara Regional Office	MTO Balikpapan
6	South, West, and South East Sulawesi Regional Office	MTO Semarang
7	East Java I Regional Office	MTO Malang
8	South Jakarta Regional Office	Foreign Investment Companies Taxpayers Office III
9	South Sumatera I Regional Office	MTO Central Jakarta
10	East Kalimantan Regional Office	MTO Denpasar

2. **The Best Offices in Public Service**

   Every year, Ministry of Finance conducts an assessment on the public service performance of the field offices under the coordination of the Ministry.

   The assessment was done in hierarchical manner starting from the selection of field offices at echelon I unit and then continued to the selection of the best office at the Ministry of Finance level. Elements assessed include system and procedure, human resources, office facilities and infrastructure. Assessment method covers field observation, interviews with heads of the office and staff, and also secondary data collection such as public complaints and survey through questionnaires to service users and community.

The Best Offices in Public Services in 2009

Rank	Unit
1	STO Jakarta Gambir IV
2	MTO Sidoarjo
3	STO Jakarta Setiabudi III
4	Permanent Establishment and Expatriate Taxpayers Office
5	STO North Malang

For the competition at the Ministry of Finance level, Small Taxpayers Office Jakarta Gambir IV won the third place.

STAKEHOLDERS ACKNOWLEDGMENT

Stakeholders' acknowledgment on DGT performance during 2009 is listed as follows:

1. DGT received an e-Government Award from *Warta Ekonomi*. DGT was the runner-up as well for the best government institution implementing information technology. In addition, DGT also won Special Achievement Award in public service.
2. DGT was awarded with Special Achievement Award from Indonesia Contact Center Association as the first public institution operating contact center.
3. Indonesia Public Service Monitoring survey by MarkPlus Insight in August September 2009 showed the appreciations of public to DGT as the most innovative public service provider compared with other institutions in respect of service quality improvement.
4. According to Transparency International Indonesia, in the Corruption Perception Index Survey 2009, Indonesia's corruption index demonstrated a significant improvement from previous years. It was because of, among other things, the bold reform within the Ministry of Finance. It is worthwhile noting here that public and business community perceive directly the impacts of Ministry of Finance reform, especially in tax and customs area.

SIGNIFICANT EVENTS

Tax reform process has been implemented and will be continued consistently with regards to the latest economic progress and business climate changes, inputs from various stakeholders and within the bureaucratic reform program of the Ministry of Finance. DGT has succeeded in accomplishing Tax Reform Chapter One by the end of 2008. Under this first phase, which was started in July 2002, the focus was given to three aspects, i.e. administrative reform, policy reform, and tax intensification and extensification.

The result of Tax Reform Chapter One is that the entire tax offices were modernized with more efficient organizational structure, more simplified and transparent business process, adoption of the more advanced system and information technology, better human resources management and improved good governance. Taxpayers substantially recognized the breakthrough achievement of this phase of modernization, i.e. improvement and simplification in tax service.

However, it is understood that there are still many shortcomings, imperfections and plenty of unfinished works including fragmented information system, poor data quality, and low integrity and professionalism. In light of that, reform process must be continued with Tax Reform Chapter Two. Addressing this issue, DGT prepared a more focused, comprehensive and measurable Strategic Plan while contemplating the expectations of and internal and external stakeholders.

Tax Reform Chapter Two was officially launched in front of the public and stakeholders on June 22, 2009 by the Minister of Finance focusing on two aspects, i.e. Human Resources and Information and Communication Technology.

Nevertheless, these tax reform initiatives will fail to produce most advantageous results unless it is supported with high-integrity and high-quality human resources. On the account of that, reform in human resources becomes one of DGT's top priority and will further bolster this aspect, especially with regard to human resources management including recruitment system and performance measurement, capacity building and training, and internal audit as well.

Reform in information and communication technology is focused to develop an integrated, reliable, accountable and comprehensive information system foundation and platform from “upstream to downstream”, ranging from data input to decision support system (DSS) for policy making.

Tax Reform Chapter Two is executed through several projects including the reform of tax policy and tax incentives through law amendment, improvement of business process, development of integrated information system, and enhancement of tax potential revenue analysis and capability.

Activities conducted in 2009 covered the extension of Sunset Policy, Project for Indonesia Tax Reform, the establishment of High Wealth Individual Taxpayers Office, Drop Box, and service quality improvement.

SUNSET POLICY EXTENSION

Sunset Policy introduced in 2008 was one of tax incentives, annulment of administrative penalty of interests according to amended General Provisions and Tax Procedures Law. This incentive is provided to:

a. individuals who voluntarily register to get Taxpayer Identification Number during sunset Policy period, and submit annual Income Tax Return Year 2006 and previous years, and
b. individual and corporate taxpayers who during Sunset Policy period revise their annual Income Tax Return Year 2006 and previous years, hence the underpaid tax increased.

This policy was originally due on December 31, 2008. Owing to high public enthusiasm on this Sunset Policy and to strengthen national tax basis as anticipation to the impacts of global financial crisis, the government decided to extend the period of Sunset Policy until February 28, 2009. This extension was to give opportunity to the public to furnish their corrected annual Income Tax Return and underpaid tax assessment.

The performance of Sunset Policy was as follows:

Description	Sunset Policy, 2008	Extended Sunset Policy until February 2009	Total
New Taxpayer Identification Number	3,545,076	2,090,052	5,635,128
Submitted Annual Income Tax Return	556,194	248,620	804,814
Income Tax Revenue	Rp5.56 trillion	Rp1.9 trillion	Rp7.46 trillion

PINTAR (PROJECT FOR INDONESIAN TAX ADMINISTRATION REFORM)

PINTAR (Project for Indonesian Tax Administration Reform) is aimed to improve tax business process and develop integrated information system platform and foundation in the Tax Reform Chapter Two and performs as the continuation of fundamental reform within DGT. PINTAR adopts the universally accepted best practices in tax administration, in terms of tax services and compliance monitoring. PINTAR is intended to enhance taxpayers compliance by improving efficiency and effectiveness of DGT operation and lowering compliance cost. In addition, PINTAR is intended to champion the implementation of good governance principles fostering transparency, integrity, professionalism, and accountability.

PINTAR will roll-out in 2014. Preliminary actions that have been taken since 2008 cover technical aspects (i.e. the preparation of DGT Analysis Document that contains high-level design of operational specifications for PINTAR development), managerial aspects, and funding preparation.

Activities executed in 2009 can be outlined as follows:

1. Technical preparation
   DGT prepared PINTAR functional baseline documents and bidding documents covering the procurement package of automated core tax business process and system and package of human resources management.
2. Managerial preparation
   By end of August 2009, a structural unit equals to echelon III level was established, i.e. Subdirectorate of Transformation Management within Directorate of Business Process Transformation, performs the function of Project Implementation Unit (PIU). Other activities included the preparation of change management, which during the preliminary stage this activity was initiated with PINTAR information dissemination, training and workshop on regular basis for officials engaged in PINTAR management functions.
3. Funding preparation
   DGT put a great effort to meet all criteria set by the World Bank as the donor. By the end of August 2009, PINTAR funding was officially effective.

ESTABLISHMENT OF HIGH WEALTH INDIVIDUAL TAXPAYERS OFFICE

DGT modernized its tax administration on continual basis since 2002 to 2008 focusing on corporate taxpayer segment. As the continuation of this modernization process, in 2009 DGT broadens such segment to individual taxpayers. In April 2009, a special tax office was operated specifically to administer high wealth individuals taxpayers.

The establishment of this office is to express the appreciation of government to high wealth individuals who have given and shall continue to give larger contribution to tax revenue. Some advantages of taxpayers registered in High Wealth Individual Taxpayers Office are:

1. more personal service to increase better understanding amongst high wealth individuals in complying with the tax rights and obligations; and
2. more advanced service, consists of e-payment, e-SPT, and e-filing.

DROP BOX

Another innovation made by DGT to improve its services and to taxpayers in submitting their Annual Tax Return is by providing special box to collect Annual Tax Return called Drop Box, placed in tax offices, malls, business centers and other public venues.

Starting from 2009, taxpayers can submit their Annual Tax Return directly to Drop Box at any point where they find such boxes. This will give broader discretion to taxpayers in submitting the Annual Tax Return since they are no longer necessary to visit tax office where they are registered, instead to the nearest venues of Drop Box. In addition, they feel more convenient in exercising their tax obligations, because no time-consuming queue as in previous years, especially during the dates approaching to the deadline of Annual Tax Return submission.

SERVICE QUALITY IMPROVEMENT

In 2009 service quality improvement remained the main focus of DGT to strengthen the taxpayers supervision and law enforcement and to respond public demand on improved tax service quality from the entire units of DGT. One strategic objective set by DGT is to enhance the quality of tax services to taxpayers and public in general.

This service quality improvement is started with the preparation of short, medium and long-term strategies. Considering the extensive span of control and the current structure of the existing service units within DGT, the strategy should be able to expedite tax service quality improvement in DGT. The strategy should assure that tax services can be rendered in standard, simultaneously, and sustainable fashion.

The short-term strategy is to draft policy that will support the delivery of excellent services. Such policy will serve as reference for service behavior and minimum requirement in delivering services. With regard to service policy, DGT has made review to apply ISO standards on public services (ISO 9001).

As to mid-term strategy it aims to advance the awareness and change of paradigms amongst DGT officials. The officials must be encouraged to give quality services and to improve tax service education to taxpayers and communities. This strategy was pursued through a contest for all units throughout Indonesia so as to create fair, transparent and focused competition amongst units. The service contest has been started in 2009.

The long-term strategy is to create excellent service culture as unique identity to DGT, namely Corporate Identity. It is expressed through standardized services covering SOP, code of conduct, branding, other standard service instruments in all units.


INDONESIA
WAWASAN NUSANTARA
lenovo



02 CONTINUING TAX REFORM WITH THE BEST AND BUSINESS FRIENDLY SERVICES

We completely understand that tax reform is inseparable from fair, easy, simple and business friendly laws and regulations on taxes. Our integrated services are solely to render the best services (in taxation).

TAX POLICY REFORM

44 General Provisions and Tax Procedures

45 Provisions on Income Tax

46 Provisions on Value Added Tax and Sales Tax on Luxury Goods

46 Provisions on Land and Building Tax and Acquisition Duty of Right on Land and Building

47 Tax Incentives

TAX POLICY REFORM

Tax policy reform in DGT is carried out by amending three tax laws, i.e. Law on General Provisions and Tax Procedures, Income Tax Law, and VAT and Sales Tax on Luxury Goods Law. In 2009, the focus of tax reform was on the drafting of VAT and Sales Tax on Luxury Goods Law and implementation regulation for the amended Income Tax Law. In addition, DGT also revised provisions concerning Land and Building Tax and Acquisition Duty of Right on Land and Building.



GENERAL PROVISIONS AND TAX PROCEDURES

In 2009, Law No. 16 of 2009 or the fourth amendment to the Law on General Provisions and Tax Procedures was passed as the enactment of Government Regulation in lieu of Law No. 5 of 2009 concerning Sunset Policy Extension.

Some other provisions have been issued during 2009 for the implementation of amendment to Law on General Provisions and Tax Procedures consisting of Decree of Finance Minister and Regulation of Director General of Taxes with regard to:

1. thresholds of business turnover, delivery goods and services, overpayment for taxpayers complying with certain requirements that shall be liable for preliminary refund claim;
2. procedures for the submission or correction of tax return and requirements for taxpayers liable for administrative sanction annulment as the result of the introduction of Article 37A Law on General Provisions and Tax Procedures;
3. procedures for the submission, administration and administrative sanction abolition with regard to the submission of Annual Income Tax Return for Individual Taxpayers for tax year 2007 and previously, and as the result of corrections to Annual Income Tax Return for Individual and Corporate Taxpayers for tax years prior to 2007;

4. other venues that can be used to file Annual Tax Return;
5. procedures for the corrections of mistyping, miscalculation and/or mistakenly applied certain provisions;
6. procedures for preliminary refund claim for taxpayers complying with certain requirements;
7. implementation procedures for the examination of preliminary evidence against taxpayers allegedly committing criminal acts in taxation;
8. procedure of ceasing criminal acts in taxation for the interest of government revenues;
9. implementation procedures of forming escrow account and tax payment including administrative sanction of fine; and
10. procedures for objection submission and settlement, under which taxpayers must pay in full the tax payables at the minimum in the sum so agreed by taxpayers during final discussion of audit results, before the submission of objection notice.

PROVISIONS ON INCOME TAX

Law Number 36 of 2008 or the fourth amendment to the Income Tax Law that started taking into effect on 1 January 2009 regulates, among other things, revisions to provisions concerning Exit Tax. For domestic individual taxpayers holding Taxpayer Identification Number and at the age of 21 years old or over, shall be absolved from this Exit Tax. This regulation is also applicable for the wife and/or family members of the same blood or in-law relationship relatives and foster child as the dependent.

Some implementation regulations issued during 2009 were:

1. regulation concerning the exception of Exit Tax imposition;
2. regulation concerning the imposition of Income Tax for sharia-based business activities, saving interest paid by cooperatives to individual cooperative members, the interest of bonds, and dividend received/earned by domestic individual taxpayers;
3. the expansion of business sectors that will enable taxpayers to develop or mobilize reserve fund into loan business, consumer financing, factoring, social insurance, saving guarantor, forestry business, and industrial waste processing;
4. additional cost types that can be deducted from gross income such as promotional costs, reserve fund formation or mobilization fees and costs for the provision of food and drinks for employees or compensation in natural state and privilege in certain regions, and those relevant to the implementation of work;
5. determination of uncollectible receivables that can be deducted from gross income;
6. exception to Income Tax objects for contribution or donation including alms or religious compulsory contribution, scholarship and surplus received or earned by non-profit bodies or institutions engaged in education and/or research and development; and
7. Income Tax of Article 21 tariff to income of severance fees, pension pay, contribution and allowance for the retired persons paid in one allotment, the income earned by Indonesian migrant workers, and income of royalty of cinematographic works.

PROVISIONS ON VALUE ADDED TAX AND SALES TAX ON LUXURY GOODS

After finalizing the amendment of Law on General Provisions and Tax Procedures in 2007 and Income Tax Law in 2008, DGT finishes another policy reform agenda in 2009, i.e. Law No. 42 of 2009 or the Third Amendment to the VAT and Sales Tax on Luxury Goods Law that takes into effect since 1 April 2010.

Amendment to the VAT and Sales Tax on Luxury Goods Law aims to give legal certainty, simplify VAT system, cut compliance cost, increase taxpayers compliance with more streamlined VAT system, secure VAT revenue, promote better investment climate and develop business world, and give facilities for Taxable Persons for VAT purposes in exercising their rights and obligations.

Some highlights of amendment to the VAT and Sales Tax on Luxury Goods law are:

1. return of Taxable Services where VAT for cancelled Taxable Services can be deducted from VAT payables;
2. preliminary return for Taxable Persons for VAT purposes of exporters, Taxable Persons for VAT purposes who deliver goods and services to VAT collectors, and persons enjoying non collectible VAT facility with low risk;
3. procedure for the crediting of input tax that has been paid for the purchase of capital goods persons have not yet produced;
4. the imposition of deemed Input Tax for Taxable Persons for VAT Purposes either individuals or bodies with certain turnover and perform particular activities;
5. VAT refund claims shall be submitted by the end of a book year for Taxable Persons for VAT purposes other than exporters, VAT purposes who deliver goods and services to VAT collectors, persons enjoying uncollectible VAT tax facility, and persons who have not yet produced;
6. obligations for data/document requirements during VAT refund claim processing according to provisions of audit policy;
7. extended criteria of Taxable Persons for VAT purposes, who may claim for refund by examination;
8. easier procedures to centralize VAT reporting;
9. increase upper limit of Sales Tax on Luxury Goods tariff from 75% to 200% where the highest rate of 200% shall be applied if deemed necessary only;
10. tax invoice should be made at the time when the tax is payable;
11. VAT payment, which was originally no later than 15th day after the end of Tax Period has been extended to the end of next month prior to the submission of Periodic Tax Return; and
12. VAT reporting period from originally no later than 20th day of the end of Tax Period, has been extended to the end of next month.

PROVISIONS ON LAND AND BUILDING TAX AND ACQUISITION DUTY OF RIGHT ON LAND AND BUILDING

Some taxation provision concerning Land and Building Tax and Acquisition Duty of Right on Land and Building issued in 2009 regulate the following issues:

1. Land and Building Tax deduction facility regulates that taxpayers may file a deduction to every tax object;
2. procedure for the deduction or annulment of administration sanction for Land and Building Tax and Acquisition Duty of Right on Land and Building and deduction or cancellation of Notification of Tax Liability, Notice of Tax Assessment for Land and Building Tax, Notice of Land and Building Tax Collection, Notice of Tax Assessment for Acquisition Duty of Right on Land and Building or Notice of Acquisition Duty of Right on Land and Building Tax Collection, which are incorrect;

3. procedure of obtaining Acquisition Duty of Right on Land and Building deduction facility for bodies conducting business merger or consolidation by attaching copies:
   a. approval letter of business merger permit or business dissolution from the competent officials;
   b. minister decision letter for the approval of statute amendment or notice of changing articles of statute;
4. procedure of setting the amount of Acquisition Value of Non-Taxable Object for Acquisition Duty of Right on Land and Building regulates that the amount of the regional acquisition value for Healthy Simple Homes and Simple Multistory Apartment shall be Rp55 million; and
5. procedure to file Land and Building Tax objection.

TAX INCENTIVES

Some taxation facilities in 2009 included:

1. incentives consisting of tariff cut by 50% from the applicable Income Tax tariff for small and medium corporate taxpayers against gross turnover until Rp4.8 billion;
2. tariff cut of 5% from Income Tax tariff applicable for publicly held domestic companies;
3. maximum 30% reduction of net income, accelerated depreciation and amortization, loss carryforward until ten years and maximum 10% dividend tax for taxpayers making capital investments in certain business sectors and/or certain regions;
4. changing Income Tax of Article 21 tariff for the income of severance pay, pension benefits, life annuity, and pension benefit paid in advance;

Sevarance Pay	
Income Brackets	**Tariff**
up to Rp50,000,000	0%
above Rp50,000,000 up to Rp100,000,000	5%
above Rp100,000,000 up to Rp500,000,000	15%
above Rp500,000,000	25%

Pension, Life Annuity, and Pension Benefit Paid in Advance	
Income Brackets	**Tariff**
up to Rp50,000,000	0%
above Rp50,000.000	5%

5. Income Tax of Article 21 facility shall be borne by the government (DTP) for employees with one employer who engages in certain business category;
6. VAT and/or Sales Tax on Luxury Goods exemption facility to the representatives of foreign countries/international bodies and their expert officials/specialist;
7. VAT exemption facility for electricity and water;
8. uncollected VAT and Sales Tax on Luxury Goods facility for national natural disaster management, avtur delivery for international flights, and for the import of goods to Free Areas of Batam, Bintan and Karimun; and
9. VAT borne by the government (DTP) facility for cooking oil delivery.





03

NEW PARADIGMS IN SERVING AND MONITORING

Nowadays, trustworthy services have become unavoidable public demands. DGT continuously improves itself by changing its mindset and building its human resources capacity in delivering services and supervision to taxpayers supported with transparent and accountable governance.

HUMAN RESOURCES MANAGEMENT AND ORGANIZATIONAL DEVELOPMENT

51 Human Resources Profile
53 Human Resources Management
54 Human Resources Capacity Building
55 Internal Compliance
58 Organizational Development
59 Risk Management

SERVICE, DISSEMINATION, AND EDUCATION

60 Quick Wins in Services
61 Tax Dispute Settlement Service
65 Contact Center “Kring Pajak 500200”
68 Tax Dissemination, Education, and Public Relation

HUMAN RESOURCES MANAGEMENT AND ORGANIZATIONAL DEVELOPMENT

One of the focuses of modernization in DGT is to enhance the quality of it's organization and human resource. By the end of 2008, DGT managed to modernize its organization with the introduction of Modern Tax Administration System in all DGT's offices.

DGT has a large number of personnel spreading all over Indonesia. This requires sound management system to proportionally develop quality and quantity of human resources. Issues of professionalism and integrity has come up as main issues in human resources. DGT addressed the issues by the development of performance and competence based human resources management system and human resources supervision. Efforts to support this management system development are made by revising personnel information system, performance assessment system, training and recruitment method development. Human resources supervision is pursued by the firm and consistent enforcement of codes of conduct.

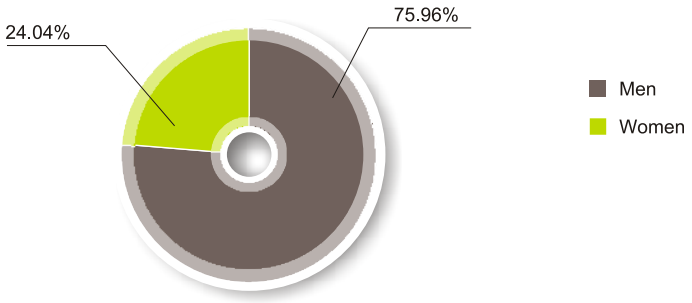
Characters, attitudes, behavior or work culture of a DGT personnel will considerably dependent on his/her commitment in producing excellent performance based on organizational values of DGT, namely Professionalism, Integrity, Teamwork, and Innovation (PasTI). PasTI will produce excellent tax policies and regulations, services to stakeholders or law enforcement and supervision to taxpayers. The commitment from every personnel will support DGT to achieve its vision and mission.



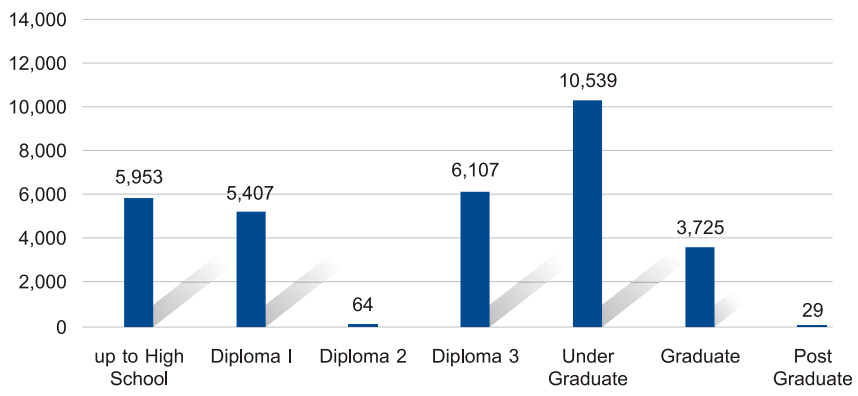
HUMAN RESOURCES PROFILE

Total DGT's personnel as of the end of 2009 is 31,824 persons. This can be further explain by diagram with distribution by gender, education, and age as follow:

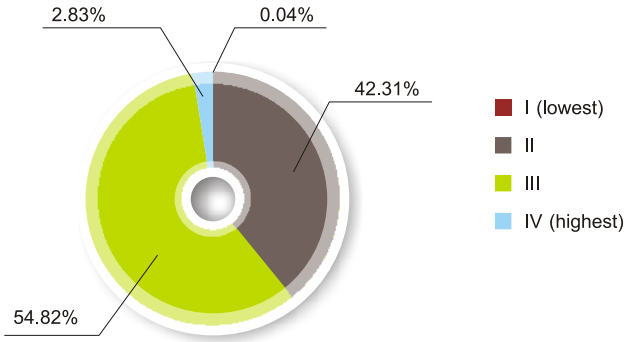
Personnel Distribution by Gender



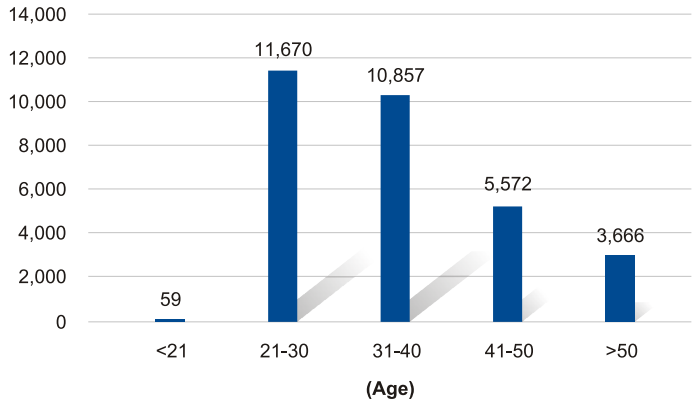
Personnel Distribution by Education



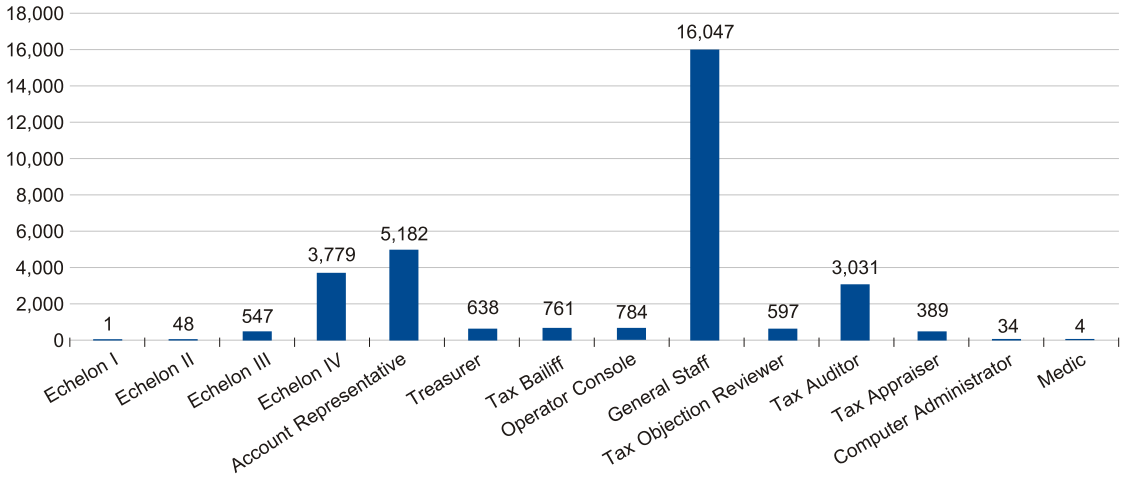
Personnel Distribution by Rank



Personnel Distribution by Age



Personnel Distribution by Position



HUMAN RESOURCES MANAGEMENT

The development of human resources management is steered to reach the target of high personnel performance marked with high competence, satisfaction and commitment. Human resources management processes covering recruitment, development, performance, appreciation, and performance culture and organization development are carried out through:

1. human resources planning management;
2. human resources administration improvement;
3. high quality personnel recruitment;
4. effective training and development and effective career management;
5. transparent performance management and fair remuneration management based on performance assessment and reward system; and
6. effective personnel supervision to build working culture as expected;
   To increase and improve personnel productivity.

To run the process, human resources management infrastructure must be first prepared. The infrastructure includes organization, business process, policy/regulation, system and human resources readiness. Some initiatives were taken in 2009 as parts of human resources infrastructure development and management reform.

1. Design Human Resources Management Strategic Plan 2010-2014. This Strategic Plan aims to serve as reference for the preparation of measurable programs to achieve the established targets/objectives. The design was developed through a series of process including setting up vision, mission, objectives, targets and strategies and the allocation of resources required.
2. Develop Human Resources Information System by integrating automated human resources management system into Finance, Personnel, and Asset Information System (SIKKA).
3. Integrate Performance Assessment/Evaluation System into SIKKA.
4. Carry out random sampling of workload analysis to 65 field offices as the continuation of process in previous years. Workload analysis is intended to set up list of output and activities expected from an office and a position, work completion standards and database that later can be used as input in a human resources planning.
5. Prepare human resources component in PINTAR consisting of design and identification of human resources management business process. Other activities included the establishment of operational specifications required by the related working unit as the user of PINTAR system.
6. Comparative study to PT Taspen (Persero), PT BRI (Persero), PT Unilever Indonesia Tbk., PT HM Sampoerna and PT BNI.

HUMAN RESOURCES CAPACITY BUILDING

Capacity building during 2009 was as follows.

1. **Personnel Competence Mapping through Assessment Center**
   DGT has made assessment to its echelon II and III officials to map and develop personnel competence profiles. In 2009, DGT assessed 371 echelon IV officials. Data in Assessment Center comprises competence profile will be used to develop career plan and personnel rotation based on Job Person Match (JPM) scores, i.e. to match of competence level with Job Competence Standards.

2. **Personnel Training**
   Personnel training and development in DGT records significant progress in terms of quantity, i.e. the number of personnel attending training and development programs, and quality. Personnel training and development is carried out based on competence and designed in concordance with Adult Learning Principles approach.

   Training activities in 2009 were as follows:
   a. training of basic taxation and general skills organized by Financial Education and Training Agency;
   b. training of advanced technique in taxation and task implementation operational by DGT;
   c. overseas training in cooperation with donor agencies/countries such as OECD, JICA/NTA Japan, TAMF-AusAID, SIDA/STA Sweden, IMF, and KOICA/NTS Korea; and
   d. sending personnel to continue their education in higher level either domestic or overseas.

3. **On-the-Job Training**
   To strengthen technical skills in taxation and to enhance competence, starting from 2009, DGT has developed on-the-job training (OJT) with the objectives to:
   a. increase the effectiveness of learning of new personnel by assigning them to directly do the given tasks with experienced officials as their mentors;
   b. develop technical competence (skill) and develop mental attitude under direct supervision;
   c. accelerate proficiency in new tasks especially those requiring technical skills; and
   d. encourage concerns and curiosity to give good examples to the mentors.



Targets achieved during 2009 with regard to OJT were:

a. OJT for 1,234 new personnel in 191 tax offices;
b. OJT evaluation by a survey to 943 respondents with the findings as follows:
   1) generally, mentor team was satisfied with OJT, since OJT is able to provide the know-how to participants;
   2) satisfaction index of participants was relatively high especially active participation indicator;
   3) the respondents expected that the development of OJT will put more important roles to provide monitoring, dissemination, and evaluation in regional offices; and
   4) OJT manual needs improvement to give more clarity in terms of OJT implementation concept and techniques,
c. the dispatch of DGT team to study on OJT for Tax Auditor in NTA Japan;
d. the integration of OJT business process into SIKKA.

4. e-Learning

e-Learning as learning media for personnel and an instrument to nurtur knowledge management is continually developed by DGT. e-Learning activities in 2009 included:

a. the development of interactive tax modules and the procurement of softskill modules, i.e. “coaching and developing others”;
b. tax assessment module development covering the preparation of a system called tax leveling assessment matrix (as tax competence dictionary) and exam bank;
c. the preparation of e-Learning module on standard tax service delivery, consisting of (1) module of service standards in One Stop Service (front office) containing standard facilities and service behavior, and (2) module of service standards for Account Representative containing code of conduct during the visit to taxpayer places, code of conduct in delivering consultation services to taxpayers, procedures of preparing taxpayer profile, and communication training module; and
d. draft e-Learning implementation blue print 2010-2014 as reference for e-Learning implementation and development in the future.

5. Leadership Development Program

The importance of roles played by leaders in human resources development and organizations is the main reason why capacity building for the leaders becomes DGT top priority. The objective is to create effective leadership and to make the leaders as role model. Leadership development in 2009 included the implementation of Leadership Training for echelon III officials with support from TAMF-AusAID.

INTERNAL COMPLIANCE

Internal compliance to DGT personnel was carried out through initiatives as follows.

1. Organizational Values and Culture Building

Method of building organizational values and culture is conducted with help from regional offices by using internalization concept and guidance issued by the head office. This method is expected to be capable of encouraging leaders of field offices to be role model and to be responsible for the implementation.

Various internalization methods have been created, both consisting of face-to-face internalization in class, the presentation of organizational values during coaching meeting, coffee morning, religious activities, sport, talk show and discussion and outbond and internal site network.

In October 2009, DGT in cooperation with Australia-Indonesia Program for Economic Government (AIPEG) published book "Sharing Stories and Hope: DGT Modernization Path". The book contains spiritual notes of DGT officials in addressing a wide variety of changes during DGT modernization process. It has become media for the dissemination of DGT values and contains inspiring commitment both for DGT personnel and external parties, especially government institutions that are currently conducting, or will introduce bureaucratic reform.

2. Internal Compliance System toward Good Governance

In performing the given tasks, DGT applies good governance principles covering outward, transparent, professional, and supported with competent human resources with high moral.

A number of policies and activities in 2009 as efforts to develop DGT internal compliance system were:

a. built-in control system from superiors to subordinates according to the applicable personnel regulations;
b. risk management implementation aiming to build more anticipative organization against problems that may rise i.e. more ready in dealing with uncertain conditions;
c. supervision of Government Officials' Assets Report (LHKPN). One aspect of transparency and accountability principles in DGT is to obligate personnel at certain positions to report their assets to Corruption Eradication commission (KPK). Officials requiring submitting LHKPN as of 2009 were 5,491 personnel with degree of compliance 95%;
d. internal compliance measurement and recommendations for the improvement of SOP;
e. development of public complaint system, not only limited to DGT business process but also the alleged breach of code of conduct. DGT provide facility for public complaint, i.e. Call Center (Kring Pajak 500200), e-mail (pusat.pengaduan.pajak@gmail.com), SMS (0813 178 72525) and complaint center in every regional office. In addition, the public or DGT personnel may address their complaints directly to Directorate of Internal Compliance and Apparatus Transformation; and
f. try out of Anti-Corruption Initiative Assessment (*PIAK*) by KPK to assess the initiatives in taking concrete measures for corruption eradication and service quality improvement.

***PIAK* Assessment Results in 2009**

Government Unit	*PIAK* Score	
	With Innovation Indicator	Without Innovation Indicator
Ministry of Finance	7,158	8.18
Directorate General of Budget	7,797	8.91
Directorate General of Custom and Excise	7,781	8.89
Directorate General of Taxes	6,950	7.94
Directorate General of Treasury	6,103	6.97
Ministry of National Education	4,162	4.76
Secretariat General of Ministry of National Education	4,013	4.59
Directorate General of Educator Quality Improvement	3,765	4.30
Average	**6,182**	**7.06**

From the information above, the main units within the Ministry of Finance, including DGT get relatively high scores. This achievement was measured by various improvement made by units of the Ministry of Finance as pilot project of bureaucratic reform and expected that other main units will emulate such performance for corruption prevention.

Despite some improvements needed to the method and different perception in filling out PIAK questionnaires, DGT was on the third highest rank of four units taken as the samples from the Ministry of Finance. This should receive more concern and evaluation so that anti-corruption initiatives in DGT can be further boosted.

3. Discipline Enforcement

Discipline enforcement to personnel with punishment is one attempt taken by DGT to maintain orderly and well-advanced task implementation and assure the compliance of code of conduct and discipline regulations. Discipline sanction to the affected personnel will be imposed based on internal investigation of DGT and external party, i.e. Inspectorate General of the Ministry of Finance.

Statistics of Discipline Development and Sanction in 2008-2009

No.	Description	2008	2009	Increase/(Decrease)	
				Total	%
	Sanction				
1	Warning Letter I	109	299	190	174.31
2	Warning Letter II	24	56	32	133.33
3	Warning Letter III	22	27	5	22.73
	Total	155	382	227	146.45
	Disciplinary Punishment				
1	Low Level	98	42	(56)	(57.14)
2	Middle Level	61	28	(33)	(54.10)
3	High Level	88	56	(32)	(36.36)
4	Suspension	4	8	4	100.00
	Total	251	134	(117)	(46.61)
Number of Sanction and Disciplinary Punishment		**406**	**516**	**110**	**27.09**

ORGANIZATIONAL DEVELOPMENT

Tasks and functions of DGT basically cover three aspects, i.e. substantive tax regulation/policy preparation, administrative tax regulation/policy preparation and tax administration for tax collection.

DGT is also responsible for organizational affairs. Organizational restructuring/development is initiated through organizational evaluation, which basically consists of job organizing to have clear distribution of authority and responsibility for effective and efficient task implementation.

The objectives of DGT organizational evaluation are:

a. evaluate business process by elaborating job organizing to map link and match of every business process in head office and field offices;
b. restructure job organizing for every business process; and
c. optimize the role/contribution of every unit within DGT according to their tasks and functions to achieve organizational goals.

Organizational evaluation produces proposal to revise organization regulations of head office and field offices, job description, job grading, SOP, and information and communication technology policy.

RISK MANAGEMENT

To support implementation of good governance principles, in 2009 DGT developed risk management as regulated in Minister of Finance Decree No. 191/PMK.09/2008 concerning the Implementation of Risk Management within the Ministry of Finance.

Risk management development is intended to:
a. anticipate and handle the risks effectively and efficiently;
b. identify, assess, and control risk and maintain the performance of risk management; and
c. integrate risk management process into planning, implementation and performance evaluation.

In general, the introduction of risk management aims to make organization more anticipative against problems that may rise, i.e. to be more ready in dealing with uncertain conditions.

With regard to this risk management, in 2009 DGT took the following measures:
a. coordination with Inspectorate General of the Ministry of Finance to look for the best solution in applying risk management in DGT;
b. dissemination and workshop of risk management; and
c. risk management introduction try out.

As follow-up of Minister of Finance Decree No. 191/PMK.09/2008, DGT carried out try outs of risk management process in 13 units of echelon II of head office and 3 units of echelon II of regional office in Jakarta. This risk management included context formulation, risk identification, risk analysis, risk evaluation and risk management plan. From these try outs in echelon II units, 406 risks were identified.

SERVICE, DISSEMINATION, AND EDUCATION

Taxpayers satisfaction is the ultimate goal of service quality improvement introduced by DGT. Taxpayers, indeed, have rights to get the excellent services. In return, taxpayers are obligated to meet their tax liabilities according to tax laws and regulations. These obligations can be only fulfilled if the public has high understanding and awareness on taxation with adequate access to tax information, adequate tax service facilities and infrastructure, constant information dissemination at field offices, as well as counseling and consultation to educate taxpayers regarding the importance of tax in Indonesia. With focused, well-planned tax services, dissemination and education, it is expected that taxpayers compliance will increase.

Tax reform, with the implementation of modernized tax administration system to the entire tax offices in DGT in 2008, requires continues efforts to modify and improve service quality. Improved service quality is reflected with transparent internal business process, faster and more efficient services and more simplified service administration procedures.

QUICK WINS IN SERVICES

Quick Wins in Services

1. Settlement for Request of Taxpayer Identification Number Registration
2. Settlement for Request of Confirmation as a Taxable Person for VAT Purposes
3. Settlement for Request of VAT Refund
4. Settlement for Disbursement of Refund Claim
5. Settlement for Request of Objection to Tax Assessment
6. Settlement for Request of Exemption to Income Tax of Article 22 (Import Tax) Written Permit
7. Settlement for Request of Notice on Tax Exemption to Withholding Income Tax of Article 22 (Import Tax) issuance
8. Settlement for Request of Land and Building Tax Deduction

Quick wins in services are the expression of DGT commitment to taxpayers. These quick wins were proclaimed in 2007 to give services with the best quality to public. To maintain public trust, in 2008 DGT developed monitoring system to assure standard quality of quick wins by measuring real service delivery time to the standards pledged to the public.

In order to identify the fulfillment to the promised services and policy reform concerning commitment to quick wins, in 2009 a monitoring and evaluation activity was carried out. This monitoring showed a relatively good results as indicated with shorter time for the processing of Written Permit of Import Tax Exemption (Income Tax of Article 22) and Notice on Tax Exemption for Income Tax of Article 22 (Import Tax) than the specified standard time. Based on national data, it indicated that in general quick wins of DGT managed to meet the standard time as pledged. DGT understands that to meet standard time of quick wins more efforts is still needed with more focus on implementation monitoring. In addition, DGT must give its attention to some services which have not yet meet the established standard times by simplify the procedures and requirements and improving service quality.

TAX DISPUTE SETTLEMENT SERVICE

Tax dispute settlement service should receive serious attention from DGT. In dealing with tax disputes, DGT will protect the rights of taxpayers that can be exercised through certain process. This process can be made in some institutions, i.e. in DGT, Tax Court or Supreme Court. For settlement in DGT the process will include objection, amendment, deduction, annulment and cancellation of tax assessment. As to settlement outside DGT, it may consist of appeal process and lawsuit brought to Tax Court and review process that can be filed by taxpayer or DGT to Supreme Court via Tax Court.

1. Objection, Amendment, Deduction, and Cancellation
   Legal actions that can be taken by taxpayers who reject tax assessment include:
   a. objection against Notice of Tax Underpayment Assessment, Notice of additional Tax Underpayment Assessment, Notice of Nil Tax Assessment, Notice of Overpayment Assessment, Notice of Land and Building Tax Payable, Notice of Land and Building Tax Assessment, Notice on Acquisition Duty of Right on Land and Building Underpayment, Notice on Additional Acquisition Duty of Right on Land and Building Underpayment, Notice on Acquisition Duty of Right on Land and Building Overpayment, Notice of Nil Acquisition Duty of Right on Land and Building Assessment, and other withholding tax by the third parties;
   b. correction of notice of tax assessment, Notice of Tax Collection, and decisions containing mistyping, miscalculation and/or mistakenly applied provisions of tax laws and regulations;
   c. deduction or annulment of administrative penalties either due to the negligence of taxpayers or not;
   d. deduction or cancellation of incorrect notice of tax assessment;
   e. deduction or cancellation of incorrect Notice of Tax Collection;
   f. deduction of Land and Building Tax administrative fine;
   g. deduction of Land and Building Tax and Acquisition Duty of Right on Land and Building payable; and
   h. cancellation of tax audit results or notice of tax assessment evaluation without Notice of Audit Result or final discussion of audit results with taxpayers.

The performance of dispute settlement, correction, deduction, exemption and cancellation of national tax assessment in 2009 either on request or ex officio was as listed in the table below.

Settlement for Tax Disputes, Corrections, Deductions, Annulment, and Cancellation of Income Tax and VAT in 2009

Type of Service	Income Tax	VAT
Correction	1,089	361
Objection	2,802	2,444
Deduction or Annulment of Administrative Penalties	3,308	2,901
Deduction or Cancellation of Tax Assessment	1,284	827
Deduction or Cancellation of Notice of Tax Collection	235	123
Cancellation of Audit Result/Notice of Tax Assessment as a Result of Audit	2	4
Total	8,720	6,660

Settlement for Tax Disputes, Corrections, Deductions, Annulment, and Cancellation of Land and Building Tax and Acquisition Duty of Right on Land and Building in 2009

Type of Service	Land and Building Tax	Acquisition Duty of Right on Land and Building
Correction	8,832	109
Objection	8,503	91
Basic Tax Deduction	28,731	1,460
Penalties Deduction	2,123	19
Deduction or Cancellation of Tax Assessment	3,225	11
Deduction or Cancellation of Notice of Tax Collection	9	6
Total	**51,423**	**1,696**

2. Appeal and Lawsuit

If taxpayers disagreed or were unsatisfied over the objection decision issued by DGT, taxpayers can exercise their rights to bring their disagreement or dissatisfaction to Tax Court. In addition, for taxpayers expressing their objection against decisions of correction, deduction, annulment, and cancellation issued by DGT, they can exercise their rights to bring lawsuit to Tax Court. Thus far, lawsuit to Tax Court can be filed for all decisions issued by DGT, except for objection decision. According to Article 23 paragraph (2) Law on General

Provisions and Tax Procedures, the lawsuit shall be filed only to the Tax Court by taxpayers against:

a. execution of Coerce Warrant, Notice of Seizure, or Notice of Auction;
b. prevention decision in the frame work of tax collection;
c. decisions that relate to the execution of tax decision, other than those stipulated to in Article 25 paragraph (1) and Article 26 Law on General Provisions and Tax Procedures; or
d. issuance of notice of tax assessment or Decision on Objection not in accordance with the procedures stipulated in tax laws.

Appeals or lawsuits to Tax Court that has been decided by Board of Judges and the decision has been received by DGT in 2009 reached 2,852 decisions with details as indicated in following table.

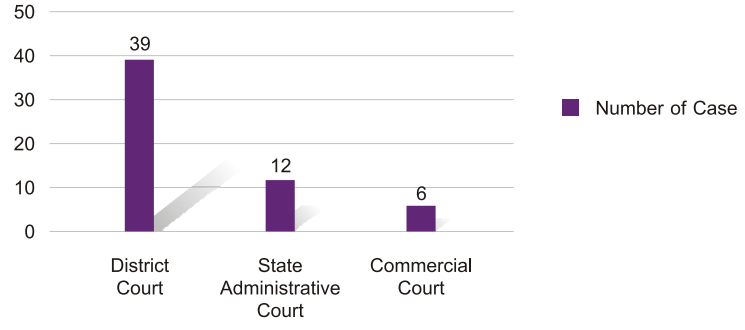
Appeal and Lawsuit Decision Based on Decision Received by DGT in 2009

Decision	Appeal	Lawsuit	Total Appeal and Lawsuit
Rejected	336	167	503
Partially Granted	973	16	989
Fully Granted	797	103	900
Cancelled	30	9	39
Corrected due to Errors in Writing and/or Calculation	48	3	51
Unaccepted	248	111	359
Added	0	0	0
Off of Dispute Cases	8	3	11
Total	**2,440**	**412**	**2,852**

3. Lawsuits Filed to Other Than Tax Court

In addition to lawsuit to Tax Court, there are some legal products concerning tax disputes that can be filed to court bodies other than Tax Court such as District Court, Administration Court, and Commercial Court. They include lawsuits against Land and Building Tax Assessment, collection, notice of tax assessment and other notices. In 2009, lawsuits to legal products concerning tax disputes and filed to courts other than Tax Court recorded 57 cases.

Lawsuit Filed to Courts other than Tax Court in 2009



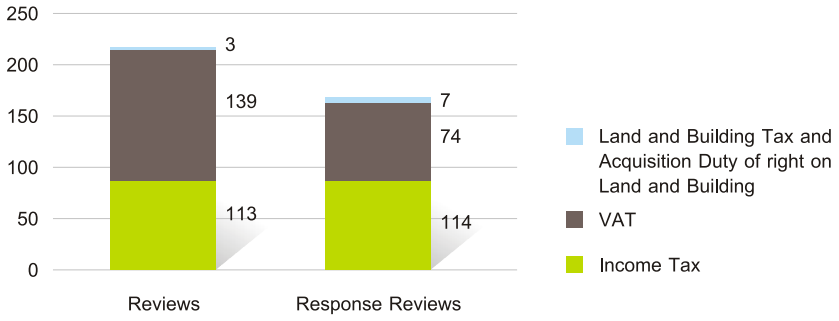
4. Review to Supreme Court

Decision on appeal or lawsuit from Tax Court is final and conclusive. Even so, both parties, i.e. taxpayers and DGT still have rights to take further legal action by submitting Review to Supreme Court. Review may be brought by either party no later than three months since Decision has been sent by Tax Court. The grounds underlying appeal or lawsuit decision of Tax Court shall be liable for Review filed by taxpayer or DGT in case of:

a. Tax Court decision is based on deception or fraudulence of opposing party that is found after the case was decided or based on evidence that was later declared by judges was fake;
b. new important and determinant written evidence that if identified during the proceedings in Tax Court will produce different decision;
c. ruling to the unclaimed matter or other than claimed, except ruled based on Article 80 paragraph (1) subparagraph b and c Tax Court Law;
d. part of claim has not yet decided due to ignore of the causes; or
e. decision that is evidently not in accordance with laws and regulations.

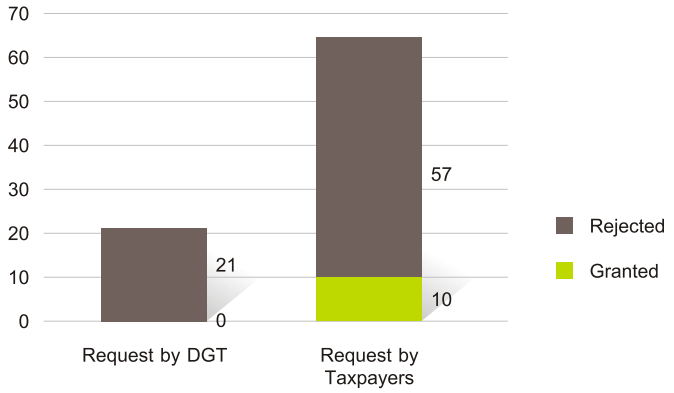
Review to Supreme Court by DGT is filed in the form of Review Memory. For Review to Supreme Court by taxpayer, DGT must provide reply consisting of Contra Review Memory. In 2009, DGT filed 255 Review Memories and 195 Contra Review Memories.

Reviews and Contra Reviews to Supreme Court in 2009



In 2009, DGT received 88 Review Decisions from Supreme Court. The distribution of Review Decisions from Supreme Court by the origins of applicants and type of ruling can be seen in the diagram that follows.

Distribution of Decision on Review from Supreme Court by the Origins of Applicants and Types of Decisions Received by DGT in 2009



CONTACT CENTER "KRING PAJAK 500200"

Kring Pajak 500200 is not something new for public since it has been displayed in numerous tax banners and ads. High spirit and dedication to serve by DGT officials based on transparency, participation, professionalism, effectiveness and accountability are expressed in *Kring Pajak 500200* services.

Kring Pajak 500200 is a brand attributed to DGT's Contact Center established based on Presidencial Instruction No. 3 of 2006 concerning Policy Package on Investment Climate Improvement, from which it is expected that DGT be required to disseminate tax information to the public by establishing Contact Center that must have been in operation no later than March 2008.

Contact Center was officially set up on January 8, 2008 and called as *Kring Pajak 500200*. *Kring Pajak 500200* service as a Contact Center can be accessed throughout Indonesia either using fixed line with dial number 500200 or cell phone by adding calling area code before dialing 500200.

The basis of this DGT Contact Center was from the formation of Tax Complaint Center to accommodate and manage complaints from the public, notably taxpayers concerning code of conduct, tax regulations, services and facilities. Tax Complaint Center that had been developed in 2008 can be accessed by public via:

a. official DGT website www.pajak.go.id;
b. *Kring Pajak 500200;*
c. facsimile (021) 5251245;
d. email at pusat.pengaduan.pajak@gmail.com;
e. letter addressed to DGT Head Office.

In early stage of year 2008, *Kring Pajak 500200* was operated by a manager along with 4 supervisors, 4 team leaders, and 16 customer service officers (CSO)/agents.

Until December 2009, DGT has increased its officials assigned to *Kring Pajak 500200*. Now, the center is run by a manager, 4 supervisors, 3 co-supervisors, 7 team leaders, 35 CSO/agents, and 11 back office (administrative/supporting) personnel.

Kring Pajak 500200 renders two types of main services, i.e. information and complaint services. These two services are handled by different groups of agents/officials.

1. Information Services

Information services of *Kring Pajak 500200* cover inbound service (incoming calls) consisting of three types of subservices:

a. information service via Interactive Voice Response/IVR. The information concerns tax exchange rate, Taxpayer Identification Number, Annual Tax Return, and Land and Building Tax. The IVR service runs for 24 hours a day and 7 days in a week;
b. facsimile service consisting of print-out service of Notice Tax Payable for Land and Building Tax data request;
c. tax information service by officials/agents comprising of general tax information service and electronic application service. This service is supported with the most up-to-date Tax Knowledge Base as reference for officials in serving the requested information or responding any inquiry concerning taxation.

From January to December 2009, total information services delivered by *Kring Pajak 500200* are shown in following table.

Information Service Performance of *Kring Pajak 500200* in 2009

Month	In-coming Calls	Calls Answered	
		Total	%
January	39,152	22,259	56.85
February	44,620	31,776	71.21
March	76,072	33,760	44.38
April	20,469	15,209	74.30
May	15,050	12,319	81.85
June	19,375	11,854	61.18
July	17,030	13,822	81.16
August	23,264	16,311	70.11
September	13,646	12,054	88.33
October	17,483	14,895	85.20
November	16,442	14,946	90.90
December	22,061	16,534	74.95
Total	**324,664**	**215,739**	**66.45**

The table indicates that incoming calls in March recorded an increase attributed to numerous inquiries concerning the completion and submission deadline of Annual Income Tax Return for Individual Taxpayers in the same month. The performance of *Kring Pajak 500200* steadily improved enhance during second half of 2009 as shown with higher percentage of responded calls during that semester.

2. Complaint Services

Public complaints received and processed by *Kring Pajak 500200* Tax Complaint Center generally consist of:

a. complaints concerning inconsistent enforcement of tax regulations, such as:
   1) dissatisfactions of employees to the employers reluctance to capitalize on Income Tax stimulus of Article 21;
   2) validation process of Land and Building Tax Payment Slip is longer than standard time; and
   3) Sales Value of Land and Building Tax Object regarded not consistent with actual price,

b. indication of tax evasion reported by taxpayers:
   1) the employees inform that their companies do not report Tax Return in honest manner;
   2) public reports business entities, which never pay their taxes;
   3) the employees report that their companies has fabricated their tax assessment with double bookkeeping; and
   4) the employees report that their companies commit transfer pricing,

c. abuse of power and personnel discipline infringement:
   1) public reports blackmail practices by tax officials during their services;
   2) public reports tax officials committing corruption, collusion, and nepotism;
   3) officials violate business hours;
   4) officials misuse office facilities and equipment;
   5) officials violate personnel regulations; and
   6) other kinds of power abuse,

d. unqualified and obstacles of services delivery:
   1) chaotic queues at One Stop Service (front office);
   2) unfriendly officials during the services;
   3) taxpayers difficult to call tax office;
   4) improper complaint handling;
   5) Taxpayer Identification Number processing not consistent with the promised time; and
   6) officials not in work place when contacted,

e. inadequate office facilities to deliver excellent services:
   1) frequently disrupted computers and networks;
   2) malfunction of queueing system;
   3) insufficient service counter;
   4) the absence of service procedure guidance;
   5) the absence of smoking rooms; and
   6) inconvenient toilet and parking lots in some offices.

To monitor service quality, all complaints received by officials in Tax Complaint Center will be recorded in the Tax Complaint Information System (SIPP) in order to track down the existence and accuracy of complaints and to assure its accountability.

In 2009, not all incoming calls that were received by Tax Complaint Center were complaints, but also information requests or just confirmation.

Complaint Handling of *Kring Pajak 500200* by Tax Complaint Information Center in 2009

Month	Receive	Processed	Settled	Cancelled/ Not Complied with Procedures
January	45	2	37	6
February	38	9	27	2
March	28	3	23	2
April	26	1	25	-
May	24	1	23	-
June	26	2	24	-
July	28	-	28	-
August	62	3	58	1
September	25	4	21	-
October	23	2	21	-
November	23	5	17	1
December	20	5	15	-
Total	**368**	**37**	**319**	**12**

TAX DISSEMINATION, EDUCATION, AND PUBLIC RELATION

DGT continually disseminate information and educate public and taxpayers to provide correct and accurate information. Factors, for example, segmentation, social conditions, and culture of local communities will be at all times regarded as considerations during tax dissemination and education.

In 2009, dissemination and education activities included:

a. campaign of Sunset Policy extension in regions throughout Indonesia;
b. sympathy campaign simultaneously around the country during special moments such as on the eve of Eid or end of year;
c. counseling of various tax materials through seminars, workshops and discussions;
d. interactive tax programs through radio and television;
e. tax dissemination in DGT official site (www.pajak.go.id), online media, and outdoor media (videotron, banners, billboards) at strategic venues or during nationwide scale events;
f. the deployments of Tax Corners (*Pojok Pajak*) and Tax Cars (*Mobil Pajak*) in strategic places. In 2009, Tax Cars program was started to launch to reach broader communities outside Java. In addition, DGT has established policies for field offices to publish schedules of Tax Corners at local programs and urban centers in regions;

g. the issuance of *Berita Pajak* magazine as internal communication media within DGT. This publication not only contained information relating to activities and organizational development of DGT, but also presented the latest tax regulations, tax policies of other countries;
h. Annual Tax Return Submission Week and Land and Building Tax Payment Week by regional offices with participation from local leaders and prominent citizens;
i. tax education for children, for example, tax booth in KIDZANIA, tax road shows to schools and universities;
j. establishment of tax centers in collaboration with universities in Indonesia;
k. intensive public service advertisement in printed media, online media, electronic media (television and radio) and outdoor media (theaters, televisions in aircrafts, trains, aircraft loading walkway, and custom exit areas at airports); and
l. campaigns on Sunset Policy extension via cell phones (SMS Tax Alerts).

To disseminate information concerning DGT policies, performance and activities through mass media, in 2009, DGT published press release on regular basis.

DGT Press Release in 2009

11 January	"Troubles in Battery Back Up will not disrupt Tax Services", after fire accident in DGT Head Office.
9 February	Income Tax to the interests of bonds earned by Mutual Fund Enterprises.
4 March	Tax revenue in January 2009, Evaluation of Sunset Policy Extension and Stimulus of Income Tax of Article 21.
18 March	The inauguration of MTO Jakarta building, the establishment of High Wealth Individual Taxpayers Office, and the Submission of Annual Income Tax Return for Individuals by the President, Dr. H. Susilo Bambang Yudhoyono and Ministers.
13 April	Tax Revenue as of March 2009.
22 June	Tax Reform Chapter Two.
3 July	Clarification of Advertisement Costs for Cigarette Industries.
21 July	Tax Revenue as of June 2009.
4 October	Natural Disaster Aids/Donations is deductable in calculating Income Tax.
9 October	Tax Revenue as of September 2009.
30 November	Prevention against the abuse of Tax Treaty.
9 November	The 39th SGATAR Meeting in Bali on 9-12 November 2009.





04

MONITORING TAXPAYERS COMPLIANCE THROUGH EXTENSIFICATION, INTENSIFICATION, AND LAW ENFORCEMENT

Taxpayers transparency and compliance importantly contribute to the successful taxation system in Indonesia. Apart from to services to taxpayers, DGT also introduces extensification and intensification approaches and law enforcement to ensure taxpayers compliance.

EXTENSIFICATION AND INTENSIFICATION

72 Extensification

74 Intensification

LAW ENFORCEMENT

78 Audit

80 Managing Transfer Pricing

82 Investigation

83 Collection

EXTENSIFICATION AND INTENSIFICATION

EXTENSIFICATION

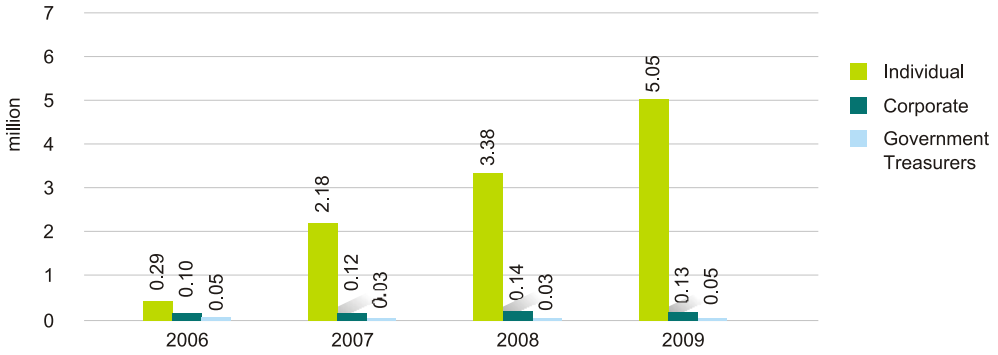
Extensification is a series of activities to extend the taxable subjects and objects basis. The extension of taxable subject basis is carried out by increasing the registered taxpayers. Meanwhile, the taxable objects basis is extended through data collection concerning the taxable objects of Land and Building Tax.

1. **The Expansion of Taxable Subject Basis**
   Extensification of individual taxpayers in 2009 was carried out in two approaches, i.e. employee approach and property-based approach. Employee approach is made by delivering dissemination to employees and employers, for whom Taxpayer Identification Number will be issued to the employees. As to property-based approach, it is carried out by collecting information of individuals reserving rights, owning, controlling and/or gaining benefits from a property at certain value. The target of extensification for individual taxpayers covers overall business places both inside and outside commercial/shopping centers/ malls, housing units and apartments with certain criteria.

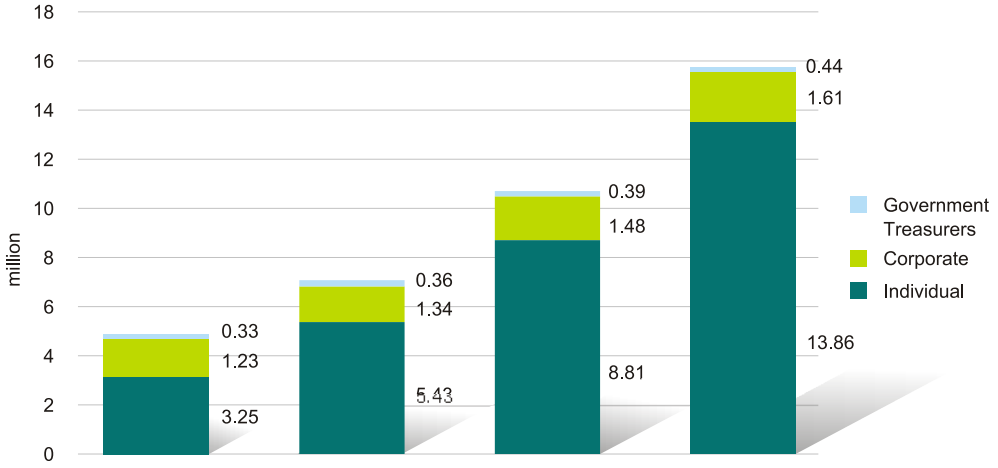
   In 2009 number of registered taxpayers increased 5,229,477 taxpayers consisting of 5,053,587 individual taxpayers, 126,413 corporate taxpayers, and 49,477 government treasurer taxpayers. This relatively significant increase, especially for individual taxpayers, was attributed to successful Sunset Policy program in 2008 which was then extended to 28 February 2009.The introduction of Income Tax Law on 1 January 2009 which regulates different tax treatment to taxpayers with Taxpayer Identification Number from those without Taxpayer Identification Number, was also contributed the increase of taxpayers.



Additional Registered Taxpayers in 2006-2009



Number of Registered Taxpayers in 2006-2009

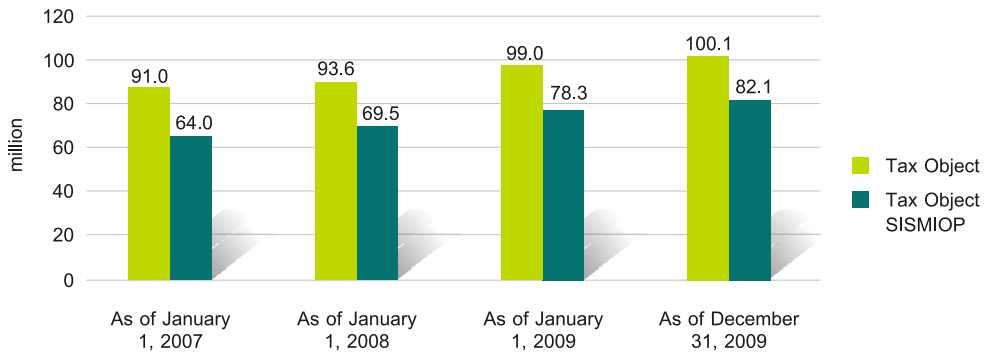


2. The Expansion of Taxable Object Basis

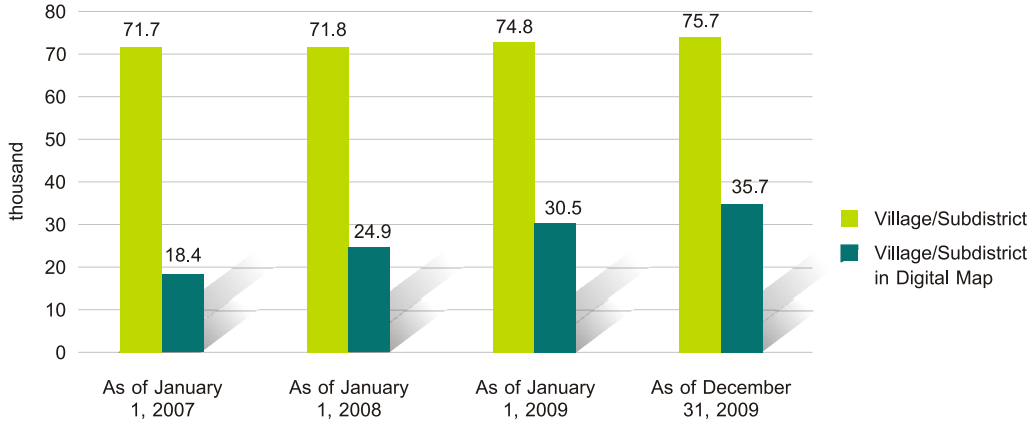
Data collection is one of supporting activities to extensification as spelled out in DGT strategic plan. Data collection aims to expand the objects of Land and Building Tax basis (coverage ratio). Taxable subjects and objects of Land and Building Tax were extended with the establishment of databases known as Taxable Object Information Management System (SISMIOP) and Land and Building Tax Geographic Information System (SIG Land and Building Tax).

Supported by information system that had been integrated to block maps, this database must be updated and maintained in order that its information can be used optimally. Extensification using block maps includes monitoring work areas, identifying Taxpayer Identification Number distribution, evaluating taxable subjects/taxpayers liable to get Taxpayer Identification Number, determining targets of extensification and monitoring taxpayers compliance.

Total Registered Land and Building Tax Objects Based on SISMIOP in 2007-2009



Total Digital Maps in 2007-2009



INTENSIFICATION

In 2009, the intensification was focused on monitoring and examination of tax potency through a structured, measurable, systematic, standard, and accountable method. This method can be further elucidated as follows.

1. **Mapping**

   Mapping is to map tax potency that can be classified based on areas/locations, taxable subjects, taxable objects, business sectors/sub-sectors, taxpayer groups, according to the need of a field office concerned. Mapping is intended to obtain general illustration on tax potency of a field office and to be used as reference and an analytical tool in exploring revenue potency, services and supervision.

   Activities done by DGT in 2009 were standardization of mapping design and method and evaluation and improvement of mapping information system.

2. Profiling

Taxpayers profile is a set of fiscal data and information of taxpayers containing their identities, business, and taxation history that can be classified into permanent data, accumulative data, and miscellaneous data.

The objective of profiling is to present information that can be used to analyze and assess risk level and taxpayer compliance, to know better taxpayers registered in a tax office to be able to monitor of their business development and tax potency, and to provide better services and supervision.

Profiling in 2009 included:

a. continuing the profiling of 500 taxpayers determinant to tax revenues and taxpayers from potential sectors;
b. launching Approweb application, a web-based taxpayer profiling application; and
c. intensifying tax potency examination using data matching system (OPDP), an application to optimize the usage of taxation data.

Profiling Milestone

2007	2008	2009	2010
• Initially the activity of profiling conducted on 200 largest taxpayers of each tax office	• Improvement of the 200 largest taxpayers profile and taxpayers profiling for potential sectors (palm oil, real estate, and construction)	• Profiling for 500 largest taxpayers and potential sectors taxpayers	• Implementation of tax potential examination program (taxpayers profile based)
200 largest taxpayers	**200 largest taxpayers + taxpayers In potential sectors**	**500 largest taxpayers**	**1,000 largest taxpayers**
• Taxpayers' profile done in a way to revamp and to update DGT's database • Issuance of Tax Revenue Performance Evaluation Guidance	• Issuance of Taxpayers' Profile Guidance • Best performer in Taxpayers Profiling selection	• Assignment of Design System and Application Standardization Team • Launching Approweb - profiling application	

3. Benchmarking

To perform its function of counseling and supervision to taxpayers, DGT adopted benchmarking that normally applied in business world. Under assumption that taxpayers with same characteristics will likely have same business behavior, the financial and taxation conditions of each taxpayer can be therefore compared with a single benchmark representing the characteristics of taxpayers observed. With such comparison, it is expected that DGT can systematically detect any taxpayer with high non-compliance risk so that the anticipative measure can be formulated as necessary.

As the continuation of benchmarking in previous years, in 2009 DGT prepared a concept called as Total Benchmarking. This concept was defined as process of comparing some ratios related to the profitability of company and various inputs in business activities with the ratios considered standard in certain business group, and to observe the relation among ratios to assess the rightness of financial performance and the taxpayers compliance. Hence, Total Benchmarking has the following characteristics:

a) by business groups;
b) applied to ratios relevant to the profitability and inputs of company;
c) considering the relation among ratios; and
d) focused on the assessment of rightness of financial performance and the fulfilment of tax obligation.

Total Benchmarking is used to measure Annual Tax Return reported by taxpayers, and to assist in supervising taxpayers compliance. Thus, it is expected that Total Benchmarking provides the following benefits:

a) as supporting tool for tax intensification program; and
b) as supporting tool in tax gap calculation.

Financial ratios which are measured in this Total Benchmarking concept are:

a) operational performance ratio;
b) input ratio;
c) VAT ratio; and
d) non-Business Activity Ratio

As preliminary stage, in 2009 DGT calculated Total Benchmarking for 20 business groups, namely:

a) cooking oil from vegetables and animals;
b) cooking oil from oil palm;
c) bread production industries and the similar enterprises;
d) food industries using chocolate and candies;
e) clove cigarette industries;
f) white cigarette industries;
g) pulp and paper industries;
h) newspapers, journal and magazine publication;

i) pharmacy industries;
j) plastic package industries;
k) radio, television, audio and video recording equipment and alike;
l) vehicle industries;
m) motorcycle industries and similar enterprises;
n) construction services;
o) large-scale car dealer;
p) large-scale equipment and domestic appliance trading;
q) large-scale construction material trading;
r) retails of various merchandisers, notably snacks, drinks or tobacco sold in supermarkets;
s) real estate either privately owned or rented; and
t) private hospital services.

4. Enhance the Quality of Sales Value of Taxable Object (NJOP)

Along 2009, some efforts had been made to enhance the quality of Sales Value of Taxable Object (NJOP):

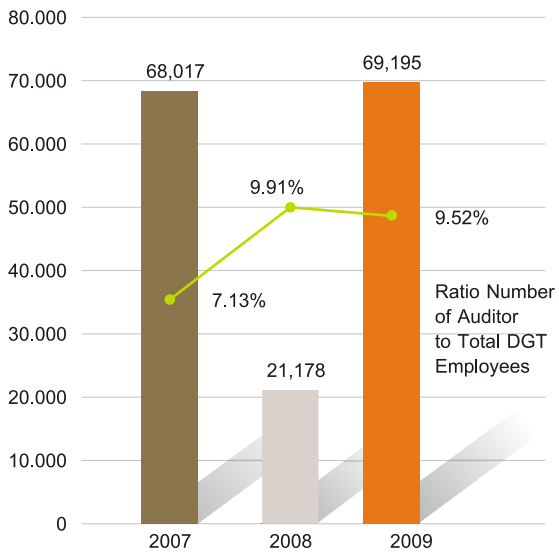
a) completion and implementation of SISMIOP (Taxable Object Information Management System) application for plantation sector;
b) development of SISMIOP application for mining and forestry sectors;
c) individual assessment of special taxable objects such as oil and gas, geothermal, cement industries, oil and gas processing industries, airports, and toll roads;
d) Assessment Sales Ratio (ASR) to evaluate the NJOP value of lands against their market prices. ASR to NJOP value of lands in 2009 was 85.6% implying that the applied NJOP value of lands reached, on the average, 85.6% of market price in 2009; and
e) providing comparable NJOP among regions to maintain accountability and impartiality of NJOP application:
   - assessment and analysis of NJOP of toll roads and gas pipe routes crossing several regions; and
   - assessment of regions NJOP in some build-up areas, i.e. housing and industrial estates. In general, ASR in housing areas in 2009 indicated 58.02% and 72.39% for industrial zones. Based on such ASR indications, it is evident that NJOP is still potential to rise especially in housing areas throughout the country, which in turn, potential revenues notably for Land and Building Tax and Acquisition Duty of Right on Land and Building will increase.

LAW ENFORCEMENT

AUDIT

Audit performance will be assessed from two approaches, i.e. the quantity of audit accomplished and quality of audit results. Audit performance by quantity approach can be measured based on the number of audits complete against the target. As to audit under quality approach its performance can be assessed by calculating the values of refund discrepancy and revenue realization from audits. Refund discrepancy is the amount of tax that cat be maintained by auditor against the claims proposed by taxpayers with Annual/Periodic Tax Return. Meanwhile, the realization of tax revenue from audits will be computed from the payment of tax assessed for thirty days since the issuance of notice tax assessment.

Audit Completed in 2007-2009



Number of Auditor in 2007-2009

2007	2008	2009
2,226 person	3,098 person	3,031 person

Audit Performance in 2009

Revenue from Audit in 2009 (Refund Discrepancy calculation)		
Tax Revenue		Rp494.49 trillion
Revenue from Audit	Rp3.61 trillion	
Refund Discrepancy	Rp3.66 trillion	
Total Revenue from Audit		Rp7.27 trillion
Ratio Revenue from Audit to Tax Revenue		1.47%
Number of Auditor		3,031 person
Revenue per Auditor (average)		Rp2.4 billion

In 2007, the realization of audit reached 68,017 reports and drastically dropped to 21,178 reports in 2008 due to Sunset Policy. Thereafter, the performance of audit realization rebounded to 69,195 reports in 2009.

Such increased audit realization produced refund discrepancy of Rp3.66 trillion in 2009 and revenues from audits of Rp3.61 trillion as shown in previous diagram.

Audit performance in 2009 was achieved with the following strategic measures and focuses:

1. revisions of some regulations in auditing such as:
   a. audit policy to test the taxpayers compliance;
   b. audit policy for other purposes; and
   c. audit plans and strategies for 2009;
2. capacity building for human resources in terms of techniques and methods of audits:
   a. audit module preparation such as Computer Assisted Audit Technique Module, Transfer Pricing Audit Module, Audit Module for Taxpayers engaged in natural resources (oil and gas and minerals) and real estate and construction audit module); and
   b. intensive training and workshop on auditing such as workshop of transfer pricing, audit to taxpayers of oil and gas mining, audit planning and cash economy with resource persons from DGT or donor agencies;
3. audit quality control through review of audit results and peer review of audit procedures;
4. procurement and development of audit supporting system and infrastructure such as:
   a. the purchase of audit software SESAM to optimize computer-based audit so that audit process will be more efficient;
   b. development and integration of Tax Examination Management Information System (SIMMP) into DGT Information System (SIDJP);
   c. development of audit desktop application; and
   d. development of Tax Audit Report Application (ALPP), i.e. a information system containing various information concerning the proceedings of tax audit either in terms of quantity, quality or performance of auditors; and
5. joint audit with institutions engaged in Technical Team for Revenue Optimalization (Tim TOPN) such as Government Audit Board and Directorate General of Customs and Excise.

MANAGING TRANSFER PRICING

Under the current globalization, the intensity and magnitude of transnational transactions are more dominant in the economy either by related parties or independent parties. This brings different tax implications and should receive serious concerns. Transfer pricing is closely related to transactions between affiliated parties, which must be strictly supervised since it can be used to reduce the tax that must be paid (tax avoidance).

Pursuant to Article 18 paragraph (3) Income Tax Law, Director General of Taxes is authorized to reallocate income and deductions between related parties and to characterize debt as equity for the purposes of the computation of taxable income to assure that the transaction are those which would have been made between dependent parties using price comparison method between independent parties, resale price method, cost-plus method, or other methods. In light of that, DGT must ensure that transfer pricing will not be used by taxpayers as a means for tax avoidance. DGT is responsible to ensure that transfer pricing method adopted or the price of transfer established by taxpayers in transaction between the related parties are consistent with arms' length principles and economically realistic.

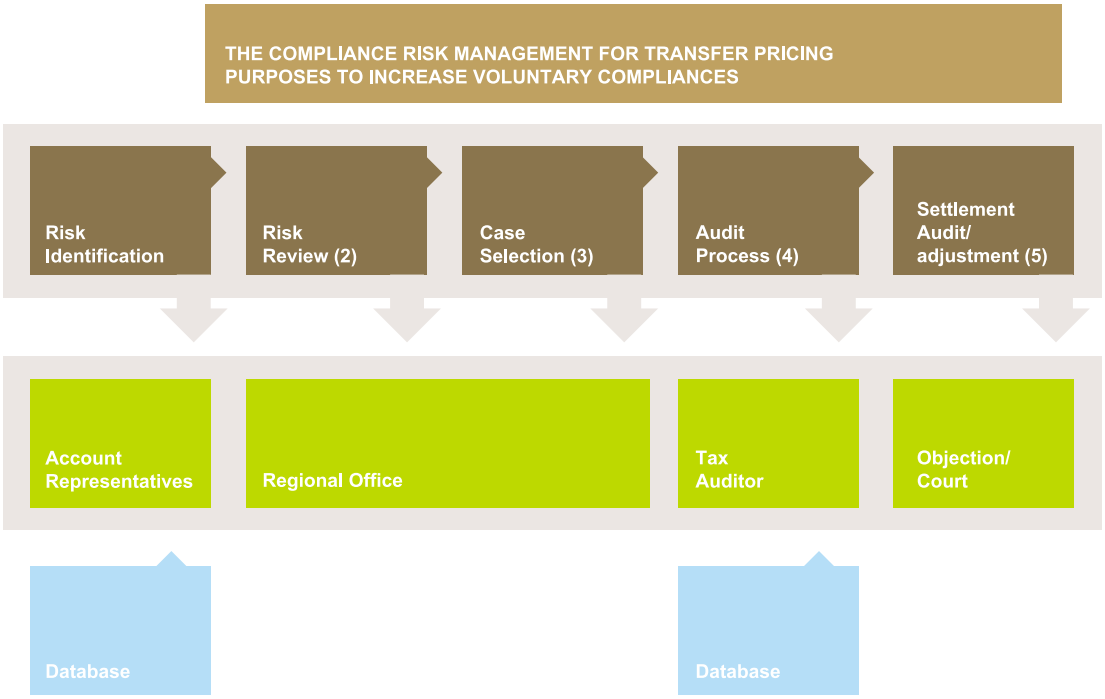
Since the formation of a special unit in the head office to handle transfer pricing in 2007, DGT continually takes a series of transfer pricing management programs, inclusive of:

1. human resources development;
2. technical assistance for units responsible for taxpayers supervision, audit, objection, and appeal;
3. procurement of supporting infrastructure;
4. dissemination and communication programs with various parties related to transfer pricing, for example with tax consultants, associations, academicians, and judges of tax court;
5. revisions to transfer pricing regulations; and
6. law enforcement in transfer pricing through supervision and audit.

By the end of 2009, DGT has educated more than 1,000 officials including Heads of Tax Offices, Heads of Supervision and Consultation Sections, Account Representatives, and Tax Auditors.

Phases in transfer pricing management program started with risk identification of non-compliance taxpayers, law enforcement (audit) and dispute settlement with taxpayers or tax authorities of other countries under objection, appeal mechanism and mutual agreement procedures (MAP). These phases can be illustrated in a diagram as follows.

Phases in Transfer Pricing Management



A series of phases in transfer pricing management program as illustrated above aims to reinforce voluntary compliance of taxpayers in confirming arms' length principle.

Due to the implementation of transfer pricing management program, in 2009 transfer pricing cases has been significantly increased. In practice, not all transfer pricing cases in field offices could be handled by the unit in the head office. This was due to limited human resources in the unit and decentralized coordination in transfer pricing handling to regional office. As an indicator of increased transfer pricing cases at nationwide level, see table below that indicates the number of transfer pricing cases, which were handled by the special unit in the head office.

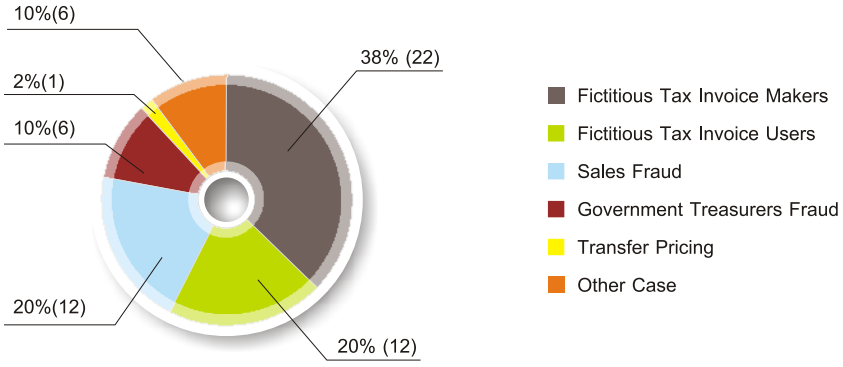
Transfer Pricing Cases
Handled by the Special Unit in the Head Office

Level	1st Semester 2008	2nd Semester 2008	1st Semester 2009	2nd Semester 2009
Supervision/Counseling	0	1	11	32
Audit	1	3	8	12
Objection	0	2	2	3
Appeal	0	2	5	10
Total	**1**	**8**	**26**	**57**

INVESTIGATION

Investigation on tax crime is a series of activities conducted by Tax Investigator to find and collect evidence in order to uncover a criminal offence in the field of taxation and to find the suspect. The success of investigation is considerably dependent on Information, Data, Allegation, and Report (IDLP) analysis that will be followed with the audit to preliminary evidence. To support the validity of data, tax intelligence activities may be required. During 2009, DGT completed 345 Preliminary Evidence Audit Reports, which 59 of them were proposed to further process of investigation.

The Proposed Investigations in 2009



To reinforce investigation activities, in 2009 DGT developed cooperation with other institutions such as Indonesian Financial Transaction Reports and Analysis Center (INTRAC), National Police (POLRI), Attorney General, Corruption Eradication Commission (KPK), the Ministry of Laws and Human Rights.

In 2009 cases filed to the Attorney General reached 43 dossiers consisting of 19 dossiers with P-19 status (dossiers need completion) and 24 dossiers under P-21 status (dossiers are complete and can be forwarded to prosecution stage).

Investigation in 2007-2009

Investigation Submission to the Court			
Status	2007	2008	2009
A P-19 Status	0	24	19
Amount of State's Loss	0	Rp1,412 trillion	Rp162 billion
Number of Suspect	0	13	16
B P-21 Status	17	11	24
Amount of State's Loss	Rp514 billion	Rp131 billion	Rp329 billion
Number of Suspect	21	11	18
Case Convicted			
Status	2007	2008	2009
Case Convicted	8	13	18
Amount of State's Loss	Rp100 billion	Rp463 billion	Rp288 billion
Fines	Rp6.8 billion	Rp115 billion	Rp633 billion
Number of Defendant	9	17	14

COLLECTION

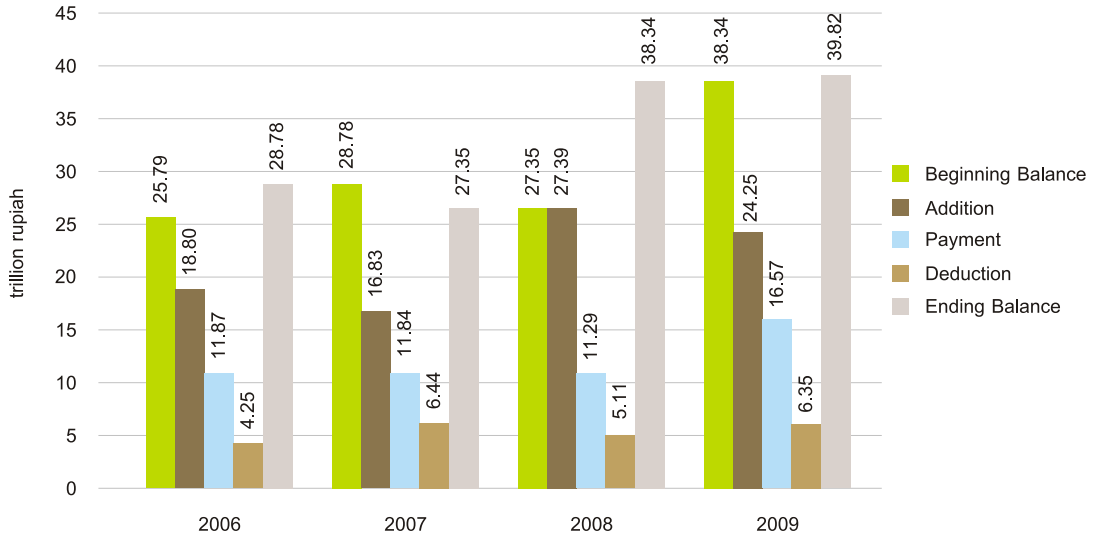
Collection plays leading role in encouraging voluntary compliance of taxpayers, and significantly contributes in realizing tax revenue target. To support these roles, sound collection performance at all units of DGT ranging from tax offices, regional offices to the head office is deemed necessary.

The higher accumulation of tax arrears the more effective and efficient measures will be necessary. Collection policy in 2009 is focused on the improvement of collection administration, the validity of collection data, and the reduction of tax arrears.

To reinforce the management of tax arrears collection, accurate, reliable and valid collection data is required to improve collection database. The improvements are carried out using Information Management System and Collection Administration (SIMIAP) that was developed in 2007. As continual process, data validation process of tax arrears with SIMIAP application is made by comparing collection data in SIDJP and physical data of tax assessment.

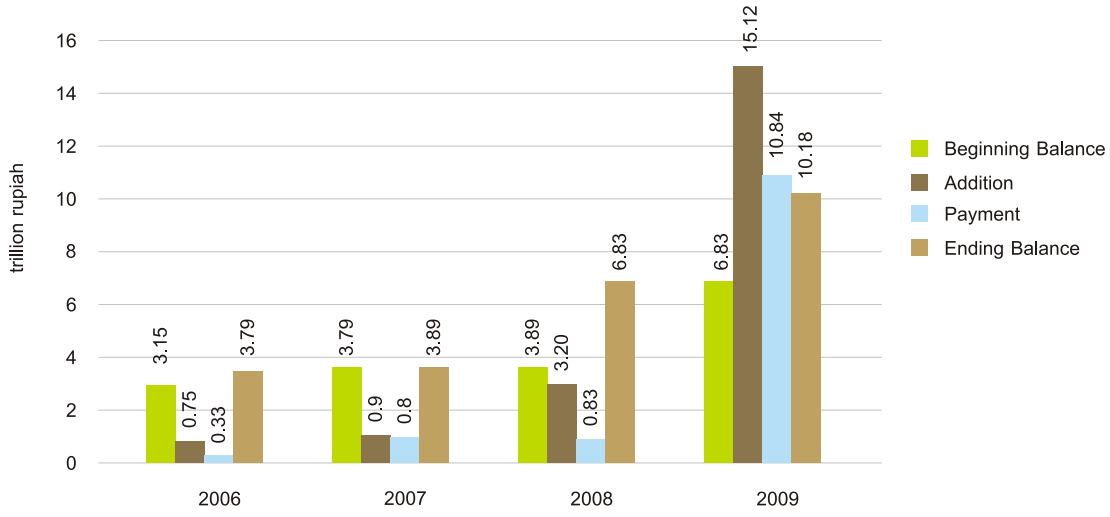
Tax arrears trend experienced slow down in 2009 if compared with previous years as shown in diagram below. As for payment of tax arrears in 2009, it amounted to Rp16.57 trillion implying a significant increased compared with the last three years. This increased was attributed to extra efforts in collection for the trimester of 2009 with evaluation of tax arrears prognosis and intensive collection supervision.

Income Tax and VAT/Sales Tax on Luxury Goods
Arrears Payment Trend in 2006-2009



By the year 2009 the arrears of Land and Building Tax/Acquisition Duty of Right on Land and Building significantly increased as indicated in the following diagram. This was due to new regulation that stipulates for the tax year 2008 and onwards, tax arrears will be recognized on the issuance date of Notification of Land and Building Tax Liability (SPPT). Since the introduction of this regulation, all SPPT issued in 2009 will be directly recognized as tax arrears, meanwhile of previous years, the tax arrears will be just recognized on the maturity dates of SPPT concerned. This is automatically followed with the decrease arrears in 2009 since any SPPT paid will be recorded as the payment of tax arrears.

Land and Building Tax/Acquisition Duty of Right on
Arrears Payment Trend in 2006-2009



1. **Confiscation, Auction, and Blocking**

   The priority activity of confiscation in 2009 remained focusing on the seizure of monetary assets of taxpayers or tax bearers such as deposits, savings, bank accounts, giro, bonds, stocks and other securities. Confiscation is marked with the issuance of SPMP (Order to Proceed Confiscation), which until the fourth quarter 2009 reached 13,109 SPMP.

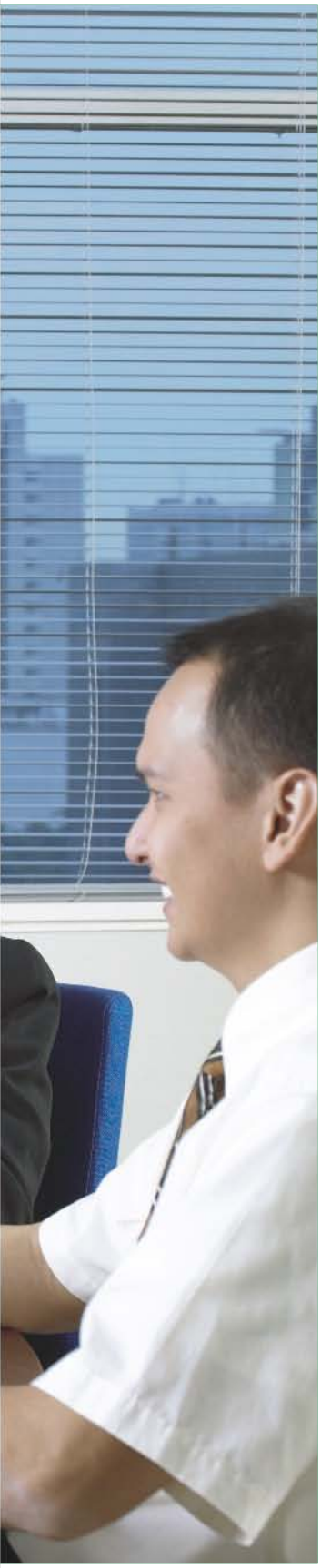
   Collection phases after confiscation is the submission of order for auction if the affected taxpayers fail to pay in full their tax arrears within fourteen days since the notice of confiscation. Until the fourth quarter 2009 the actions performed were 2,039 auctions.

   Blocking against taxpayers' bank accounts is another effective way to reduce tax arrears. In 2009 the blocking was made to 1,550 taxpayers with total tax arrears Rp4.1 trillion and the blocked balance of Rp250 billion. Out of this sum, Rp64 billion was followed with account seizure. The blocking has reduced the arrears by Rp649 billion.

2. **Prevention**

   Preventive actions will be executed after persuasive collection fails to get the expected results. In 2009, the prevention was made to 36 taxpayers. This action was capable of giving deterrent effect to taxpayers/tax bearers especially foreign taxpayers/ tax bearers not yet fully pay their tax payables.





05

PROMOTING THE IMAGE AND ACTIVELY INVOLVE IN INTERNATIONAL TAX

Active roles of government institutions in international communities will affect the international's opinion about the image of a country. DGT is active in fostering cooperation and encourage exchange of information with other countries to promote the image of Indonesia.

DGT AMIDS INTERNATIONAL COMMUNITIES

88 Tax Treaty
89 Indonesian Commitment in G20 Forum
89 Tax Information Exchange Agreement
90 International Cooperation
91 Activities of Donor Countries/Bodies

DGT AMIDS INTERNATIONAL COMMUNITIES

In 2009, DGT was attempting to play more active roles and to strengthen its position in international tax communities. DGT has participated in some international scale activities in Indonesia or overseas either as the host or participant. Moreover, DGT also succeeded in developing new cooperation with tax authorities of other countries. Some draft Tax Treaty and Exchange of Information agreements have been entered into 2009 and shall take into effect after ratification process.

TAX TREATY

1. **Tax Treaty Networks in Indonesia**
   Taxation Avoidance Agreement or normally referred to as Tax Treaty aims to prevent double taxation and tax evasion. Until 2009, Indonesia has tax treaties with 59 countries that was an increase from last year by the introduction of tax treaty between Indonesia and Portugal in 2008.

2. **The Formation of New Tax Treaty**
   By the completion of negotiations on tax treaty with other countries, it is expected that the position of DGT amid tax authorities of other countries will be stronger. During 2009, DGT has made two negotiations and signed treaties with Oman in the mid of October 2009 and Hongkong by end of December 2009.

The Latest Regulations	
Titles of Regulations	**Objectives**
Director General of Taxes Decree No. PER-61/PJ/2009 concerning Procedures of Tax Treaty	To provide legal certainty to the withholders.
Director General of Taxes Decree No. PER-62/PJ/2009 concerning Prevention Against the Abuse of Tax Treaty	To prevent the abuse of tax treaty by other party not Intended in the treaty.
Director General of Taxes Decree No. PER-67/PJ/2009 concerning Exchange of Information	To explore the potency of income tax revenue from Indonesian citizens earning incomes in abroad but not yet reported.

INDONESIAN COMMITMENT IN G20 FORUM

By the issuance of declaration documents from G20 leaders, known as Declaration on Strengthening the Financial System and The Global Plan for Recovery and Reform on 2 April 2009, Indonesia, which was committed to such declarations together with other G20 countries agreed to intensify the adoption of transparency principle with respect to access to banking information for information exchange purposes in taxation sector.

This commitment was immediately responded by DGT as institution requiring broad access to banking information. DGT proposed the issuance of standard operating procedure for international transparency set by G20. DGT also coordinated with Central Bank of Indonesia and actively engaged in Working Group V of G20, i.e. Working Group on Tax Jurisdiction.

TAX INFORMATION EXCHANGE AGREEMENT

Still relevant to the commitment of Indonesia in G20 forum, DGT initiated to launch bilateral negotiation to set up Tax Information Exchange Agreement. This initiative was proposed to some countries, which were thus far recognized as tax haven or non-cooperative jurisdiction countries, such as Jersey, Guernsey, Isle of Man, US Virgin Islands, Bahamas and Bermuda. In addition, DGT has taken some initiatives to revise some provisions of information exchange in tax treaties with some countries to meet OECD standards.

Along 2009, DGT has actively exchanged information with tax authorities of treaty partner countries inclusive of UK, Australia, USA, Netherlands, Japan, Mexico, Germany, Sweden, Singapore, China and Denmark. Information exchange has objective of assessing the compliance of taxpayers and preventing tax treaty abuse. Information that frequently shared under this facility is among other things concerning confirmation of legal status, shareholding status, the substance of financial transaction and transfer pricing or routing invoice cases.

By the introduction of regulations on PER-67/PJ/2009, information exchange can be made in more optimum with stronger legal basis. Thereafter, the requests of information exchange in domestic level are increasing.

INTERNATIONAL COOPERATION

Active participation of DGT in international cooperation forums in 2009 was as follows:

1. Study Group on Asian Tax Administration and Research (SGATAR)

In 2009, DGT successfully hosted the 39th SGATAR Meeting in Nusa Dua, Bali on 9-12 November 2009. The SGATAR Meeting is an annual meeting attended by delegates from fifteen SGATAR members, i.e. Indonesia, Australia, China, Hong Kong, Japan, Korea, Macau, Malaysia, New Zealand, Papua New Guinea, Philippine, Singapore, Taiwan, Thailand, and Vietnam. The meeting also involved observers from Mongolia, University of Indonesia, International Bureau of Fiscal Documentation (IBFD) and Asia-Oceania Tax Consultant Association (AOTCA). Topics discussed in this 39th SGATAR Meeting were:

a. Third Party Tax Information Management;
b. Bilateral Tax Cooperation and Effective Exchange of Information; and
c. Practical Problems in Dealing with Personal Income Tax.

Still in 2009, DGT took part in some annual SGATAR activities by assigning some its representatives to participate in the 7th SGATAR Joint Training Program organized by National Tax Agency of Japan in early October in Tokyo, with the theme of Strategic Management for Tax Training.

Another annual SGATR activity in 2009 was the 11th SGATAR Working Level Meeting in Vietnam by General Department of Taxation of Vietnam with theme of Transfer Pricing.

2. Association of Tax Authorities of Islamic Countries (ATAIC)

a. Drafting Committee Meeting

In 2009, DGT was honored to host Statute of ATAIC Drafting Committee meeting. The meeting was held in April 2009 in Jakarta. It involved five member countries of Statute of ATAIC Drafting Committee, i.e. Indonesia, Kuwait, Malaysia, Morocco, and Senegal. The main agenda was discussion and finalization of draft Statute of ATAIC for further discussion in the 6th ATAIC Technical Conference in Sudan.

b. The 6th ATAIC Technical Conference

The 6th ATAIC Meeting was organized from 11 through 16 October 2009 in Khartoum of Sudan. During the conference, DGT handed over the ATAIC flag, which was previously held by Indonesia for her host of the 5th ATAIC Conference in 2008. Topics discussed in the conference were:

1) finalization of draft Statute of ATAIC that had been previously discussed in the 5th ATAIC Technical Conference; and
2) the current global financial crisis and its implications on tax administration in ATAIC area.

3. **Organization Economic Cooperation and Development (OECD)**
   From 10 to 12 March 2009, DGT worked together with OECD in running training on Introduction to Tax Treaty in Jakarta. The training aimed to advance the know-how of DGT personnel concerning international tax and disseminate the enforcement of tax regulations under Indonesian tax treaty.

   In 2009 DGT also participated in OECD activity: Global Forum on Tax Treaties and Transfer Pricing in OECD Headquarter in Paris of France by end of September, with the theme of Transfer Pricing and Treaties in a Changing World. The forum was attended by representatives of tax authorities from various countries, international organizations, private parties and academicians throughout the world, either from the thirty OECD countries or non-OECD countries.

ACTIVITIES OF DONOR COUNTRIES/BODIES

As in previous years, DGT in 2009 received grant-funded technical assistance from seven donor countries/bodies. These donors were:

1. **International Monetary Fund (IMF)**
   One of IMF assistance was to coordinate the entire activities of donor countries/bodies within DGT. In 2009, IMF assistance funded from Canadian International Development Agency (CIDA) gave active support for the development of business process for high wealth individuals and the establishment of High Wealth Individual Taxpayers Office and assistance in the evaluation of Small Taxpayers Office.

   In addition, assistance was also given for the development of training program on national audit, training facilities in tax collection, and review of internal compliance function and internal investigation.

2. **The World Bank**
   Apart from supporting PINTAR program, World Bank played role in grant management consisting of Child Trust Fund (CTF) within Public Financial Management-Multi Donor Trust Fund (RFM-MDTF) Framework financed by European Union, Dutch Government, and Switzerland Government. The grant was expended to finance consulting services for PINTAR preparation project and PINTAR supporting projects in criminal investigation, knowledge management, change management and independent bid evaluator.

3. **Technical Assistance Management Facility (TAMF) AusAID**
   TAMF-AusAID for some periods provided assistance activities within DGT. In 2009, these assistance activities included:
   a. outbound Call Center program development;
   b. human Resources management and leadership development;
   c. revenue potency, compliance, and data sourcing development;
   d. objection and appeal development;
   e. data restructuring and data cleanup development; and
   f. communication and change development and surveys.

   In 2009 TAMF changed its name into AIPEG (Australia Indonesia Partnership for Economic Governance) also financed under AusAID.

4. **Office of Technical Assistance (OTA) US Department of the Treasury**
   Assistance activities from US Department of the Treasury could be outlines as follows:
   a. further assistance for the implementation of Data and Document Processing Center;
   b. further assistance for e-filing application;
   c. finalization of intermediate media relation training;
   d. the development of internal and external communication plan for PINTAR implementation; and
   e. assistance for internal management document control system.

5. **Australian Taxation Office (ATO)**
   Assistance from ATO consisted of bilateral cooperation between two tax authorities financed under Government Partnership Fund (GPF). In 2009, ATO gave facilitation to DGT in its participation in multilateral meeting in Australia and other bilateral activities, having the themes of information technology, human resources capacity building, communication, high wealth individual, cash economy, transfer pricing, and audit procedure and implementation.

6. **Swedish International Development Agency (SIDA) and Swedish Tax Agency (STA)**
   Technical assistance by STA financed by SIDA was carried out in four main sectors, namely:
   a. computer based audit development aiming to prepare computer-based auditors;
   b. revisions for National Audit Plan preparation;
   c. audit management revisions to introduce technical best practices and generally accepted audit programs; and
   d. cash economy intended to discuss strategies most suitably applied in dealing with cash economy cases.

7. Japan International Cooperation Agency (JICA)

Technical assistance from JICA was provided on sustainable manner comprising the award of scholarship for DGT officials to attend graduate and post graduate programs in various universities in Japan. In addition, assistance activities in 2009 covered:

a. finalization of e-learning modules;
b. training on human resources management (in Japan);
c. on-the-job training; and
d. seminar on taxpayers services and tax consultant.





06

IMPROVING BUSINESS PROCESS AND INFORMATION AND COMMUNICATION TECHNOLOGY TO BOOST ORGANIZATIONAL PERFORMANCE

To achieve maximum organizational performance, reliable business process and information and communication technology is necessary. In this respect, DGT will consistently improve its business process and information and communication technology to each taxpayer in complying with his/her tax obligation, and to support the implementation of organizational tasks.

BUSINESS PROCESS AND INFORMATION AND COMMUNICATION TECHNOLOGY

96 Business Process Improvement

99 Information and Communication Technology

BUSINESS PROCESS AND INFORMATION AND COMMUNICATION TECHNOLOGY

BUSINESS PROCESS IMPROVEMENT

1. **Standard Operation Procedure Revision and Preparation**
   To enhance the effectiveness, efficiency, accountability of service performance and accuracy to Taxpayers, DGT improves existing and design new Standard Operating Procedure (SOP).

   As 2009 DGT has standardized 746 SOPs for head office, 204 SOPs for regional offices and 196 SOPs for tax offices as guidance for the implementation of every function and task within DGT. These SOPs will increase in line with SOP continues improvement.

2. **Data and Document Processing**
   Tax data and documents are crucial to verify the accuracy, completeness and clarity of the reported taxation obligation by taxpayers. From this point, DGT continually develops Data and Document Processing Center that has been in operation since 2008. Further development was made through organizational development, i.e. expanding coverage area and data processing units, and business process improvement, i.e. preparation of analysis documents to identify risks, problems analysis of data and document processing, and its solutions.

   In 2009, the Data and Document Processing Center processed VAT and Sales Tax on Luxury Goods Return and Annual Income Tax Return for Individuals and covered Central Jakarta Regional Office, West Jakarta Regional Office, South Jakarta Regional Office, East Jakarta Regional Office and North Jakarta Regional Office. Three Data and Document Processing Center offices will be developed in Makassar, Jambi, and Surabaya to serve document processing in other regional offices. It is expected that in future these Data and Document Processing Center offices will process data and information of third parties as referred to Article 35A of General Provisions and Tax Procedures Law.

3. **Managing Non-Effective Taxpayers**
   With the increasing number of registered taxpayers, DGT must take any measure to enhance its effectiveness in handling Taxpayer administration. In 2009, DGT set a new procedure for the management of non-effective taxpayers, i.e. the registered taxpayers who fail to meet their obligation due to, among other things, as corporate taxpayers, they no longer run their business activities (non-active) or suspension, or passing away in case of individual taxpayers. Those non-effective taxpayers are managed in two ways, i.e. request of non-effective taxpayers by Account Representatives or taxpayers concerned.

4. **Taxpayer Master File Restructuring**
   As an effort to improve taxpayers services, especially with regards to information dissemination and tax counseling through interactive call center service, and to ensure sound administration and to facilitate supervision to taxpayers, in 2009, DGT established Procedure for Taxpayer Master File Restructuring.

5. **Electronic Land and Building Tax Payment**
   To render excellent taxpayers services, especially in Land and Building Tax payment, DGT has been working together with banks to develop electronic payment facility (TP Elektronik) for Land and Building Tax payment.

   Taxpayers can pay their Land and Building Tax in a more convenient and flexible manner using banking facilities provided in TP Elektronik, i.e. counter teller and ATM (Automatic Teller Machine), internet banking, and other facilities.

   In 2009, DGT cooperated with Bank Pembangunan Daerah Sumatera Selatan and Bank Pembangunan Daerah Sumatera Utara for electronic tax payment. By end of 2009, this cooperation has been set up with 12 banks as to establish TP Elektronik.

DGT Cooperation with Banks as TP Elektronik

List of Banks	Cooperation Effective Period
Bank Nusantara Parahyangan	November 2003
Bank Internasional Indonesia	December 2003
Bank Pembangunan Daerah Jawa Timur	March 2004
Bank Bumiputera	October 2004
Bank Pembangunan Daerah Bali	December 2004
Bank Bukopin	August 2005
Bank Mandiri	July 2006
Bank DKI	December 2007
Bank Nasional Indonesia	July 2008
Bank Central Asia	August 2008
Bank Pembangunan Daerah Sumatera Selatan	October 2009
Bank Pembangunan Daerah Sumatera Utara	October 2009

6. e-Filing and e-SPT

As introduced by developed countries, taxpayers should be encouraged to file their tax return electronically. Electronic Tax Return (e-SPT) will facilitate taxpayers in preparing and reporting their taxation liabilities so that DGT can receive and process Tax Return with ease.

Since it was introduced in 2005, there were improvements of e-SPT in term of its application and procedure. As a result, number of taxpayers using this facility is increasing due to the benefits of e-SPT.

The Benefits of e-SPT
Tax Return can be submitted in a fast and safe manner since its attachment consists of CD/diskette.
Tax data of the companies will be organized in a better and more systematic manner.
The calculation can be made in a faster and more accurate using the computerized system.
Tax report preparation is easier.
Complete data submitted by taxpayers as a result of computerized system of Automatic numbering.
Prevent excessive use of papers.
Less clerical works for Tax Return recording that sometimes require a lot of resources.

In 2009, DGT obligated the submission of e-SPT, especially for taxpayers registered in Medium Taxpayers Office including tax office in Jakarta Special Regional Office and tax office in Large Taxpayers Regional Office, since they are considered capable of submitting e-SPT.

7. Taxpayer and/or Taxable Person for VAT Purposes Registration and Electronic Data Updating

The use of internet in tax services is more optimized by DGT. Electronic taxpayer and/or Taxable Person for VAT Purposes registration system or popularly known as e-Registration has been launched since 2005 and has been continually developed. For DGT, e-Registration has many advantages including to build nationwide database and to promote the image of DGT in transparency since direct contact between taxpayers and tax officials can be minimized.

In 2009, DGT updated e-Registration procedure, hence taxpayers will only have to fill out Taxpayer Registration Application and/or Taxable Person for VAT Purposes Confirmation Application in e-Registration system completely and accurately. Afterward, the designated tax office will issue Registration Notice (SKT), Taxpayer Identification Number Cards and/or Taxable Person for VAT Purposes Confirmation Notice (SPPKP) no later than one day after the office receive the information of registration. Notification will be sent to taxpayers right after registration process has completed.

INFORMATION AND COMMUNICATION TECHNOLOGY

1. Information and Communication Technology (ICT) Management
   a. Review and revision of Draft Policy of ICT Management
      In 2009 DGT reviewed and revised the draft policy of ICT management prepared in 2008. The draft ICT policy was set out into 7 policy books as follows:
      1) Book I ICT Management Policy containing general policy of ICT Management Framework.
      2) Book II Information Security Management Policy detailing basic policy and principle in attempt to protect the confidentiality, good condition and supply of DGT information assets.
      3) Book III ICT Service Management Policy describing basic principles in the management of quality ICT services in DGT with, among other things, one-stop service and hierarchical problem resolution.
      4) Book IV ICT Development Policy pointing out basic principles in developing high ICT services in DGT.
      5) Book V ICT Project Management Policy depicting basic principles in ICT project management within DGT to ensure that ICT project will be accomplished timely and produce output as envisaged, and to assure the application of consistent project management methodology to the overall ITC projects of DGT.
      6) Book VI ICT Service Sustainability Management Policy elucidating basic principles in ensuring the sustainability of core business process in DGT requiring ICT service supports.
      7) Book VII ITC Performance Monitoring and Evaluation elaborating basic principles in ICT performance monitoring and evaluation activities to assure that ICT performance monitoring and evaluation methodology is consistently applied.

   b. Information Technology Evaluation
      Information technology evaluation is an attempt to identify in comprehensive and objective manner the performance of information technology from technical aspects, such as DGT information technology architecture in both head office and field offices where core businesses of DGT are available. This information technology evaluation will produce recommendations consisting of 10 improvement programs so as to strengthen and optimize policies on: (1) information technology strategy and planning, (2) information technology program framework and supervision, (3) information technology service quality, (4) information system security control, (5) information technology service sustainability management, (6) process and application control, (8) information technology organization and resources, (9) information technology network performance and infrastructure, and (10) information technology monitoring and evaluation.

c. DGT ICT Blue Print Preparation
In view of the complicated ICT system and infrastructure in DGT, a facility that can serve as reference in information system development is necessary. In 2009, DGT prepared ICT Blue Print documents as a guidance in developing information system as well as a strategic instrument for the leaders in ensuring the accountability of ICT investment implementation and control. These ICT Blue Print documents are also to reduce heterogeneity of information technology system and infrastructure with the adoption of principles and architecture established. These documents are expected to be completed by mid of 2010 and will apply for 2010- 2014.

2. ICT System Development

To improve services to taxpayers and overall performance, DGT has developed the system and infrastructure of core systems (SISMIOP, SIPMod and SIDJP) and supporting systems. System performance improvement is pursued with the phasing out of ICT infrastructure at central and regional levels.

a. Taxation System Development
System development is intended to improve performance and adopt the changing policies of, inter alia, developing application to administer income tax of taxpayers who go abroad, Drop Box, Free Trade Zone, the recording of Income Tax of Article 21 borne by the government, SIDJP, i.e. audit modules, e-Registration, Taxpayer Registration for those who move to other tax office jurisdiction, objections, and case management.

b. The Development of Human Resource Management Information System (HRMIS)
As preliminary foundation of HRMIS, in 2009 a system that would be able to integrate and automate business processed in HRMIS administration was developed. This system will be part of Personnel, Financial and Asset Information System (SIKKA) an integrated application to enhance the efficiency of organizational resources (human resources, infrastructure and budget). SIKKA is also expected to be able serving as an integrated application that later can be used as information system for decision making in Enterprise Resources Planning (ERP) Application.

c. Infrastructure Development
Infrastructure is developed to phase out obsolete infrastructure or capacity extension and performance of the affected infrastructure to anticipate increasingly workloads in tax administration. The development deals with:
1) DGT data communication network infrastructure with the provision and installation of Local Area Network (LAN) and the associated supporting peripherals;
2) virtualization technology to optimize the equipment;
3) state revenue module (MPN) infrastructure to improve the performance, security and service of MPN system;
4) Data and Document Processing Center infrastructure to maximize its performance;
5) call center to improve public services;
6) computers and supporting facilities for DGT to assure well-advance operation of DGT working units; and
7) supporting software for tax audit and information technology project management.



STATISTIC

Number of Taxpayers in 2006-2009

Taxpayers Criteria	Year			
	2006	2007	2008	2009
Individual	3,251,753	5,431,689	8,807,666	13,861,253
Corporate	1,226,279	1,344,552	1,481,924	1,608,337
Government Treasurer	327,258	360,782	392,509	441,986
Total	**4,805,290**	**7,137,023**	**10,682,099**	**15,911,576**

Annual Tax Return-Filing Compliance Ratio in 2006-2009

Description	Year			
	2006	2007	2008	2009
Total Taxpayers 1)	4,083,536	4,478,032	6,776,241	10,289,590
Annual Tax Return Received 2)	1,240,571	1,278,290	2,097,849	5,413,114
Ratio	**30.38%**	**28.55%**	**30.96%**	**52.61%**

Notes:
1) Total Taxpayers are taxpayers those registered in DGT's administration as of December 31, from previous year/the beginning of the year concerned, excluding Government Treasurer Taxpayer.
2) Annual Tax Return received for the year concerned.

Growth of Taxpayers Using e-SPT in 2006-2009

Taxpayers Criteria	2006	2007	2008	2009
Individual	536	9,663	15,868	34,536
Corporate	252,419	500,797	664,776	1,082,124
Total	**252,955**	**510,460**	**680,644**	**1,116,660**

Growth of Taxpayers Using e-Filing in 2006-2009

Taxpayers Criteria	2006	2007	2008	2009
Individual	3	16	61	1,136
Corporate	1,440	7,533	15,413	33,347
Total	**1,443**	**7,549**	**15,474**	**34,483**

Tax Revenue in 2009

No.	Type of Taxes	Revised State Budget 2009 (trillion rupiah)	Realization (trillion rupiah)		
			2009	2008	Growth
1	Non-Oil & Gas Income Tax	291.18	267.57	250.48	6.82%
2	VAT & Sales Tax on Luxury Goods	203.08	193.07	209.64	(7.90%)
3	Land and Bulding Tax	23.86	24.27	25.36	(4.29%)
4	Acquisition Duty of Right on Land and Building	6.98	6.46	5.57	15.97%
5	Other Tax	3.25	3.11	3.03	2.64%
6	DGT Revenue excluding Oil & Gas Income Tax	528.35	494.49	494.08	0.08%
7	Oil & Gas Income Tax	49.03	50.04	77.02	(35.02%)
8	DGT Revenue including Oil & Gas Income Tax	577.39	544.53	571.10	(4.65%)

Source : DG Treasury

Comparison between Tax Revenue and State Expenditures in 2008-2009

Description	2008	2009
Tax Revenue (trillion rupiah)	658.67	619.74
State Expenditures (trillion rupiah)	985.11	777.98
Percentage (%)	66.86	79.66

Roles of Tax Revenue against Domestic Revenue in 2001-2009

Year	Tax Revenue of DGT (trillion rupiah)	Domestic Revenue (trillion rupiah)	Roles
2001	158.58	300.60	52.75%
2002	176.32	298.53	59.06%
2003	204.66	340.93	60.03%
2004	238.98	403.10	59.29%
2005	298.34	493.92	60.40%
2006	358.05	636.15	56.28%
2007	426.23	704.84	60.47%
2008	571.10	979.52	58.30%
2009	544.53	845.34	64.42%

Tax Revenue in 2001-2009

(trillion rupiah)

Year	Income Tax	VAT & Sales Tax on Luxury Goods	Land & Building Tax	Acquisition Duty of Right on Land and Building	Other Tax	Total
2001	94.58	55.96	5.25	1.42	1.38	158.59
2002	101.87	65.15	6.23	1.60	1.47	176.32
2003	115.02	77.08	8.76	2.14	1.65	204.66
2004	134.90	87.57	11.77	2.91	1.83	238.98
2005	175.38	101.30	16.18	3.43	2.05	298.34
2006	208.83	123.03	20.72	3.18	2.29	358.05
2007	238.74	155.19	23.62	5.94	2.74	426.23
2008	327.50	209.64	25.36	5.57	3.03	571.10
2009	317.61	193.07	24.27	6.46	3.11	544.53

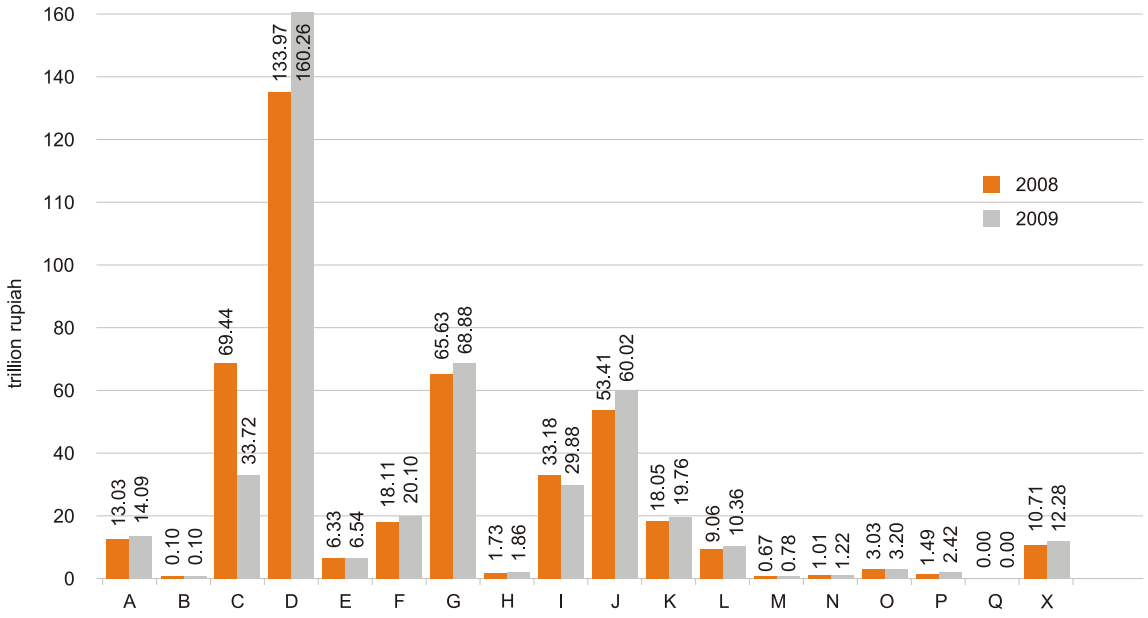
Tax Ratio in 2001-2009

Year	Ratio at Current Prices	
	DGT Revenue	Tax Revenue
2001	8.04%	11.02%
2002	8.37%	11.07%
2003	8.90%	11.60%
2004	9.32%	12.12%
2005	9.46%	12.46%
2006	9.43%	12.26%
2007	9.66%	12.43%
2008	9.97%	13.30%
2009	10.20%	11.61%

Ratio of Tax Collection Costs in 2001-2009

Year	Routine Expenditure (trillion rupiah)	DGT Revenue including Oil & Gas Income Tax (trillion rupiah)	Ratio
2001	0.52	158.58	0.33%
2002	1.03	176.32	0.58%
2003	0.93	204.66	0.45%
2004	1.08	238.98	0.45%
2005	1.31	298.34	0.44%
2006	1.43	358.05	0.40%
2007	2.41	426.23	0.57%
2008	3.21	571.10	0.56%
2009	4.31	544.53	0.79%

Tax Revenue per Business Field Classification in 2008-2009



Description:

Code	Business Field Classification
A	Farming, Plantation, and Forestry
B	Fishery
C	Mining and Excavation
D	Manufacturing Industry
E	Electricity, Gas, and, Water
F	Construction
G	Wholesaler and Retailer, Car Repair, Motorcycle, and Goods for Personal and Households Tools
H	Provision of Accommodation and Food & Drink
I	Transportation, Inventory, and Communication
J	Financial Broker
K	Real Estate, Renting Business, and Company Service
L	Governmental Administration, Defense and Compulsory Social Security
M	Education Services
N	Health Services and Social Activities
O	Social Services and Other Activities
P	Individual Services
Q	International Institutions and other extra international institutions
X	Activities with unclear description

Tax Dispute Settlement in 2009

Type of Service	Income Tax	VAT	Land & Building Tax	Acquisition Duty of Right on Land and Building	Total
Correction	1,089	361	8,832	109	10,391
Objection	2,802	2,444	8,503	91	13,840
Basic Tax Deduction	-	-	28,731	1,460	30,191
Deduction or Annulment of Administrative Penalties	3,308	2,901	-	-	6,209
Penalties Deduction	-	-	2,123	19	2,142
Deduction or Cancellation of Tax Assessment	1,284	827	3,225	11	5,347
Deduction or Cancellation of Notice of Tax Collection	235	123	9	6	373
Cancellation of Audit Result/Notice Of Tax Assessment as a Result of Audit	2	4	-	-	6
Total	**8,720**	**6,660**	**51,423**	**1,696**	**68,499**

Database of Land and Building Tax Object in 2007-2009

Year	Number		SISMIOP Number				Digital Map	
	Tax Object	Village/ Subdistrict	Tax Object	%	Village/ Subdistrict	%	Village/ Subdistrict	%
Up to January 1, 2007	71,724	90,972,987	38,917	54.3	64,046,203	70.4	18,374	25.6
Up to January 1, 2008	71,766	93,560,990	41,746	58.2	69,459,676	74.2	24,935	34.7
Up to January 1, 2009	74,783	98,993,182	48,493	64.8	78,272,631	79.1	30,520	40.8
Up to December 31, 2009	75,696	100,121,506	51,206	67.6	82,145,106	82.0	35,712	47.2

Audit Performance by Quantity in 2009

Routine Audit	Special Audit	Audit for Other Purposes	Total Settled Audit	Target Settlement	Target Settlement
40,965	6,345	21,885	69,195	68,000	101.8%

Audit Performance in 2009 upon Refund Discrepancy

National Tax Revenue (trillion rupiah)	Total Auditor (person)	Revenue from Tax Audit (million rupiah)	Refund Discrepancy (million rupiah)	Total Hasil Pemeriksaan (million rupiah)	Average per Auditor (million rupiah)	Audit Contribution to Natioanal Tax Revenue (%)
494.49	3,031	3,609,755	3,659,181	7,268,936	2,398	1.4

Income Tax and VAT/Sales Tax on Luxury Goods Arrears and Payment in 2006-2009

(trillion rupiah)

Year	Beginning Balance	Addition	Payment	Deduction	Ending Balance
2006	25.79	18.80	11.87	4.25	28.78
2007	28.78	16.83	11.84	6.44	27.35
2008	27.35	27.39	11.29	5.11	38.34
2009	38.34	24.25	16.57	6.35	39.82

Land and Building Tax/Acquisition Duty of Right on Land and Building Arrears and Payment in 2006-2009

(trillion rupiah)

Year	Beginning Balance	Addition	Payment	Ending Balance
2006	3.15	0.75	0.33	3.79
2007	3.79	0.90	0.80	3.89
2008	3.89	3.20	0.83	6.83
2009	6.83	15.12	10.84	10.18

Performance of Contact Center "Kring Pajak 500200" Service in 2008-2009

Description	2008	2009	Growth
In-coming Calls	232,153	318,449	37.17%
Calls Answered	76,017	210,994	177.56%

Result of DGT's Quick Wins in Services Monitoring in 2009

No.	Service Indicator	Total Settlement Time	Total Product of Service	Time Standard	Average Service Time	Service not Comply with the Time Standard	
						Total Product	%
1	Settlement for Request of Taxpayer Id Entification Number Registration	6,400,982.24	3,662,249	8 office hours	1.75 hours	5,137	0.14
2	Settlement for Request of Confirmation as a Taxable Person for VAT Purposes	76,962.26	60,307	3 days	1.28 days	118	0.20
3	Settlement for Request of VAT Refund:						
	a. Low Risk- Notice of Overpayment Assessment Issuance	1,571	999	2 months	1.57 months	91	9.11
	b. Medium Risk- Notice of Overpayment Assessment Issuance	11,529.86	3,182	4 months	3.62 months	177	5.56
	c. High Risk- Notice of Overpayment Assessment Issuance	23,027.22	3,068	12 months	7.51 months	19	0.62
4	Settlement for Disbursement of Refund Claim Issuance	136,496.93	14,084	15 days	9.69 days	694	4.93
5	Settlement for Request of Objection to Tax Assessment	82,722.62	18,692	9 months	4.43 months	1,329	7.11
6	Settlement for Request of Exemption to Income Tax of Article 22 (Import Activities) Written Permit	5,512	526	15 days	10.48 days	41	7.76
7	Settlement for Request of Notice on Tax Exemption to Withholding Income Tax of Article 22 (Import Activities) Issuance	40,807.70	12,674	5 days	3.22 days	637	5.03
8	Settlement for Request of Land And Building Tax Deduction	59,065.13	65,023	2 months	0.91 months	287	0.44

DGT Employee Composition in 2009

Position			Number	Rank Group				Gender		Education						
				I	II	III	IV	Man	Woman	Up to High school	Diploma I	Diploma II	Diploma III	Under Graduate	Graduate	Post Graduate
Structural	Echelon	Echelon I	1	-	-	-	1	1	0	0	0	0	0	0	1	0
		Echelon II	48	-	-	-	48	47	1	0	0	0	0	2	40	6
		Echelon III	547	-	-	68	479	511	55	17	5	0	8	74	448	14
		Echelon IV	3,779	-	-	3,610	169	3,180	599	352	4	29	120	1,628	1,641	5
	Non Echelon	Account Representative	5,182	0	805	4,377	0	3,764	1,418	190	64	1	1,442	2,863	622	0
		Government Treasurer	638	0	588	50	0	424	214	150	337	1	67	83	0	0
		Tax Bailiff	761	0	438	323	0	744	17	359	129	0	97	174	2	0
		Operator Console	784	0	768	16	0	756	28	50	545	0	119	70	0	0
		General Staff	16,047	14	10,386	5,636	11	11,185	4,843	4,711	4,316	9	3,345	3,403	249	3
		Tax Objection Reviewer	579	0	31	548	0	415	164	2	1	0	121	364	91	0
Functional	Tax Auditor	Expert Tax Auditor Level III	189	0	-	4	185	153	36	1	0	0	3	106	78	1
		Expert Tax Auditor Level II	903	0	-	896	7	821	82	2	0	0	2	516	383	0
		Skilled Tax Auditor Level I	341	0	319	22	-	326	15	5	0	0	296	38	2	0
		Skilled Tax Auditor Level II	337	0	10	327	-	304	33	14	2	1	250	68	2	0
		Skilled Tax Auditor Level III	73	0	-	73	-	63	10	28	3	0	31	10	1	0
		Expert Tax Auditor Level I	1,188	0	6	1,182	-	1,094	94	0	1	0	39	1,005	143	0
	Appraiser	Expert Appraiser Level III	1	0	-	-	1	1	-	0	0	0	0	1	0	0
		Expert Appraiser Level II	46	0	-	46	-	43	3	1	0	0	0	25	20	0
		Expert Appraiser Level I	114	0	111	3	-	108	6	5	0	1	105	3	0	0
		Skilled Appraiser Level III	89	0	-	89	-	86	3	39	0	6	37	7	0	0
		Skilled Appraiser Level I	52	0	-	52	-	50	2	26	0	16	9	1	0	0
		Skilled Appraiser Level II	87	0	-	87	-	69	18	0	0	0	1	84	2	0
	Computer Administrator	Expert Computer Administrator Level II	2	0	-	2	-	1	1	0	0	0	0	0	0	0
		Skilled Computer Administrator Level II	8	0	1	7	-	7	1	0	0	0	0	0	0	0
		Skilled Computer Administrator Level III	15	0	-	15	-	12	3	0	0	0	0	2	0	0
		Skilled Computer Administrator Level IV	1	0	-	1	-	1	-	0	0	0	7	1	0	0
		Expert Computer Administrator Level I	8	0	-	8	-	7	1	0	0	0	8	7	0	0
	Medic		4	-	2	2	-	-	4	1	-	-				
Subtotal			31,824	14	13,465	17,444	901	24,173	7,651	5,953	5,407	64				
Total			**31,824**	**31,824**				**31,824**								

Employee's Education and Training in 2009

No.	Description	Participant
A	**SPECIALIZATION TRAINING**	
1	Account Representative Training	630
2	Account Representative Refreshment Training	30
3	Tax Objection Reviewer Training	30
4	Operator Console Substantive-Technique Training	280
5	Appraiser Basic Training	30
6	Appraiser Refreshment Training	60
7	Tax Auditor Basic Training	803
8	Tax Auditor Advanced Training	47
9	Tax Auditor Intermediate Training	90
10	Computer Administrator Training	21
11	Tax Bailiff Substantive-Technique Specialization Training	270
12	Tax Bailiff Substantive-Technique Specialization Advanced Training	0
13	One-Stop Service Staff Training	30
14	Extensification Staff Training	20
15	Procurement Certification Examination	1,545
16	Government Treasurer Training	47
17	Intelligence Basic Training	60
18	Civil Service Investigator Regular Training	60
19	Preliminary Investigation Refreshment Training	100
20	Preliminary Investigation and Investigation Advanced Training I	208
21	Preliminary Investigation and Investigation Advanced Training II	150
22	Information, Data, Report, and Complaint Analysis Basic Training	134
23	Objection Management Training	120
24	Collection Management Training	100
25	Extensification Management Training	20
26	Service Management Training	60
27	Guidance and Consultation Management Training	31
28	Administration Sub Division Management Training	60
29	Supervision and Consultation Management Training	92
30	Tax Auditor Refreshment Training	230
31	e-Auditor Intermediate Training	16
32	State Owned Property Administration Substantive-Technique Specialization Training	28
33	State Budget Administration Substantive-Technique Specialization Training	16
34	General Service Agency Financial Administration Substantive-Technique Specialization Training	7
35	Commitment Making Officials Substantive-Technique Specialization Training	6
36	Information, Data, Report, and Complaint Analysis Advanced Training	115
37	High Wealth Individual Tax Office Staff Candidate Training	93
38	Outbound Call Center Training	25
	Subtotal	**5,664**
B.	**CARRIER TRAINING**	
39	Pre-Assignment Training for Level II	1,032
40	Pre-Assignment Training for Level III	1,268
41	Tax Substantive-Technique Basic Training I	232
42	Tax Substantive-Technique Basic Training II	1,264
43	Official Examination I	154
44	Upgrading Adjustment Exam (UPKP) Level IV	197
45	Upgrading Adjustment Exam Level V	306
46	Upgrading Adjustment Exam Level VI	14
47	Leadership Training for Level III	5
48	Leadership Training for Level IV	45
	Subtotal	**4,517**

Employee's Education and Training in 2009

No.	Description	Participant
C.	**SUPPORTING TRAINING**	
49	Observation (National) Training	93
50	Observation (Regional) Training	463
51	Objection, Appeal, and Tax Court Training	210
52	Business Appraisal Training 1 & 2	15
53	Asset Appraisal Training 1 & 2	15
54	Leadership Training	343
55	Transfer Pricing Training	871
56	TOEFL Training	31
57	Mining (Oil and Gas) Training	33
58	Training of Trainer (TOT)	128
59	Competency Training	128
60	PINTAR Training	37
61	Risk Assessment Training	25
62	Internal Compliance Training	31
63	ToT Tax Treaty	40
64	Validating Cap. State Training	193
65	In-House Training (IHT) Auditing	20
66	IHT Advocacy	40
67	IHT Banking Industry	54
68	IHT Negotiation Skill	40
69	IHT Mineral, Coal, and Geothermal	31
70	IHT Advocater	45
71	IHT Right to Answer and Legal Notice	45
72	IHT Venture Capital	40
73	IHT Performance Data Analysis	72
74	IHT Economic Policy	72
75	IHT Sharia	65
76	IHT Derivative	85
77	IHT Foundation and Cooperation	65
78	IHT Leraning and Development	21
79	Financial Institution Training	20
80	Government Financial Accountability Accelerate Program Training	32
81	Audit Sampling Training	20
82	e-Audit Manual Workshop	22
83	Motivation/Works Ethic Workshop	80
84	Legal Drafting Training	40
85	Corporate Value Internalization for New Employees	230
86	Balance Scorecard Training	76
87	HR Based ISO 9001:2008 Training	26
	Subtotal	**3,897**
	Total	**14,078**

Indonesia's Tax Treaty Network[1)]

No.	Country	Effective Period (for tax purposes)
1.	Algeria	1 January 2001
2.	Australia	1 July 1993
3.	Austria	1 January 1989
4.	Bangladesh	1 January 2007
5.	Belgium	1 January 1975
	- renegotiation	1 January 2002
6.	Brunei Darussalam	1 January 2003
7.	Bulgary	1 January 1993
8.	Canada	1 January 1980
	- renegotiation	1 January 1999
9.	China, People's Republic of	1 January 2004
10.	Czech	1 January 1997
11.	Denmark	1 January 1987
12.	Egypt	1 January 2003
13.	Finland	1 January 1990
14.	France	1 January 1981
15.	Germany	1 January 1976
	- 1st renegotiation	1 January 1988
	- 2nd renegotiation	1 January 1992
16.	Hungary	1 January 1994
17.	India	1 January 1988
18.	Itali	1 January 1996
19.	Japan	1 January 1983
20.	Jordan	1 January 1999
21.	Korea, Democratic People's Republic of	1 January 2005
22.	Korea Republic of	1 January 1990
23.	Kuwait	1 January 1999
24.	Luxemburg	1 January 1995
25.	Malaysia	1 January 1993
26.	Mauritius[2)]	1 January 1999
27.	Mexico	1 January 2005
28.	Mongolia	1 January 2001
29.	Netherlands	1 January 1971
	- 1st renegotiation	1 June 1994
	- 2nd renegotiation	1 January 2004
30.	New Zealand	1 January 1989
31.	Norway	1 January 1991
32.	Pakistan	1 January 1991
33.	Phillipines	1 January 1983
34.	Poland	1 January 1994
35.	Portugal	1 January 2008
36.	Qatar	1 January 2008
37.	Romania	1 January 2000
38.	Russia	1 January 2003
39.	Saudi Arabia	
	Note: Only for International Traffic	1 January 1989
40.	Seychelles	1 January 2001
41.	Singapore	1 January 1992
42.	Slovak	1 January 2002
43.	South Africa	1 January 1999
44.	Spain	1 January 2000
45.	Sri Lanka	1 January 1995
46.	Sudan	1 January 2001

Indonesia's Tax Treaty Network

No.	Country	Effective Period (for tax purposes)
47.	Sweden	1 January 1990
48.	Switzerland	1 January 1990
49.	Syria	1 January 1999
50.	Taiwan	1 January 1996
51.	Thailand	1 January 1983
52.	Tunisia	1 January 1994
53.	Turkey	1 January 2001
54.	Uni Arab Emirate	1 January 2000
55.	Ukraine	1 January 1999
56.	United Kingdom	1 January 1976
	- renegotiation	1 January 1995
57.	United State of America	1 February 1991
	- renegotiation	1 February 1997
58.	Uzbekistan	1 January 1999
59.	Venezuela	1 January 2001
60.	Vietnam	1 January 2000

Notes :
1. 59 tax treaty has effectively prevailed and 1 tax treaty has terminated.
2. RI-Mauritius Tax Treaty is no longer valid from January 1, 2005 In accordance with Circular Letter of Director General of Taxes SE-06/PJ.3/2004 concerning Termination of RI-Mauritius Tax Treaty.

DGT Balance as of December 31, 2009 and 2008

No.	Description	Platform (Rp)	Realization (Rp)	%
1.	Personnel Expenditure	1,338,853,128,000	1,115,143,378,425	83.29
2.	Material Expenditure	1,905,810,437,000	1,227,887,774,568	64.43
3.	Capital Expenditure	1,060,553,498,000	648,461,556,590	61.14
4.	**Total (1+2+3)**	**4,305,217,063,000**	**2,991,490,350,583**	**69.49**
5.	Debt Interest Payment	0	1,056,807,330,401	0
6.	**Total (4+5)**	**4,305,217,063,000**	**4,048,300,039,984**	**94.03**

DGT Expenditure Realization per Expenditure Year 2009 and 2008

No.	Description	2009	2008	% Increase/ (Decrease)
1.	Personnel Expenditure	1,115,143,378,425	1,004,896,490,194	10.97
2.	Material Expenditure	1,227,887,774,568	947,301,977,025	29.62
3.	Capital Expenditure	648,461,556,590	1,254,752,296,897	(48.32)
4.	**Total (1+2+3)**	**2,991,492,709,583**	**3,206,950,764,116**	**(6.72)**
5.	Debt Interest Payment	1,056,807,330,401	906,289,163,569	16.61
6.	**Total (4+5)**	**4,048,300,039,984**	**4,113,239,927,685**	**(1.58)**

DGT Balance as of December 31,2009 and 2008

Description	Total		Increase/(Decrease)	
	2009	2008	Total	%
1	2	3	4	5
ASSETS				
Cash on Expenditure Treasurer	932,612,895	944,963,095	(12,350,200)	(1.30)
Cash on Revenue Treasurer	0	1,822,735	(1,822,735)	(100.00)
Other Cash and Equivalent to Cash	6,546,697	0	6,546,697	0.00
Tax Receivables	49,999,727,823,996	45,173,077,395,397	4,826,650,428,598	10.68
Non-Tax Receivables	132,694,979	684,051,351	(551,356,372)	(80.60)
Current Receivable for Treasury Claims/ Compensation Claims	53,764,428	118,258,820	(64,494,392)	(54.53)
Prepaid Expenditure	31,475,685,666	0	31,475,685,666	0.00
Inventory	113,685,538,106	88,200,439,352	25,485,098,754	28.89
TOTAL LIQUID ASSETS	**50,146,014,666,767**	**45,263,026,930,750**	**4,882,987,736,017**	**10.78**
FIXED ASSETS				
Land	5,868,476,257,110	3,736,360,295,112	2,132,115,961,998	57.06
Equipment and Machine	3,365,861,808,418	3,217,317,808,089	148,544,000,329	4.61
Building and Construction	4,011,871,869,277	3,065,068,755,475	946,803,113,802	30.89
Road, Irrigation, and Line	39,396,538,649	24,231,579,490	15,164,959,159	62.58
Other Fixed Assets	188,941,009,001	191,293,118,826	(2,352,109,825)	(1.22)
Construction in Process	257,182,867,791	819,133,035,048	(561,950,167,257)	(68.60)
TOTAL FIXED ASSETS	**13,731,730,350,246**	**11,053,404,592,040**	**2,678,325,758,206**	**24.23**
OTHER ASSETS				
Receivable for Treasury Claims/ Compensation Claims	222,122,700	689,565,763	(467,443,062)	(67.78)
Intangible Assets	182,006,260,959	83,231,383,947	98,774,877,012	118.67
Other Assets	75,856,127,457	11,256,715,131	64,599,412,326	573.87
TOTAL OTHER ASSETS	**258,084,511,116**	**95,177,664,841**	**162,906,846,275**	**171.16**
TOTAL ASSETS	**64,135,829,528,130**	**56,411,609,187,631**	**7,724,220,340,498**	**13.69**
LIABILITIES				
SHORT-TERM LIABILITIES				
Payables to Third Parties	18,736,859,944	63,500,181,137	(44,763,321,193)	(70.49)
Payable for Revenue Refund	294,292,169,306	248,820,736,013	45,471,433,293	18.27
Prepaid from State Treasury Office	932,612,895	944,963,095	(12,350,200)	(1.30)
Deferred Revenue	6,546,697	1,822,735	4,723,962	259.16
TOTAL SHORT-TERM LIABILITIES	**313,968,188,842**	**313,267,702,980**	**700,485,862**	**0.22**
TOTAL LIABILITIES	**313,968,188,842**	**313,267,702,980**	**700,485,862**	**0.22**
EQUITY FUND				
CURRENT EQUITY FUND				
Receivables Allowance	50,031,389,969,069	45,173,879,705,568	4,857,510,263,501	10.75
Inventory Allowance	113,685,538,106	88,200,439,352	25,485,098,754	28.89
Allowance for Short-Term Liabilities Payment	(313,029,029,250)	(312,320,917,150)	(708,112,100)	0.22
TOTAL CURRENT EQUITY FUND	**49,832,046,477,925**	**44,949,759,227,770**	**4,882,287,250,155**	**10.86**
INVESTMENT EQUITY FUND				
Invested in Fixed Asset	13,731,730,350,246	11,053,404,592,040	2,678,325,758,206	24.23
Invested in Other Asset	258,084,511,116	95,177,664,841	162,906,846,275	171.16
TOTAL INVESTMENT EQUITY FUND	**13,989,814,861,362**	**11,148,582,256,881**	**2,841,232,604,481**	**25.48**
TOTAL EQUITY FUND	**63,821,861,339,288**	**56,098,341,484,651**	**7,723,519,854,636**	**13.76**
TOTAL LIABILITIES AND EQUITY FUND	**64,135,829,528,130**	**56,411,609,187,631**	**7,724,220,340,498**	**13.69**

This page is intentionally left blank

DGT ANNUAL REPORT 2009 DRAFTING TEAM



Steering Committee	:	Director General of Taxes, Secretary of Directorate General of Taxes
Team Leader	:	Ihsan Priyawibawa
Contributor	:	Darmawan, Agus Kuncara, Febriyanti Sawaliah, Dewi Sulaksminijati, Achmad Amin, Sugeng Wibowo, Eddi Wahyudi, Agung Lisyanto, Wahyudi, Herru Widiatmanti, M. Adhi Darmawan, Arif Priyanto, Hari Efianto, Mira Roosmaya Dewi, Jarot Budiono, Agus Joko Purwanto
Editor	:	Muchamad Arifin, Aan Almaidah Anwar, Jerry Fadlinsyah, Olina Rizki Arizal, Irwan Roesli, Dhamar Fitri Setiati
Printing & Distribution	:	Wolly Febriend, Andriyanto Cahyadi, Muhammad Setiawan, Yuwono Aji Satyo
Secretariat	:	Leonardi Chandrawibawa, Fitri Mardiana

design by **geget**gigit 021-79190876