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

Annual Report **2010**



DGT's efforts in reforming
the bureaucracy and winning
the people's heart.

www.pajak.go.id

Directorate General of Taxes
Ministry of Finance of the Republic of Indonesia

Annual Report 2010

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

Call Center/Kring Pajak : (021)500200
e-mail : pengaduan@pajak.go.id

PROFESIONALISME
INTEGRITAS
TEAMWORK
INOVASI

As a government institution whose responsibility is to collect public fund for government revenue, DGT continues the bureaucratic reform, as a “Definite (PasTI)” step in carrying out public trust.

VISION

To be a government institution that implements a modern tax administration system that is effective, efficient and trusted by the public with high integrity and professionalism.

MISSION

To collect tax revenue through an effective and efficient tax administrative system based on tax law which enables the state to achieve an independent state budget.



VALUES

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.

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



Teamwork

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

Innovation

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

Remarks by the Director General of Taxes



Mochamad Tjiptardjo | Director General of Taxes

In 2010, DGT launched short and medium term improvement programs (crash programs) focusing on 9 prioritized areas.

Assalamu'alaikum Wr. Wb.

We express our gratitude to God the Almighty that with His Blessings the Directorate General of Taxes (DGT) could perform its duty in securing state revenue for the year 2010. In 2010, DGT has managed to collect tax revenue of Rp569.02 trillion or 93.88% of the targeted Revised State Budget 2010. This shows a 15.07% growth compared to previous year's realization. This was really an achievement considering that in the same year DGT faced three main problems, namely the decrease in public trust due to some news on abuse of power/authority by some employees of DGT, the low level of taxpayers' compliance, and the decrease in employees' motivation.

With regard to the above problems, especially to anticipate the problem of the decrease in public trust and employees' motivation, DGT launched short and medium term improvement programs (crash programs) in 2010 focusing on 9 prioritized areas, which are (1) work values and culture, (2) audit, (3) objection, (4) appeal, (5) extensification, (6) compliance monitoring, (7) human resources, (8) information and communication technology, and (9) organization.

As an implementation of the program, in 2010 an internalization program entitled "DJP Maju, PasTI!" (DGT Move Forward, Definitely!) was launched. The program served as a program to motivate and to strengthen employees' integrity by using DGT values as behavioral guidance. The DGT values, which is Professionalism, Integrity, Teamwork, and Innovation, or shortened as PasTI (Definitely), are the core of the organization culture developed by DGT.

Other important activities carried out by DGT in 2010 were playing an active role in the transfer of Land and Building Tax – Rural and Urban Areas, and Acquisition Duty of Right on Land and Building to the regional governments, and also the commencement of VAT Refund for Tourist policy, which is a policy to refund VAT paid on luggage taken abroad by individual holders of foreign passports. The implementation of VAT Refund for Tourist began on 1 April 2010 in line with the enactment of Law Number 42 Year 2009 regarding VAT and Sales Tax on Luxury Goods.

In 2010, DGT implemented an extensification program which resulted a significant increase of 3,201,014 registered taxpayers, consisting of 3,019,396 individual taxpayers, 151,771 corporate taxpayers, and 29,847 government treasurer taxpayers. This addition is expected to be a foundation for future tax collection.

DGT's active role in international tax community, among others, was performed by participating in international-scaled activities, such as the establishment of Tax Information Exchange Agreement (TIEA) in London, and participation in the Sixth Meeting of the OECD FTA in Istanbul, OECD Global Forum on Development in Paris, and Global Forum Meeting on Transparency and Exchange of Information for Tax Purpose in Singapore.

For a better Indonesia, DGT is optimistic on its ability to carry out the mandate in collecting tax revenue in the future years, overcome challenges and obstacles, and to regain public trust.

Wassalamu'alaikum Wr. Wb.

Director General of Taxes



Mochamad Tjiptardjo

DGT Board of Directors and Heads of Regional Tax Offices



Mochamad Tjiptardjo
Director General of Taxes



Djonifar Abdul Fatah
Secretary of Directorate General of Tax



Suryo Utomo
Director of Taxation Regulations I



Achmad Sjarifuddin Alsah
Director of Taxation Regulations II



Otto Endy Panjaitan
Director of Audit and Collection



Pontas Pane
Director of Intelligence and Investigation



Hartoyo
Director of Extensification and Appraisal

Mochamad Tjiptardjo
Director General of Taxes
He has been assigned as Director General of Tax since 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 Fatal
Secretary of Directorate General of Tax
His current position as the Secretary of Directorate General of Taxes is from 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 Taxation Regulations I
His appointment as Director of Taxation Regulations I started from 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 Taxation Regulations II
He has been assigned in this position of Director of Taxation Regulation II since April 2009. He was graduated from Finance Institute in 1980. He was also recorded as the alumni of University of Illinois of USA in 1986 and the alumni of University of Bloomington 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 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 October 2009. He was the alumni of Economics Faculty in North Sumatera University in 1988 and he graduated from Magister of Management Program of Krisnadwipayana University in 2007.

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



Catur Rini Widosari
Director of Objection and Appeal
Since April 2010, she was assigned as Director of Objection and Appeal. Her Diploma degree in Ecomomics was from Sriwijaya University Palembang in1989. In addition, she got Master of 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 December 2006. He graduated from North Sumatera University in 1978 and got Diploma degree in Economics majoring in Accounting. His Master of Arts in Economic and Doctor of Philosophy in Economics were from University of Colorado of USA in respectively 1984 and 1987.



Moh. Iqbal Alamsjah
Director of Counseling, Services and Public Relation
Alumni of Diploma IV program in Finance Specialization in Accounting of State College of Accounting in 1988 has been in the position of Director of Counseling, Services, and Public Relation since 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
Position as Director of Tax Information Technology has been held since 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 Apparatus Transformation
This alumnus 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 May 2010. He also recorded as the alumnus of Master of Public Administration Program, Harvard University of USA in 1995.



Hario Damar
Director of Communication and Information Technology Transformation
He has been working as the Director of Communication and Information Technology Transformation since 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 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
Senior Advisor for Tax Extensification and Intensification
He is in charge of Senior Advisor for Tax Extensification and Intensification since 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 in Technology Universty of the Philippine of Philippine in 1999.



Gusti Nyoman Putera
Senior Advisor for Tax Services
Since May 2010, he has been in charge of Senior Advisor for Tax Services. He got Diploma degree in Accounting and Magister of Science from Gadjah Mada University in respectively 1979 and 1998.



Estu Budiarto
Senior Advisor for Human Resources Development
This current position of Senior Advisor for Human Resources Development has been held since 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
Senior Advisor for Tax Supervision and Law Enforcement
This Diploma degree in Law holder from University of Indonesia in 1986 has been in charge of Senior Advisor for Tax Supervision and Law Enforcement since May 2010. He is also the holder of Master of Business Administration from Saint Louis University of USA in 1992.

List of Heads of Regional Tax Offices and Head of Data Processing Center

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

Calendar of Events 2010

1
January
The enactment of Law Number 28 of 2009 regarding Local Tax and Local Retribution, which rules, among others, the transfer of Land and Building Tax – Rural and Urban Areas (PBB-P2) as Local Tax by 31 December 2013, and transfer of Acquisition Duty of Right on Land and Building (BPHTB) as Local Tax by 2011. On this date, Corporate Income Tax tariff was also reduced becoming 25%, effective tax year 2010.

10-12
February
Negotiation on the establishment of the Avoidance of Double Taxation Agreement between Indonesia and Hongkong, held in Hongkong.

11
March
Rejection of judicial review by Constitutional Court for Income Tax Law [Article 4 paragraph (2), Article 7 paragraph (3), Article 14 paragraph (1), (7), Article 17 paragraph (2), letter a, c, d, Article 17 paragraph (3), Article 17 paragraph (7), Article 19 paragraph (2), Article 21 paragraph (5), Article 22 paragraph (1) letter c, Article 22 paragraph (2), and Article 25 paragraph (8)].



22-24
March
Negotiation on the establishment of Avoidance of Double Taxation Agreement between Indonesia and Serbia, held in Jakarta.

29-31
March
Negotiation of Tax Information Exchange Agreement (TIEA) between Indonesia and Jersey, Guernsey, and Isle of Man, held in London.

19
February
Signing of Performance Contract between the Minister of Finance and all echelon I officers within the Ministry of Finance conducted at the Ministry of Finance in Jakarta.



23
February
Signing of Mutual Agreement between DGT and Indonesian Police regarding Law Enforcement in the Area of Taxation.

17
March
Submission of 2009 Annual Income Tax Return for Individual by the President of the Republic of Indonesia, Susilo Bambang Yudhoyono, and the entire United Indonesia Cabinet II (Kabinet Indonesia Bersatu II) at the DGT Head Office in Jakarta.

20
March
Signing of Performance Contract between the Director General of Taxes and all echelon II officers within DGT held at DGT Head Office in Jakarta.

20
May
The President of the Republic of Indonesia, Susilo Bambang Yudhoyono, inaugurated Agus D.W. Martowardojo as the Minister of Finance replacing Sri Mulyani Indrawati.

28
May
Excellent Achievement by Kring Pajak 500200 at a prestigious event "The Best Contact Center Indonesia 2010" organized by Indonesia Contact Center Association held in Hotel Bumi Karsa Jakarta, for two categories: Platinum Award in the category The Best Agent Inbound Contact Center and Silver Award in the category Supervisor Contact Center for Contact Centers with Capacity of Below 100 Seats.

9
June
Negotiation of TIEA between Indonesia and Bermuda, held in Bermuda.

13
July
Negotiation on the establishment of Avoidance of Double Taxation Agreement between Indonesia and Laos, held in Laos.

16
July
Signing of Memorandum of Understanding among the Supreme Court, Judicial Commission, and the Ministry of Finance regarding Guidance and Supervision of Tax Court Judges.

27
September
Negotiation on TIEA between Indonesia and San Marino, held in San Marino.

8
December
Negotiation on TIEA between Indonesia and Costa Rica, held in Costa Rica.

10
December
Negotiation on TIEA between Indonesia and Cayman Islands, held in Cayman Islands.



21-23
December
Renegotiation on the establishment of Avoidance of Double Taxation Agreement between Indonesia and India, held in Jakarta.

22
July
Signing of Performance Contract between the Director General of Taxes and all echelon II officers that has been refined.



18
August
Declaration of organization values 'DJP Maju, PasTI - Professionalism, Integrity, Teamwork, Innovation' implemented simultaneously by DGT office units all over Indonesia.

13
December
Negotiation on TIEA between Indonesia and Bahamas, held in Bahamas.

15-17
December
Renegotiation on the establishment of Avoidance of Double Taxation Agreement between Indonesia and Japan, held in Jakarta.



31
December
Cut-off date of Exit Tax according to the mandate under the Income Tax Law.

PROFESSIONALISM

as an essential commitment in collecting government revenue.

The spirit of professionalism is always shown in rendering services to the public and achieving self sufficiency in funding the national development.





DGT at a Glance

ORGANIZATION

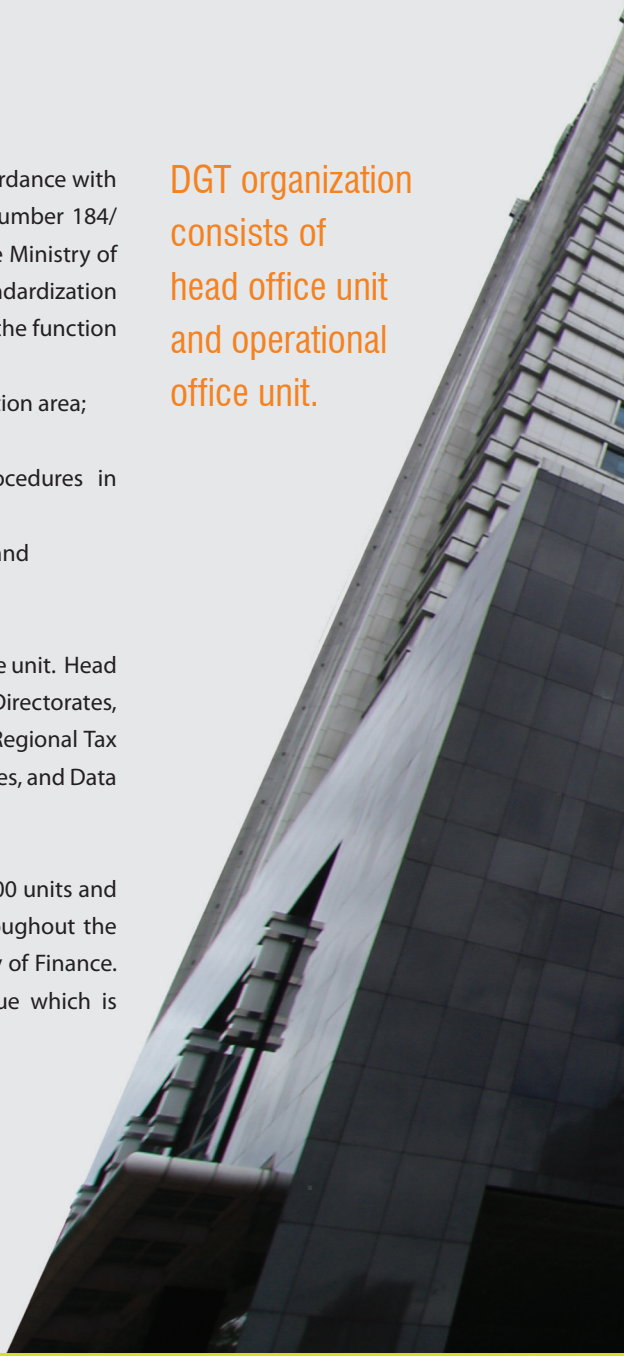
The main duties of the Directorate General of Taxes (DGT) in accordance with the mandate under the Regulation of the Minister of Finance Number 184/PMK.01/2010 regarding Organization and Work Procedures of the Ministry of Finance are to formulate and implement technical policies and standardization in the area of taxation. In executing its main tasks DGT performs the function 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 tax administration.

DGT organization consists of head office unit and operational office unit. Head office unit consists of the Secretariat of the Directorate General, Directorates, and senior advisor positions. Operational office unit consists of Regional Tax Offices, Tax Offices, Tax Service, Counseling and Consultation Offices, and Data Processing Center.

DGT organization, with a total operational offices of more than 500 units and total number of employees of more than 32,000 spreading throughout the archipelago, is the largest Directorate General within the Ministry of Finance. Those resources are empowered in order to secure tax revenue which is becoming higher each year.

DGT organization consists of head office unit and operational office unit.




DIREKTORAT JENDERAL PAJAK

DGT Organizational Structure



Main Tasks of Units within DGT Head Office	
Secretariat of Directorate General	To coordinate the task engagement and to guide as well as provide administrative supports to all units within DGT.
Directorate of Taxation Regulations I	To formulate and to implement policies and technical standardization 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 Taxation Regulations II	To formulate and to implement policies and technical standardization in Income Tax regulations, tax treaty and international cooperation, legal assistance, and harmonization of tax regulation.
Directorate of Audit & Collection	To formulate and to implement policies and technical standardization in tax audit and collection.
Directorate of Intelligence & Investigation	To formulate and to implement policies and technical standardization in intelligence and investigation.
Directorate of Extensification & Appraisal	To formulate and to implement policies and technical standardization in tax extensification and appraisal.
Directorate of Objection & Appeal	To formulate and to implement policies and technical standardization in objection and appeal.
Directorate of Potency, Compliance, & Revenue	To formulate and to implement policies and technical standardization in potency, compliance, and revenue.
Directorate of Counseling, Service, & Public Relation	To formulate and to implement policies and technical standardization in counseling, service, and public relation.
Directorate of Tax Information Technology	To formulate and to implement policies and technical standardization in tax information technology.
Directorate of Internal Compliance & Apparatus Transformation	To formulate and to implement policies and technical standardization in internal compliance and apparatus transformation.
Directorate of Information & Communication Technology Transformation	To formulate and to implement policies and technical standardization in information and communication technology transformation.
Directorate of Business Process Transformation	To formulate and to implement policies and technical standardization in business process transformation.
Senior Advisor for Tax Extensification & Intensification	To review and study issues in tax extensification and intensification and provide conception solution rationing
Senior Advisor for Tax Service	To review and study issues in tax service and provide conception solution rationing.
Senior Advisor for Human Resources & Development	To review and study issues in human resources development and provide conception solution rationing.
Senior Advisor for Tax Supervision & Law Enforcement	To review and study issues in tax supervision and law enforcement and provide conception solution rationing.

Regional tax 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 tax office is differentiated into:

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

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 taxpayer office (LTO) administering national large corporate taxpayers, state-owned enterprises, and high wealth individuals;
b. medium taxpayer office (MTO) administering regional large corporate taxpayers, foreign investment companies; permanent establishment and expatriates, and public listed companies;
c. small taxpayer office (STO) serve local individual and corporate taxpayers.

Because of large territory, some STO are supported by Tax Service, Counseling, and Consultation to local community in remote regions.

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

Offices	Total
Regional Tax Office	31
Large Taxpayer Office	4
Medium Taxpayer Office	28
Small Taxpayer Office	299
Tax Service, Counseling & Consultation Office	207
Data Processing Center	1
Total	**570**



Performance

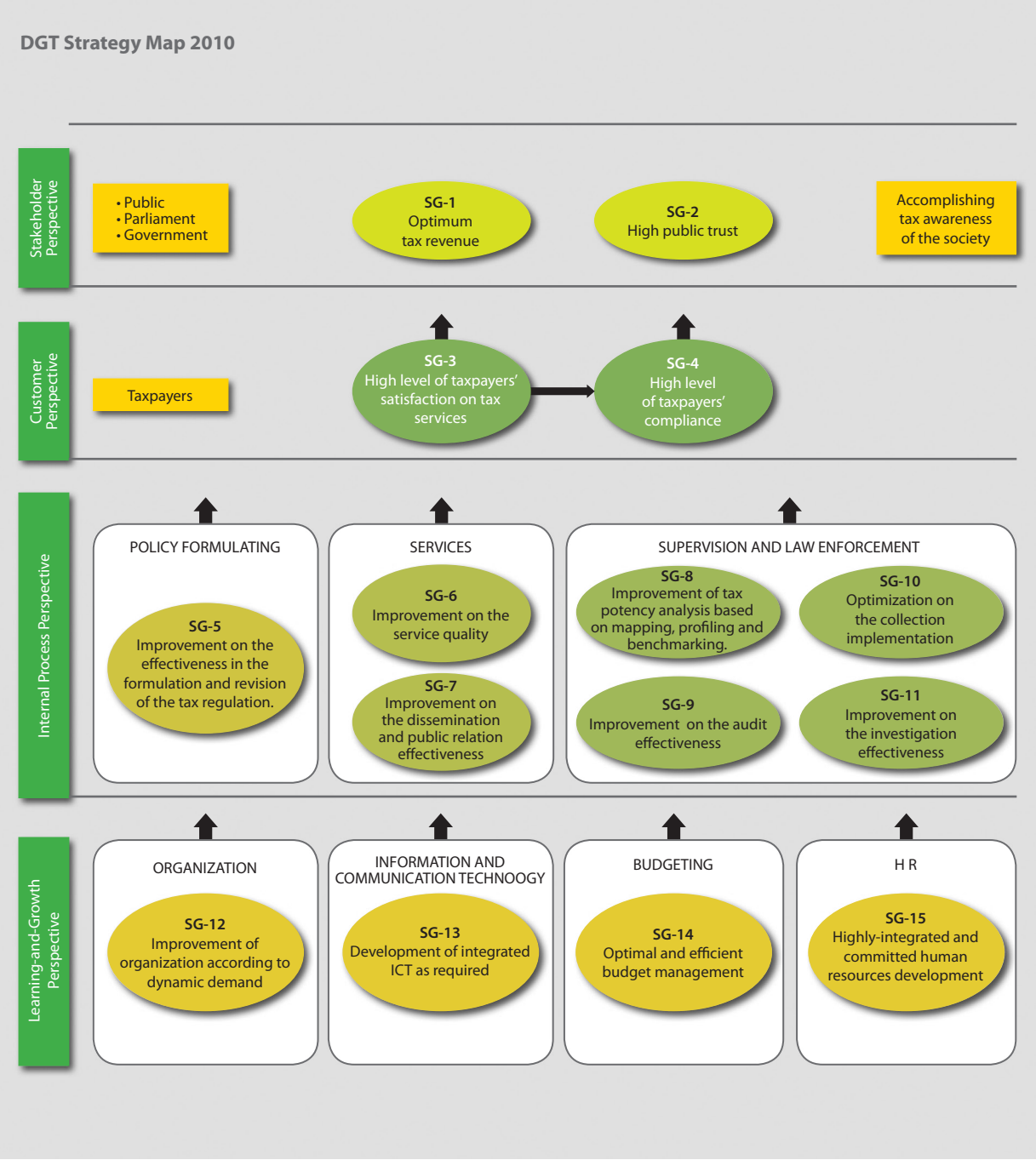


A modern organization requires clear duties and roles for each organization unit and personnel in order to attain the objectives that are aligned with the organization vision and mission. Consistently, DGT has applied performance management based on Balanced Scorecard (BSC) since 2007. With BSC-based performance management, DGT's performance will not only be viewed from the stakeholders' perspective, that is related to tax revenue, but also from the other three perspectives, namely customers' perspective, internal process perspective, and learning-and-growth perspective. From those four perspectives, Strategic Goals (SG) that must be attained for each perspective are established. Furthermore, in order to measure the achievement for each strategic goal, several performance indicators called the Key Performance Indicators (KPI) are set out.

DGT's performance can be viewed from 4 perspectives, these are stakeholders' perspective, customers' perspective, internal process perspective, and learning-and-growth perspective.

KEY PERFORMANCE INDICATORS

The 2010 DGT's strategic map established 15 Strategic Goals (SG) and 29 KPI together with the targets as the performance contract between the Minister of Finance and DGT.



DGT KPI Performance in 2010

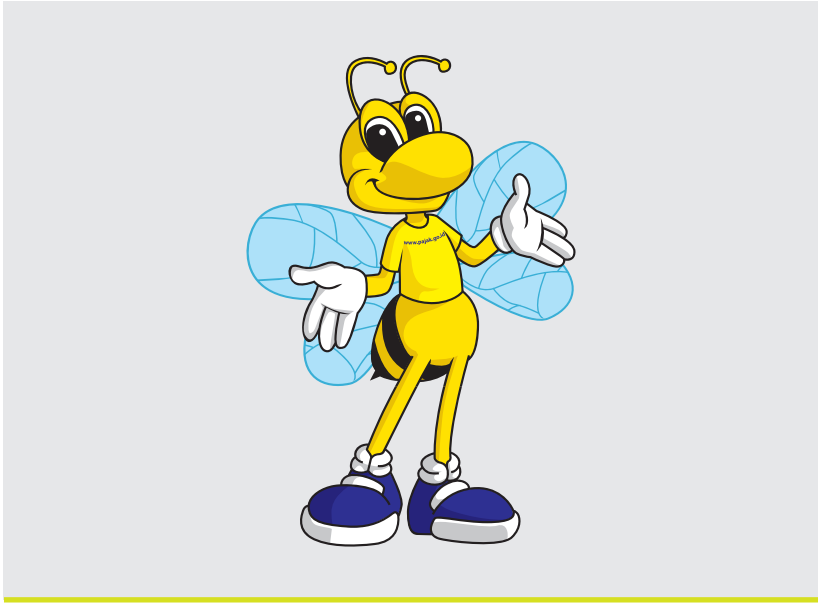
No.	KPI	Target	Realization	Achievement
	Stakeholders' Perspective			
1.	Percentage of tax revenue realization growth (excluding Oil and Gas Income Tax)	22.58%	15.07%	66.74%
2.	Percentage of tax revenue realization (including Oil and Gas Income Tax)	100%	94.92%	94.92%
3.	Percentage of tax revenue realization to Gross Domestic Product (GDP)	11.9%	11.3%	94.96%
4.	Index of public trust level from the survey result	77	66	85.71%
5.	DGT's index of corruption perception from independent survey institution	3.1	N/A	-
	Customer's Perspective			
6.	Percentage of the number of complaining taxpayers	0.21%	0.0084%	4.01%
7.	Percentage of the number of individual taxpayers against the number of head of households	28%	28.19%	100.68%
8.	Percentage of Annual Income Tax Return submission	57.50%	58.16%	101.15%
	Internal Business Process Perspective			
9.	Percentage of completion of the proposals for the drafting and refinement of the Government Regulation and the Regulation of Minister of Finance	100%	105.56%	105.56%
10.	Percentage of completion of the proposals for the drafting and refinement of the Regulation of Director General of Taxes	100%	138.71%	138.71%
11.	Taxpayers' satisfaction index on tax services based on the survey results over: a. Large Taxpayer Offices b. Medium Taxpayer Offices c. Small Taxpayer Offices	 78 75 70	 78 N/A 71	 100% - 101.43%
12.	Percentage of timely service realization	95%	96.10%	101.16%
13.	Taxpayers' satisfaction index on tax dissemination and public relation activities	70	66	94.29%
14.	Percentage of tax dissemination and public relation realization	100%	128.73%	128.73%
15.	Percentage of mapping formulation	100%	100%	100%
16.	Percentage of taxpayers' profiling	100%	100.23%	100.23%
17.	Percentage of sectoral/sub-sectoral benchmarking formulation	100%	118.75%	118.75%
18.	Percentage of audit completion	75%	132.75%	177.00%
19.	Audit efficiency	1:10.61	1:16.54	155.89%
20.	Percentage of tax arrears collection	20%	27.87%	139.35%
21.	Percentage of taxpayers' applying Article 44B of Law on General Provisions and Tax Procedures	5%	8,70%	174.00%
22.	Percentage of investigation findings forwarded to the Attorney's Offices	30%	49.25%	164.17%
	Learning-and-Growth Perspective			
23.	Percentage of organization improvement completion	100%	100%	100%
24.	Percentage of SOP completion against SOPs that need to be renewed/created	100%	145.38%	145.38%
25.	Percentage of finalization the establishment and development of information system module that will be related to the DGT's strategic plans	100%	100%	100%
26.	Percentage of budget spending (DIPA)	85%	77.26%	90.89%
27.	Percentage of employees' competence suitability with the job competence	80%	82.28%	102.85%
28.	Percentage of employees' training hours against with working hours	3.29%	3.31%	100.61%
29.	Percentage of total number of employees sentenced to heavy or medium levels of disciplinary punishment	0.303%	0.192%	63.37%

Explanation on the achievement of DGT's Performance Contract KPI targets for the year 2010 is as follows:

1. Revenue realization growth targets for 2010 could not be accomplished due to several reasons, namely:
   a. the Articles 25/29 of Individual Income Tax experienced a negative growth of 12.31%. This was because of the Sunset Policy program that was launched in the previous year. The program provided the taxpayers with an opportunity to revise their Annual Income Tax Returns for the previous years which had been underpaid and to obtained administrative penalty free facility. The Sunset Policy program has significantly increased the Articles 25/29 of Individual Income Tax revenue in 2009;
   b. the Exit Tax experienced a negative growth of 63.91% due to the implementation of free exit tax provision for individual taxpayers with Taxpayer Identification Number;
   c. the Article 21 of Income Tax only grew by 5.97% due to the increase of Non-Taxable Income threshold from Rp13,200,000 to Rp15,840,000 and due to the changes in legal provisions resulted in no more underpaid tax payment in the 2010's Annual Income Tax Return of Article 21;
   d. the Article 22 of Income Tax only grew by 8.57% since the 2010's national budget was not fully spent and cigarette production volume in 2010 decreased from 284 billion cigarettes to 261 billion cigarettes; and
   e. the Article 23 of Income Tax only grew by 1.76%, considering the decrease in the Article 23 of Income Tax tariff for asset rent and the decrease in dividend distribution of several companies that expanded their businesses and investment.
2. Tax revenue targets for 2010 could not be achieved because of several reasons, namely:
   a. the Article 21 of Income Tax revenue was only Rp55.18 trillion or 89.61% of the target. This was as a result of the increase in Non-Taxable Income and changes in legal provisions resulted in no more underpaid tax payment in the 2010's Annual Income Tax Return of Article 21;
   b. the Article 22 of Income Tax revenue was only Rp4.74 trillion or 87.20% of the target. This was because the 2010's budget was not fully absorbed and cigarette production volume in 2010 decreased;
   c. the Article 23 of Income Tax revenue was only Rp16.32 trillion or 81.73% of the target. This was due to the decrease in Article 23 of Income Tax tariff, especially for asset rent, and the decrease in dividend distribution of several companies that expanded their businesses and investment;
   d. the Final Income Tax revenue was only Rp40.12 trillion or 95.29% of the target. This was because of the interest rate in 2010 (6.5%) that was relatively lower than the interest rate in 2009 (8.75%–6.75%);
   e. the Exit Tax revenue was only Rp11.47 trillion or 28.98% of the target. The reason for this was the increasing number of Taxpayer Identification Number ownership and the application of free exit tax provision for individual taxpayers with Taxpayer Identification Number;
   f. the Domestic VAT revenue was only Rp133.84 trillion or 83.68% of the target. This was because the full budget spent for 2010 could not be realized;

g. the Import VAT revenue was only Rp84.16 trillion or 93.43% of the target. This was resulted from, among others, the decrease in the needs for raw materials that must be imported.

3. The tax ratio target was 11.9%. This figure was generated from the ratio of tax revenue target of Rp743.3 trillion to the GDP based on the Revised-State of 2010 of Rp6,246.5 trillion. Using the data from the Statistics Indonesia (BPS), realization of Indonesia GDP for 2010 based on current market prices was Rp6,422.9 trillion (Official Statistic Announcement by the Statistics Indonesia Number 12/02/Th.XIV, February 7, 2011). Hence, the tax ratio was 11.3%.
4. Achievement of public trust index survey result to the institution was 66 or 85.71% of the targeted index. The public trust level decreased due to abuse of authority cases by some alleged DGT employees.
5. No corruption perception index for 2010 was published by an independent survey institution, Transparency International Indonesia (TII), as done in the previous year.
6. The number of taxpayers submitting their complaints until the end of 2010 was 1,341 or 0.0084% of the number of taxpayers registered at the beginning of 2010 while the maximum target was 0.21%.
7. Percentage of the number of individual taxpayers against compare to the number of head of households in 2010 was 28.19%, exceeding the target of 28%. The number of individual taxpayers until the end of 2010 was 16,880,649 while the total head of households was 59,882,448. Such achievement was due to:
   a. the successful extensification program of regional tax office/tax office;
   b. the increase in public awareness to obtain a Taxpayer Identification Number along with the application of Income Tax Law amendment regarding:
      1) application of higher Income Tax tariff for taxpayers with no Taxpayer Identification Number;
      2) exemption of Exit Tax for individuals with Taxpayer Identification Number,
   c. Obligation to obtain Taxpayer Identification Number for transferring rights over land and/or building; and
   d. Notification letter from the Minister of Finance to retired people with income above the Non-Taxable Income (PTKP) threshold to obtain a Taxpayer Identification Number.
8. The number of taxpayers who are obliged to submit Annual Income Tax Return for 2010 was 14,101,933. The targeted Annual Income Tax Return submission for 2010 was 57.50% while the realization was 58.16%, meaning that the performance achievement was 101.15% of the target.
9. The number of Government Regulation drafts and the Regulation of Minister of Finance drafts that must be refined or finalized during 2010 was 72. The number of completed Government Regulation Drafts and the Regulation of Minister of Finance Drafts until the end of 2010 was 76 or 105.56% of the target, consisting of 18 Government Regulations and 58 Regulation of Minister of Finance.



Kojib - DGT Mascot

10. The number of Regulation of Director General drafts that needs to be refined or finalized during 2010 was 31, while the number of completed drafts of Regulation of Director General up to the end of 2010 was 43 or 138.71% of the target.
11. Achievement of taxpayers' satisfaction index over tax services at large taxpayer offices and at small taxpayer offices were 78 or 100% and 71 or 101.43% of the target, respectively.
12. The number of taxpayer's applications for 16 quick wins in services was 3,000,491, while 95% of the application was targeted to meet the time limit. Realization of the total number of taxpayer's application that was processed within the time limit of quick wins in services was 96.10% or 101.16% of the target.
13. 13. Based on the results of the survey on dissemination and public relation effectiveness rate, which were conducted by an independent institution (Nielsen), 66% of respondents became aware and comply on paying taxes.
14. Realization of dissemination and public relation activities until the end of 2010 was 10,298 activities or exceeded the targeted activities of 8,000. Hence, the achievement for dissemination and public relation activities was 128.73%.
15. All 331 of tax offices already finalized mapping. Therefore, the achievement was 100%.
16. The target of taxpayer's profiling for 2010 was 327,868. The number was based on the total number of taxpayers for large taxpayer offices, tax offices within the Jakarta Special Regional Tax Office, medium taxpayer offices, and 1,000 taxpayers at small taxpayer offices. Until the end of 2010, 328,638 taxpayer's profiles or 100.23% of the targeted profiles have been finalized.
17. Benchmarking of 95 business sectors was completed in 2010 which exceeded the targeted KPIs of 80 business sectors, leading to the achievement of 118.75%.

18. Realization of audit completion in 2010 was 64,988 audit reports consisting of 3,100 special audit reports, 42,307 routine audit reports, and 19,581 audit for other purposes reports, while the target was 48,954 reports. Hence, the audit completion realization was 132.75%.
19. Audit efficiency is the ratio of audit expenses to realized revenue from audit results. Audit efficiency of 2010 was 1:16.54, meaning that it achieved 155.88% of the target of 1:10.61. Realized revenue from the audit findings was Rp11.33 trillion, while the audit spending was Rp685.05 billion.
20. Realization of KPI on percentage of tax arrears collection for 2010 was 27.87% or 139.35% of the target of 20%. The total amount of tax arrears collection until the end of 2010 was Rp22.56 trillion of the target of Rp16.40 trillion, while the total amount of tax arrears at the beginning of that year was Rp49.99 trillion.
21. The realization of taxpayers applying Article 44B Law of General Provisions and Tax Procedures in order that the investigation could be stopped, by paying in full the underpaid tax debt and added with the penalty of four times of the underpaid tax debt, during 2010 was 8.70% of the total number of investigated taxpayers. Such realization means 174% of the set out target.
22. Sixty-seven investigations were carried out in 2010. Thirty-three out of 67 or 49.25% of the cases have been transferred to the Attorney's Offices, exceeding the target of 30%. Thereby, the achievement was 164.17% of the target.
23. Four proposals for organization improvement were submitted during 2010, which was 100% of the target. Those proposals were:
    a. establishment of Individual Large Taxpayer Office;
    b. establishment of Individual Medium Taxpayer Office;
    c. establishment of Technical Implementation Unit for Data Processing Center; and
    d. establishment of Technical Implementation Unit for Information and Complaint Center.
24. Finalization of SOP until the end of 2010 were 189 SOPs, consisted of 85 revised SOPs and 104 new SOPs. Those SOPs were only for DGT's core business, in other word excluding of those for supporting activities.
25. DGT completed the formulation and development of 19 application modules or 100% of the target in 2010.
26. Total realization of net budget by not taking into account the compensation interest to taxpayers was Rp2.996 trillion or 77.26% of the total budget limit of Rp3.878 trillion. Thereby, the achievement was 90.89% of the target.
27. Based on employee assessment results, the number of managers who have Job Person Match more than 70% until 2010 is 82.28%, exceeding the target of 80%.
28. Percentage of employee training hours to working hours in 2010 was 3.31% while the target was 3.29%. Since the intended KPI polarization was stabilized, such achievement is deemed good.
29. In 2010, there were 63 employees who were sentenced heavy or medium levels of disciplinary punishment according to the Government Regulation Number 30 Year 1980 or 0.192% of the total number of DGT employees. Such number was better than the target of 0.303%.

TAX REVENUE

The global and domestic economic growth experienced heavy pressure in the beginning of 2010. This was triggered by, among others, the trend of international oil price increase, which led to the simultaneous rise of commodity prices.

To anticipate the negative impacts of such price hike, the government decided to revise the 2010 State Budget, in line with the latest economic growth situation. Several important factors influencing those revisions are:

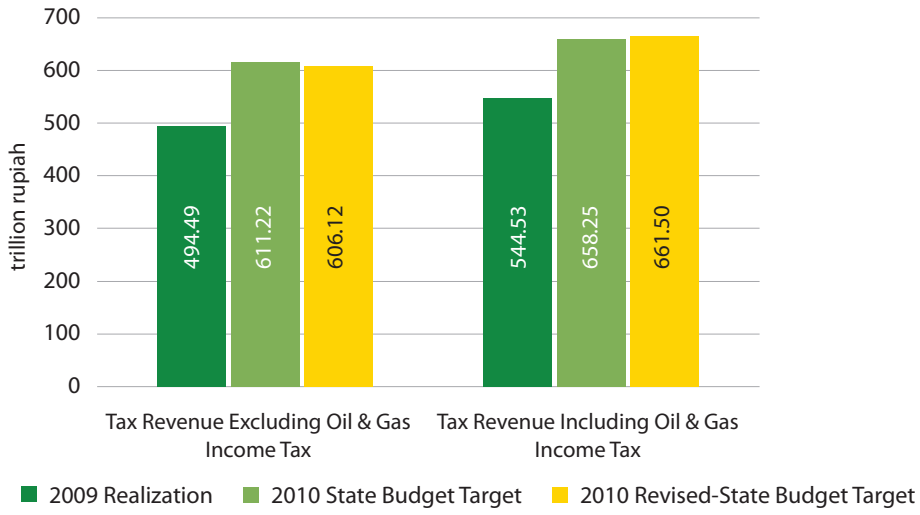
a. budget realization during 2009;
b. global economic growth;
c. changes in the 2010 macro assumptions, especially inflation, exchange rate, and Indonesia Crude Oil Price.

Macro Economic Indicators Assumptions in 2010

Macro Assumptions	2009 Realization	2010		2010 Realization
		State Budget	Revised State Budget	
Economic Growth (%)	4.60	5.50	5.80	6.10
Inflation (%)	2.78	5.00	5.30	6.96
Average Interest Rate of 3 Months SBI (%)	7.60	6.50	6.50	6.57
Exchange Rate (Rp/US$1)	10,408.00	10,000.00	9,200.00	9,087.00
ICP (US$/barrel)	61.60	65.00	80.00	79.39
Lifting (million barrel/day)	0.952	0.965	0.965	0.95

After the revisions of 2010 State Budget were applied, the revenue target of DGT excluding Oil and Gas Income Tax was Rp606.12 trillion or increased by 22.58% if compared to the realization in 2009. The revenue target with Oil and Gas Income Tax was Rp661.50 trillion or increased by 21.48% compared to the realization in 2009.

Realization of Tax Revenue 2009 and Tax Revenue Target 2010



To achieve revenue target, the government continued to apply fiscal stimulation provision policy in tax area, especially :

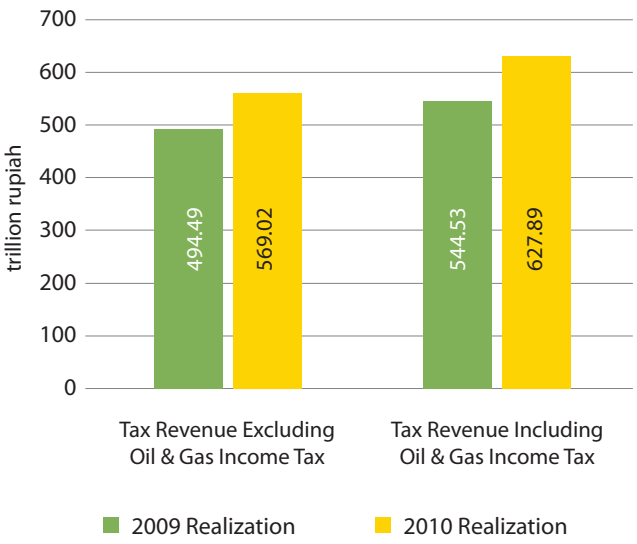
a. to increase public purchasing power;
b. to maintain the resistance of business sector in facing the global crisis; and
c. to improve business and industry competitiveness.

Realization of DGT net tax revenue excluding Oil and Gas Income Tax for 2010 was Rp569.02 trillion with the growth of Rp74.52 trillion or 15.07% compared to the 2009's realization of Rp494.49 trillion. Such realization was 93.88% of the targeted 2010 Revised-State Budget of Rp606.12 trillion. Meanwhile, realization of DGT net tax revenue including Oil and Gas Income Tax of 2010 was Rp627.89 trillion with the growth of Rp83.36 trillion or 15.31% compared to the 2009's realization of Rp544.5 trillion. Such realization was 94.92% of the targeted 2010 Revised-State Budget of Rp661.50 trillion.

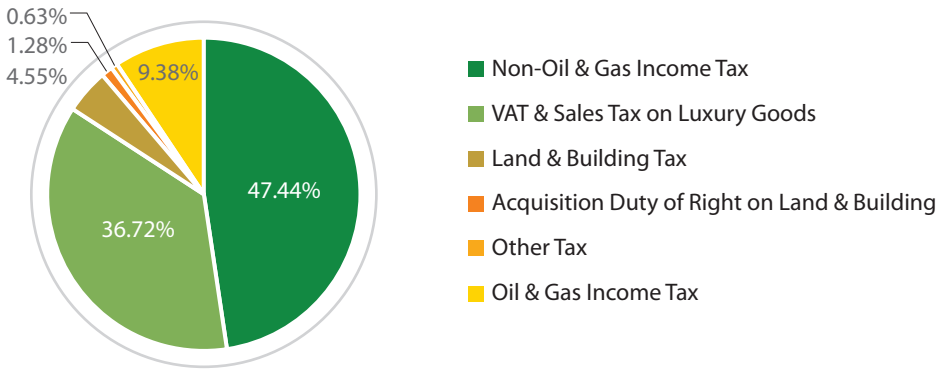
The growth of revenue realization for each type of taxes is elaborated as follows:

a. Non-Oil and Gas Income Tax was Rp297.86 trillion or grew by Rp30.29 trillion (11.32%) compared to revenue in 2009 at Rp267.57 trillion.
b. VAT and Sales Tax on Luxury Goods was Rp230.58 trillion or grew by Rp37.51trillion (19.43%) compared to revenue in 2009 at Rp193.07 trillion.
c. Land and Building Tax was Rp28.58 trillion or grew by Rp4.31 trillion (17.76%) compared to revenue in 2009 at Rp24.27 trillion.
d. Acquisition Duty of Right on Land and Building was Rp8.03 trillion or grew by Rp1.57 trillion (24.18%) compared to revenue in 2009 at Rp6.46 trillion.
e. Other taxes were Rp3.97 trillion or grew by Rp0.86 trillion (27.42%) compared to revenue in 2009 at Rp3.11 trillion.

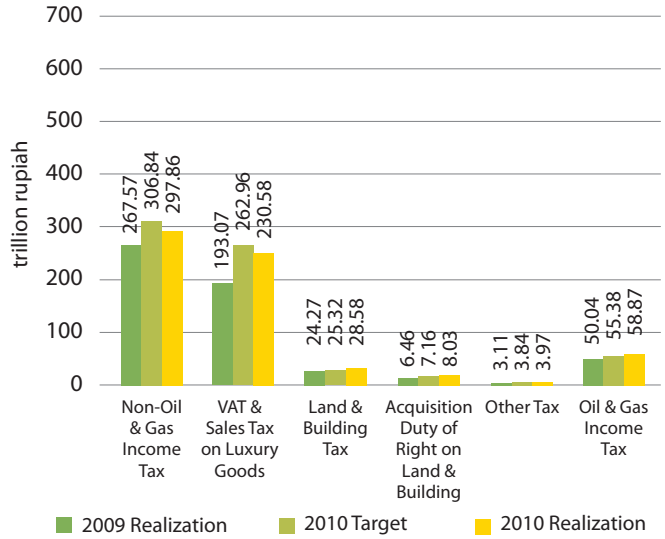
Tax Revenue Realization in 2009 and 2010



Revenue Proportion per Tax of Type in 2010



Realization of Tax Revenue 2009 and 2010 and Tax Revenue Target 2010 per Type of Tax



Tax Revenue Performance in 2005 – 2010

Description	2006	2007	2008	2009	2010
Economic Growth (%)	5.60	6.30	6.01	4.55	6.10
Inflation (%)	6.80	6.60	11.06	2.78	6.96
Tax Revenue Target Excluding Oil & Gas Income Tax (trillion Rp)	333.02	395.25	480.88	528.35	606.12
Tax Revenue Target Including Oil & Gas Income Tax (trillion Rp)	371.70	432.52	534.53	577.39	661.50
Tax Revenue Realization Excluding Oil & Gas Income Tax (trillion Rp)	314.86	382.22	494.08	494.49	569.02
Tax Revenue Realization Including Oil & Gas Income Tax (trillion Rp)	358.05	426.23	571.10	544.53	627.89
Tax Revenue Surplus (Shortfall) Excluding Oil & Gas Income Tax (trillion Rp)	(18.16)	(13.03)	13.20	(33.87)	(37.10)
Tax Revenue Surplus (Shortfall) Including Oil & Gas Income Tax (trillion Rp)	(13.65)	(6.29)	36.57	(32.86)	(33.61)
DGT Real Revenue Growth (%)	12.78	13.32	17.73	7.45	13.48
DGT Growth Revenue Excluding Oil & Gas Income Tax (%)	19.56	21.39	29.27	0.08	15.07
DGT Growth Revenue Including Oil & Gas Income Tax (%)	20.01	19.04	33.99	(4.65)	15.31
DGT Revenue Performance Improvement Excluding Oil & Gas Income Tax (Extra Effort) (%)	6.78	8.08	11.53	(7.37)	1.59
DGT Revenue Performance Improvement Including Oil & Gas Income Tax (Extra Effort) (%)	7.23	5.73	16.26	(12.11)	1.82

FIELD OFFICES PERFORMANCE

1. Best Office in Tax Revenue Performance

In 2010, DGT once again carried out performance assessment on revenue achieved by all its vertical work units namely tax offices and regional tax offices. The revenue performance was assessed based on revenue growth performance and revenue target achievement. This activity was conducted to encourage and motivate all employees of DGT in order to secure tax revenue target which has become the duty of each unit.

Assessment on revenue performance is divided into three parts, namely performance of regional tax offices, performance of the revenue determinants tax offices, and performance of small taxpayer offices.

Field Offices with the Best Tax Revenue Performance in 2010

Rank	Office		
	Regional Tax Office (RTO)	**MTO/LTO**	**STO**
1	Large Taxpayer RTO	State-Owned Enterprises Taxpayer Office	STO Jakarta Setiabudi II
2	South Sumatera & Bangka Belitung Islands RTO	Foreign Investment Companies Taxpayers Office II	STO Medan Belawan
3	West Kalimantan RTO	Large Taxpayer Office II	STO Jakarta Cilandak
4	Banten RTO	Foreign Investment Companies Taxpayer Office III	STO Sidoarjo Selatan
5	West Jakarta RTO	Foreign Investment Companies Taxpayer Office IV	STO Kayu Agung
6	West Java II RTO	Large Taxpayer Office I	STO Palembang Ilir Timur
7	Bengkulu & Lampung RTO	MTO Bekasi	STO Baturaja
8	North Jakarta RTO	MTO Tangerang	STO Singosari
9	Central Java I RTO	MTO Semarang	STO Lahat
10	Bali RTO	Go-Public Company Taxpayer Office	STO Jakarta Setiabudi III

2. Best Office In Public Service

The Ministry of Finance conducts public service performance assessment activity called Best Public Service Office Selection every year. This activity is carried out sequentially, starting from the selection of offices at the echelon I level, followed by selection of the winner of Best Public Service Office at the level of Ministry of Finance.

Public service performance is assessed based on several elements, namely office systems and procedures, Human Resources Development, facilities and infrastructure. Assessment method used consists of direct observation, management and staff interview, secondary data collection such as public complaints, and survey through questionnaires disseminated to public/service users.

The Best Offices in Public Services in 2010

Rank	Office
1	MTO Sidoarjo
2	STO Jakarta Setiabudi III
3	MTO Makassar
4	STO Biak

In 2010, MTO Sidoarjo was selected as the third winner for Best Public Service Office at the level of the Ministry of Finance.

Significant Events



INTERNALIZATION OF ORGANIZATION VALUES AND DEVELOPMENT OF DGT`S CULTURE

In carrying out optimal tax revenue collection duty, DGT is obligated to continually improve itself so it can adapt to occurring changes. This includes improvement in capability of collecting tax revenue. In response to such challenges, DGT has established and implemented Tax Reform program since 2002.

However, cases of abuse of power by some alleged DGT employees as happened in 2010, followed by sharp criticism from various parties, have decreased public trust on DGT. Furthermore, the employees' motivation and self-confidence in carrying out their duties had also decreased. Either directly or indirectly, all those things will surely disturb the performance of DGT in achieving the tax revenue target.

"DJP Maju, PasTI!" (DGT Move Forward, Definitely!) is a program to encourage motivation and strengthen employees' integrity.

Realizing the above issues, DGT launched a short-term improvement program (crash program) in 2010, focusing on nine areas of priority such as improvement of institutional work values and culture.

The development of DGT culture based on DGT's organizational values, which is Professionalism, Integrity, Teamwork, and Innovation (PasTI), also becomes a priority. The internalization program of the organizational values dubbed *"DJP Maju, PasTI!"* (DGT Moving Forward, Definitely!) was launched in 2010. DJP Maju, PasTI! serves as a program to motivate and to strengthen employees' integrity by using DGT's values as a behavioral guidance.

As part of the program, on 18 August 2010, all DGT employees altogether declared to always implement DGT`s values in performing their duties. The program is a statement to the public that DGT employees are those who have dignity and will always uphold it by working in accordance with the regulatory provisions.

In 2010, DGT in cooperation with Australia Indonesia Partnership for Economic Governance (AIPEG) started to formulate the grand design and blueprint of the development of DGT's culture. In addition, the initiative on the internalization of DGT's values was also carried out by inserting DGT's value materials during the orientation program for all new employees and in each education and training program as well as other events as a reminder for all DGT employees.

DGT'S ROLES IN THE TRANSFER OF LAND AND BUILDING TAX – RURAL AND URBAN AREAS, AND ACQUISITION DUTY OF RIGHT ON LAND AND BUILDING

Based on the conditions under number 1 and 2 of Article 182 of Local Tax and Local Retribution Law, the Minister of Finance and the Minister of Home Affairs are mandated to arrange preparation phases for the transfer of Land and Building Tax – Rural and Urban Areas as Local Tax to the late of 31 December 2013 and to arrange preparation phases for the transfer of Acquisition Duty of Right on Land and Building as Local Tax at the latest one year after the application of the law.

In order to prepare the transfer of Land and Building Tax – Rural and Urban Areas and Acquisition Duty of Right on Land and Building management to the local governments as mandated by the Local Tax and Local Retribution Law, the following regulations have been issued:

1. Joint Regulations of the Minister of Finance and the Minister of Home Affairs Number 186/PMK.07/2010 and Number 53 Year 2010 regarding Stages in the Preparation of Acquisition Duty of Right on Land and Building Transfer; and
2. Joint Regulations of the Minister of Finance and the Minister of Home Affairs Number 213/PMK.07/2010 and Number 58 Year 2010 regarding Stages in the Preparation of Land and Building Tax – Rural and Urban Areas Transfer as Local Tax.



DGT's roles in the above transfer process are:

1. to coordinate the assignment of the entire units within DGT in preparing for the Land and Building Tax – Rural and Urban Areas and Acquisition Duty of Right on Land and Building transfer to the local governments, so as to ensure that both the preparation and the transfers are well implemented; and
2. to formulate compilations of implementing regulations, SOPs, tax arrears data, supporting data, structure, duties and functions of DGT organization related to the collection of Land and Building Tax – Rural and Urban Areas and Acquisition Duty of Right on Land and Building, and to hand it over to the local governments as a reference for the formulation of Local Government Regulations related to Land and Building Tax – Rural and Urban Areas and Acquisition Duty of Right on Land and Building.

To support the transfer process of Land and Building Tax – Rural and Urban Areas and Acquisition Duty of Right on Land and Building, DGT has also conducted a Training of Trainer program to all regional tax offices and small taxpayer offices. Afterward, regional tax offices and small taxpayer offices will be responsible for conducting training and counseling to the local governments. Other efforts were to prepare a Reader Application, which will be used to support service activities of Acquisition Duty of Right on Land and Building for the local governments and to give assistance in the implementation of Acquisition Duty of Right on Land and Building management at the local government.

VAT REFUND SCHEME TO INDIVIDUAL HOLDERS OF FOREIGN PASSPORT

In conjunction with the launching of Law on VAT and Sales Tax on Luxury Goods Number 42 Year 2009, and in order to attract foreign tourists' to visit and shop in Indonesia, on 1 April 2010, DGT launched a refund service for VAT paid on goods taken abroad for individual holders of foreign passport, known as VAT Refund for Tourists. Goods which are eligible for VAT refund must be purchased from retail shops appointed by DGT and the minimum amount of VAT is Rp500,000.

Initially, service points for VAT Refund for Tourists were established at two airports, Soekarno-Hatta Airport and Ngurah Rai Airport, with five shops participating in Jakarta and three shops in Bali.

As public demand grows, the number of retail shops appointed to serve as service points of VAT Refund for Tourists also grows. Until the end of 2010, the total number of appointed retail shops increased to 40 shops, consists of 20 shops in Jakarta, 10 shops in Bali, and 10 shops in Yogyakarta.

Upholding INTEGRITY to become trusted apparatus.

Capacity building of the state apparatus by firmly maintaining credibility is the key in rendering excellent service and regaining the public trust.





Human Resources Management and Organizational Development

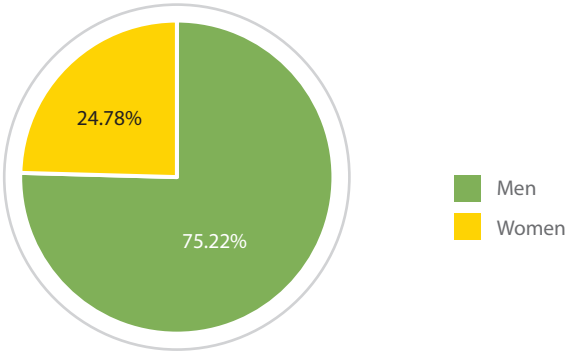


HUMAN RESOURCES PROFILE

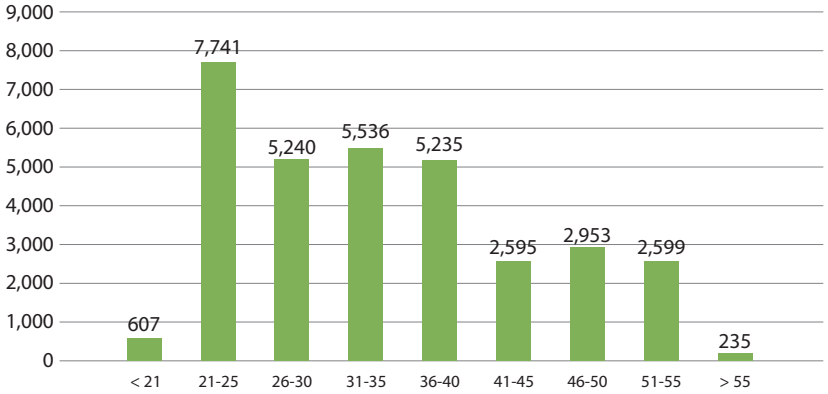
The total number of DGT employees until the end of 2010 is 32,741 employees with distribution based on gender, education and age presented in the following diagrams.

HR Management Blueprint is expected to serve as guideline for all units related to policy formulation, supervision, and HR policy implementation to achieve the organizational goal.

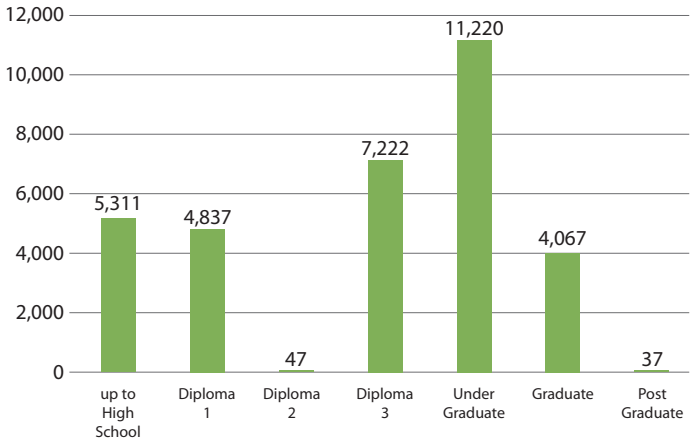
Personnel Distribution by Gender



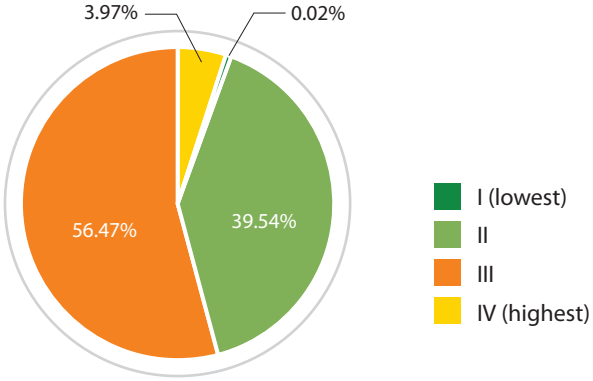
Personnel Distribution by Age



Personnel Distribution by Education



Personnel Distribution by Rank Group



HUMAN RESOURCES MANAGEMENT

In an effort to create employees with high performance, high competence, high integrity and strong culture, and to produce high employee satisfaction level, DGT is currently formulating the Human Resources (HR) Management Blueprint which will map the components in HR Management into 3 perspectives through the Balanced Scorecard (BSC) method, namely Internal Resources, Internal Function Process, and Stakeholder. This HR Management Blueprint is expected to serve as guideline for all units related to policy formulation, supervision, and HR policy implementation to achieve the organizational goal. Thereby, effectiveness and efficiency of each program and harmonization between programs can be attained.

HR Development, especially culture development, is not an easy task and cannot be done instantly. The development of systems and infrastructure covered in HR Management Blueprint is not the only element used in the process of creating the desired culture. Other elements that support each other, such as role model leadership, consistent education, and selection and utilization of appropriate communication strategy, are also needed in order to build proper human resources.

HR Development in HR Management Blueprint has already based on HR role as assets that should be maintained, sheltered, protected, and their needs fulfilled so that they can perform their best and be loyal to the institution.

The HR Development programs completed during 2010 are as follows:

1. DGT HR Management Infrastructure and System Development

The concept of DGT HR Management Infrastructure and System is developed based on needs for direction and guidelines to achieve performance and competence-based HR management to support DGT in attaining vision, missions, and goals with high integrity, competence, and performance.

The concept of DGT HR Management Infrastructure and System Development consists of:

a. HR organization development;
b. workforce planning;
c. recruitment and selection;
d. personnel data administrations;
e. training and development;
f. performance management;
g. career management; and
h. compensation and benefit.

2. HR Management Information System (MIS) Development

Realizing the importance of information system as the foundation to create organization culture, DGT has developed an HR MIS since 2008 that is an integrated part of enterprise resources system called Financial, Personnel, and Assets Information Management (SIKKA). This information system was initially

aimed to create personnel information in certain formats. In 2010 it was further developed into a system that can carry out personnel business processes through workflow-based modules. This system will be able to produce personnel Decision Support System that can present accurate and valid information in order to execute HR management functions, such as Performance Management and Carreer Management. Trials of Employee Education and Training and Annual Leave modules were conducted in 2010, while other modules will be implemented in 2011.

By using the workflow-based modules, all employees can automatically perform their rights and duty in the area of personnel according to their respective authority. SIKKA provides a benefit in the form of service improvement in the area of HR administration because the system supports decentralization of several HR administrative processes that were previously centralized at the head office.

By developing SIKKA to an HR management infrastructure, the decision making in HR management is expected to focus more on promoting the achievement of organization goals.

3. Evaluation on DGT HR Organization

In line with the development of DGT HR Management infrastructure and system, it is considered necessary to do an evaluation on the existing DGT HR organizational structure. This evaluation is needed due to the increasing number of business processes that will be developed through HR Management Blueprint, yet the existing HR organizational structure has not been able to fully support the implementation of those business processes. In 2010, evaluation was focusing on HR organizational structure and function at DGT head office and regional tax offices.

4. Employee Engagement Survey

Employee Engagement Survey (EES) is conducted in order to know the commitment level of DGT employees toward work environment condition, self-capacity building, and perception on DGT as a whole. EES will also be used as a tool to assess employee satisfaction level. This assessment is one of HR management strategic targets. By knowing employee commitment level and its influencing factors, further improvement measures can be taken.
The outcomes of the survey are:

a. the total number of respondents participating in the survey was 15,711 employees. Out of those numbers, 14,575 respondents have completed the questionnaire in full;
b. commitment level of DGT employees based on the survey is 76.06% engaged, 18.75% passively engaged, and 5.19% actively disengaged.

HUMAN RESOURCES CAPACITY BUILDING

To ensure harmony in organizational development and dynamics, the HR capacity building policy will focus on:

a. customer needs, especially for units which act as DGT frontliners;
b. organizational strategic programs, such as internalization of organizational values;
c. HR function which supports tax collection, taxpayers' compliance, and excellent services; and
d. improvement of employee capacity building infrastructure, such as Learning Management System (LMS).

The strategic objective of capacity building is to improve professionalism through employees' capacity building with high competence. The target of capacity building is to produce competent employees through effective capacity building and rich learning culture.

The measures taken to achieve capacity building strategic objectives and targets are:

1. Employee Competence Assessment

DGT has carried out competence assessment as a form of behavioral competence assessment for echelon IV officials in structural positions and supervisors in functional positions. Competence profile data from the assessment is used for career planning and job rotation formulation process through Job Person Match (JPM), that shows suitability of competence level with Job Competence Standard. In addition, the data will also be used as materials for competence-based employee development to minimize competence gap so that employees's competence will match the required job competence.

For the development of Assessment Center, DGT has carried out several activities, such as:

a. formulation of echelon IV officials Job Competence Standard;
b. formulation of Job Competence Dictionary and Standard in the Areas of Information and Communication Technology. Meanwhile, the Tax Competence Dictionary and its assessment are still being formulated; and
c. development of assessment tools and methods.

The Ministry of Finance has conducted assessment for echelon II and III officials, while the assessment for echelon IV officials and supervisors was conducted by DGT with a total number of 1,559 participants until the end of 2010.

2. Personnel Capacity Building

Education, training, and development of DGT personnel have progressed quite significant, not only from the total number of training events, but also from the total number of participants, participant coverage, and training quality. Competence-

based education, training, and development programs are conducted to improve personnel skills in performing their duties in tax offices and are designed through Adult Learning Principles (ALP) approach.

Personnel capacity building is carried out through several activities, namely:

a. personnel capacity building programs conducted by DGT, especially related to taxation and operating procedures, consisting of 174 types of program with 18,430 participants;
b. education and training programs conducted by Finance Education and Training Agency (BPPK) Ministry of Finance comprising 154 types of program with 9,578 DGT participants;
c. overseas training programs carried out in collaboration with donor institutions and countries, such as OECD, JICA/NTA Japan, AIPEG/ATO Australia, and IMF; and
d. personnel development, by providing scholarship to personnel to pursue higher education.

3. On-The-Job Training

On-the-Job Training (OJT) is a training and/or coaching program carried out by a senior staff at the workplace intended to provide knowledge, skill, and attitude for new employees who have just received their assignment.

OJT program development was started in 2009, and will be continued with activities focusing on the development of OJT modules for job roles mainly related to tax collection and taxpayer service. By the end of 2010, the outcomes of OJT program are as follows:

a. OJT for newly hired (Civil Servant Candidates) was given to 707 participants who were graduated from State College of Accounting Academic Years 2008/2009. Online survey was conducted to 440 participants, and the result shows that 323 participants (73.41%) were satisfied with the implementation of OJT;
b. system, modules, and legal basis of OJT implementation for Tax Objection Reviewer and Auditor have been developed. OJT has already been conducted to approximately 1,500 new Auditors and 126 new Tax Objection Reviewers.

4. e-Learning

The development of e-learning was intended not only to support personnel competence and capacity building programs, but also to facilitate personnel competence mapping process and training need analysis.

Activities conducted during 2010 consisted among others:

a. the development of interactive modules for Court Simulation of Appeal and Lawsuit and the implementation of Balanced Scorecard;
b. the formulation of tax competence dictionary in the form of leveling assessment matrix and tax knowledge database; and
c. the endorsement of DGT e-Learning Development and Implementation Blueprint 2010 – 2014 as a reference for the implementation and development of e-learning in the future.



5. Coaching Skill Building Program

Coaching Skill Building Program was carried out to support the implementation of performance evaluation of general staff in accordance with the Minister of Finance Regulation. Through this training program, all echelon IV officials and team leaders of auditor will be provided with coaching and leadership skills, so they can optimize their subordinates' performance by empowering them and improving their motivation. All of this will create positive impacts to the achievement of organization performance.

Through the Training of Trainers (ToT) method, Coaching and Leadership Skills Development Program in 2010 was conducted in three batches and participated by all echelon IV officials and team leaders of auditors. In addition, coaching program of culture and managing conflict was also conducted for echelon III officials as a pilot project.

DISCIPLINE ENFORCEMENT

Discipline enforcement to personnel as an effort of internalization of organizational values and work culture development is carried out through following initiatives:

1. **Internal Compliance System Development towards the Creation of Good Governance Practice**

To create good governance practices, DGT continuously develop internal compliance system policies and activities. In 2010, the activities are:

a. the development of whistle blower system by creating internal complaint channel through e-mail and telephone, and public complaint facilities through call center *(Kring Pajak 500200)* and e-mail (pengaduan@pajak.go.id);
b. strengthen the top-down supervision system according to the applicable personnel provisions;
c. application of risk management in DGT units;
d. supervision on Asset Report submission to Corruption Eradication Commission. In 2010, from 5,420 employees who obliged to submit the report, 96.35% complied;
e. implementation of compliance test to improve various systems and procedures;
f. establishment of Internal Compliance Team within regional tax offices to improve effectiveness of preventive and corrective measures taken on misconducts;
g. formulation of early handling procedure for investigation of alleged and/or indisciplinary personnel; and
h. mass campaign of anti-corruption program through official website, posters, banners, flyers, and other media. Such efforts have been assessed by the Corruption Eradication Commission through the Anti-Corruption Initiative Evaluation (PIAK) with higher score compared to other units. The Anti-Corruption Initiative Evaluation is a program to assess corruption eradication initiatives and service quality improvement taken by government institution. DGT was ranked number 4 in PIAK score out of 13 government institutions.

PIAK Assessment Result in 2010

No	Government Unit	PIAK Score
1	Directorate General of Treasury, Ministry of Finance	8.99
2	Directorate General of Custom & Excise, Ministry of Finance	8.86
3	Directorate General of Budget, Ministry of Finance	8.38
4	Directorate General of Taxes, Ministry of Finance	8.18
5	Local Government of Yogyakarta Regency	7.88
6	Directorate General of Aquaculture, Ministry of Marine Affairs and Fisheries	7.77
7	Capital Market and Financial Institution Supervisory Agency, Ministry of Finance	7.65
8	Finance Education and Training Agency, Ministry of Finance	7.23
9	Fiscal Policy Agency, Ministry of Finance	7.16
10	Secretariat General, Ministry of Marine Affairs and Fisheries	6.69
11	Directorate General of Debt Management, Ministry of Finance	6.34
12	Secretariat General, Ministry of Transportation	6.25
13	Directorate General of Marine Transportation, Ministry of Transportation	6.16

2. Enforcement of Discipline

To develop and enforce personnel discipline, DGT has carried out internal audit and investigation on ethical and/or disciplinary misconduct, and made recommendations for the disciplinary actions.

To enforce personnel discipline, in 2010 DGT imposed the following disciplinary actions.

Statistics of Discipline and Sanction in 2010

No	Description	Total
	Sanction	
1	Warning Letter I	395
2	Warning Letter II	79
3	Warning Letter III	32
	Total	506
	Disciplinary Punishment	
1	Low Level	61
2	Middle Level	33
3	High Level	30
4	Suspension	16
	Total	**140**
	Grand Total	**646**

The table shows that 1.97% of the total number of employees received disciplinary actions and this percentage is expected to decrease continuously every year.

ORGANIZATIONAL DEVELOPMENT

As the first modernization process ended in 2008, organization evaluation began in 2009 with the evaluation of tax administrative business process. The outcomes of this evaluation consist of recommendation for restructuring the DGT head office and Data Processing Center, and recommendation to merge in-bound and out-bound call center into one contact center.

Before 2010, Data Processing Center only processed the Periodic VAT Return and Individual Taxpayer Annual Income Tax Return for tax offices in the Province of DKI Jakarta. In 2010, DGT conducted a test to expand its service area to include tax offices within Banten Regional Tax Office, West Java I Regional Tax Office, and West Java II Regional Tax Office. To accommodate workload due to the increasing number of taxpayers as a result of the Sunset Policy, in 2010 DGT also prepared the establishment of units similar to Data Processing Center outside Jakarta, named Tax Data and Document Processing Office (KPDDP) in Makassar and Jambi. The concept of KPDDP organizational regulation and procedures was formulated in 2010 and submitted to the Ministry of Finance and the Ministry of State Apparatus Empowerment and Bureaucracy Reform.

Related to the plan to transfer the Land and Building Tax – Rural and Urban areas and Acquisition Duty of Right on Land and Building to the local government, a concept has been formulated on structural changes, main duties, and functions of the head office, regional tax offices, and tax offices, as well as changes of SOPs related to the management of taxation.

Land and Building Tax - mining, plantation and forestry sectors (including special sectors, such as the toll road) will still be managed by DGT. With regard to toll roads passing several areas/regions, the tax administration related to the management of their Land and Building Tax has been done by several tax offices. It is determined that the toll road will be administered by the tax office that covers largest area of toll road.

Recent issues on organizational development are the transfer of function of taxation policy to Fiscal Policy Agency Ministry of Finance and formulation of Procurement Service Unit establishment according to the President Regulation Number 54 Year 2010 regarding the Procurement of Government Goods and Services.

As the concept of structural changes at the DGT head office has become crucial, the focus of organizational evaluation needs to proceed to the finalization of DGT vertical institutional structure as a whole, especially concerning data processing methodology and tools.

As the basic input for the organizational evaluation, in 2010 a managerial information system was created for 331 tax offices and 31 regional tax offices capable of providing information regarding revenue performance, office or regional potencies, and office internal capacity.

Next, questionnaires to portray the organization from the perspective of McKinsey's 7S framework or concept (shared values, structure, strategy, system, skill, staff, and style/aspiration) and SOP-related questionnaires have been formulated. These two issues will provide a foundation for the decision making related to organizational evaluation.

The result of organizational evaluation will be processed and documented using information technology.

RISK MANAGEMENT

Risk is anything that might give a negative impact to the achievement of a target based on possibilities and impacts. Risk management is a systematic approach to determine the best actions to take in an uncertain condition. The purpose of Risk Management implementation is, among others, to enable the organization to anticipate and manage risks effectively and efficiently.

In 2009, Risk Management has been applied at DGT through a pilot project in 16 echelon II units as the Risk Owner Unit (UPR). In 2010, it was expanded to 23 echelon II units. In 2011, all echelon II units are expected to implement Risk Management.

To improve capacity and competence of personnel involved in the implementation of Risk Management, personnel capacity building programs in the area of Risk Management was also conducted, in collaboration with external institutions such as Finance Education and Training Agency. The programs are:

a. Risk Management Workshop; and
b. Enterprise Risk Management Workshop.

Tax Policy Reform



With the completion of three tax law amendments package, the Law on General Provisions and Tax Procedures in 2007, Income Tax Law in 2008, and VAT and Sales Tax on Luxury Goods Law in 2009, tax policy reform for 2010 will focused on the formulation and finalization of unfinished implementation regulations of Income Tax Law and the formulation and finalization of implementation regulations of VAT and Sales Tax on Luxury Goods. In addition, tax policy reform was also focused on the preparation for the transfer of Acquisition Duty of Right on Land and Building and Land and Building Tax – Rural and Urban Areas to become Local Taxes.

Tax policy reform for 2010 will focus on the formulation and finalization of unfinished implementation regulations of Income Tax Law and VAT and Sales Tax on Luxury Goods Law.

GENERAL PROVISIONS AND TAX PROCEDURES

During 2010 several regulations, either new or amended, were issued that regulate:

1. the due date of VAT payment, under Article 15A of VAT Law, which is at the latest, the end of the following month after the end of Tax Period and before the submission of Periodic VAT Return;
2. re-issuance procedure for Notice of Tax Underpayment Assessment, Notice of Additional Tax Underpayment Assessment, and/or Notice of Tax Collection;
3. procedure for Taxpayer Identification Number registration and/or confirmation of Taxable Person for VAT purposes, data modification and transfer of taxpayers and/or Taxable Person for VAT purposes;
4. improvement of regulation on Tax Payment Slip;
5. improvement of regulation on Calculation Note, Notice of Tax Assessment, and Notice of Tax Collection;
6. procedure of submission and settlement of request for tax overpayment refund which is not supposed to be taxable with regard to Tariff and/or Duty Value Stipulation Letter *(Surat Penetapan Tarif dan/atau Nilai Pabean – SPTNP)* or Tariff and/or Duty Value Re-Stipulation Letter *(Surat Penetapan Kembali Tarif dan/atau Nilai Pabean – SPKTNP)*, Objection Decision, Appeal Verdict, or Review Verdict; and
7. implementation procedures to develop and analyze information, data, report, and complaint.

PROVISIONS ON INCOME TAX

Several implementation regulations concerning Income Tax have been issued and finalized during 2010, which regulate:

1. the reduction of gross income, consisting of:
   a. zakat or mandatory religious donation and its procedures;
   b. national disaster relief donation, research and development donation, education facility donation, sports development donation, and social infrastructure construction expenditure;
   c. promotion expense; and
   d. uncollectible receivables;
2. how to calculate Income Tax in a related parties, consisting of:
   a. re-determining the amount of income of domestic individual taxpayers from employer that has related parties with other companies which are not established and do not domicile in Indonesia;
   b. appointment of taxpayer who purchases shares or assets of other entity through a special purpose company can be deemed as the real party who conducts the transaction, provided that such taxpayer is the affiliation of the special purpose company and the price of the transaction is unfairly settled; and
   c. imposition of arms-length principles in a transaction between taxpayers and related parties;

3. tax payment in the current year, consisting of:
   a. procedure of Article 21 of Income Tax Law withholding on income in the forms of severance payment, pension benefit, alimony, and lifetime allowance;
   b. procedure of withholding, payment, and reporting of Income Tax for dividend received or earned by domestic individual taxpayers;
   c. procedure on withholding, payment and reporting of Income Tax for interest on saving paid by cooperatives to its individual cooperatives members;
   d. procedure on collection of Article 22 of Income Tax Law with regard to payment of supplying goods and activities on import or business activities in other areas;
   e. calculation of Taxable Income and Income Tax payment in the current year; and
   f. implementation on the imposition of Article 25 of Income Tax Law for new registered taxpayers, banks, leasing with optional rights, regional government-owned enterprises, go-public taxpayers, and other taxpayers that are required by the regulations to prepare periodic financial reports, including individual taxpayers,
4. other subjects, consisting of:
   a. refundable operating costs and Income Tax treatment in the area of natural oil and gas upstream businesses;
   b. stipulation on international organizations and representatives of international organizations that are not included as Income Tax subjects;
   c. Article 21 of Income Tax Law withholding tariffs on income that are burdened to State Budget or Local Government Budget;
   d. procedure for Article 21 of Income Tax Law withholding towards income received by state officials, civil servants, members of Indonesian National Armed Forces, members of Indonesian National Police, and retired officers that are burdened to State Budget or Local Government Budget;
   e. procedure for the issuance of Notice on Income Tax Exemption for time deposit, savings and discount interest of Indonesian Central Bank Certificate received or obtained by pension fund whose establishment has been approved and legitimated by the Minister of Finance;
   f. return of overpaid tax which is actually not taxable for foreign taxpayers;
   g. procedure of request and decision for the real benefit period of non-building assets for depreciation purposes; and
   h. procedure of reporting of dividend earning, calculation of tax to be paid, and tax crediting with respect to determining when the dividend will be earned by domestic taxpayers upon their investment in corporation abroad, at the side of legal entities selling their shares at the stock exchange.

PROVISIONS ON VAT AND SALES TAX ON LUXURY GOODS

In connection with the enactment of Law Number 42 Year 2009 regarding the Third Amendment of Law Number 8 Year 1983 on VAT and Sales Tax on Luxury Goods that came into effect on 01 April 2010, several implementing regulations have been issued for better implementation.

There are also several policies issued to provide certainty in the implementation of VAT collection, payment and reporting. Tax policies that were issued in 2010 related to VAT are:

1. additional VAT objects, such as export of intangible goods and services subject to VAT at the rate of 0%;
2. VAT on transfers of taxable services which are cancelled, in whole or in part, can be subtracted from the VAT payable in the tax period of the cancellation;
3. adjustment of input tax crediting calculation guidelines in calculating the VAT to be paid (deemed input tax);
4. Refund of Input Tax on import and/or purchase of capital goods that has been credited and paid to taxable person for VAT purposes who experiences production failure;
5. provision of pre-audit refund for taxable person for VAT purposes with low risk criteria;
6. foreign tourists can request VAT refund of goods carried abroad at certain airports;
7. regulation on exemption of sanctions on the issuance of Tax Invoice which do not include the following information:
    a. buyer's identity; or
    b. buyer's identity together with the seller's name and signature, for a transfer made by Retail Taxable Person for VAT purposes;
8. redefining the definition of Retail Taxable Person for VAT purposes;
9. imposition of new forms for 1111 Periodic VAT Return and 1111 DM Periodic VAT Return;
10. appointment of Natural Oil and Gas Contractors Cooperation Contract and Geothermal Resources Business License Holders/Authorized Parties to collect, pay, and report VAT and Sales Tax on Luxury Goods, as well as formulate the procedures for collection, payment and reporting;
11. procedures on VAT on construction activities done by taxpayers;
12. issuance of implementation regulation on VAT regarding:
    a. land public transportation services;
    b. banking activities;
    c. leasing with optional rights, and sales and lease back;
    d. transfer of taxable goods and rights on taxable goods outside Indonesian customs territory;
    e. return of taxable goods or cancellation of taxable services upon tax invoice that does not include buyer's identity;
    f. trading services; and
    g. utilization of intangible taxable goods/taxable services outside Indonesian customs territory.

13. centralization of VAT of branches can be done simply by submitting a written notice to the Head of Regional Tax Office with a copy sent to the Head of Tax Office whose work territory covers branches where the VAT is going to be centralized;
14. addition of Non-VAT Object, consisting of:
    a. transfer of taxable goods in joining, merging, expansion, splitting up, and acquisition of business provided that the transferring and receiving parties are taxable person for VAT purposes;
    b. fresh meat, eggs, milk, vegetables, and fruits;
    c. goods and services which have become the objects of Local Tax;
    d. financial services;
15. amendment regulation of VAT payment and reporting due date, namely:
    a. payment is done at the latest by the end of the following month after the end of a tax period, before the submission of Periodic VAT Return;
    b. Periodic VAT Return is submitted at the latest by the end of the following month after the end of a tax period.

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

Several implementation regulation for Land and Building Tax as well as Acquisition Duty of Right on Land and Building issued in 2010 regulate:

1. preparation of transfer of Acquisition Duty of Right on Land and Building as well as Land and Building Tax – Rural and Urban Areas as Local Taxes;
2. improvement of Classification of Land Sales Value of Taxable Object for plantation, forestry and mining;
3. procedures for submission and settlement of requests for reduction or annulment of administrative sanctions of Acquisition Duty of Right on Land and Building, and reduction or cancellation of incorrect/inappropriate Notice of Collection for Acquisition Duty of Right on Land and Building;
4. Land and Building Tax Object Number as an identity number which is unique, fixed and standard;
5. delegation of authority from the Director General of Taxes to the Head of Regional Tax Office regarding on the settlement of objection, reduction or annulment of administrative sanctions which is not taxable, and reduction of administrative penalties of Land and Building Tax;
6. Land and Building Tax for Plantation; and
7. Land and Building Tax administration for Natural Oil and Gas Mining.



TAX FACILITIES

Several tax facility policies in 2010 are:

1. provision of facility for corporate income tax exemption or reduction for taxpayers who have made new investment in pioneer industry, that has vast dependability, provides high value added and externality, introduces new technology, and has strategic values for national economy;
2. provision of tax exemption for import of goods to be used for oil mining operation in exploration and exploitation activities made by contractors;
3. up to 30% net income deduction, accelerated depreciation and amortization, loss carry forward for up to ten years, and up to 10% income tax of dividend paid to foreign taxpayers by taxpayers utilizing renewable energy sources;
4. exemption from Article 22 of Income Tax Law for import of goods in the forms of machinery and equipment, both installed or unassembled, not including spare parts, required by entrepreneurs utilizing renewable energy resources;
5. provision of VAT exemption for ships imported and used by National Commercial Shipping Companies, or transferred to and used by National Commercial Shipping Companies effective from 1 January 2001 up to 20 October 2010;
6. Income Tax borne by the Government for income from transfer of right over land and/or building received or obtained from the people imposed by Sidoarjo mud flood for Budget Year 2010; and
7. donation for national disaster relief, donation for research and development, donation for education facilities, donation for sports development, and social infrastructure construction expenses can be deducted from gross income.

Law Enforcement



DGT is in attempts to improve service and supervision to taxpayers to increase taxpayers' voluntary compliance in fulfilling tax obligation. In addition, DGT also conducts law enforcement activities.

There are three forms of law enforcement carried out by DGT, namely through audit, collection and investigation. These law enforcement actions are expected to influence taxpayers' voluntary compliance that in turn may contribute to the tax revenue. Therefore, law enforcement actions must be measurable, consistent, and professional. The law enforcement will minimize disputes between taxpayers and DGT.

Three forms of law enforcement carried out by DGT are audit, collection and investigation.

AUDIT

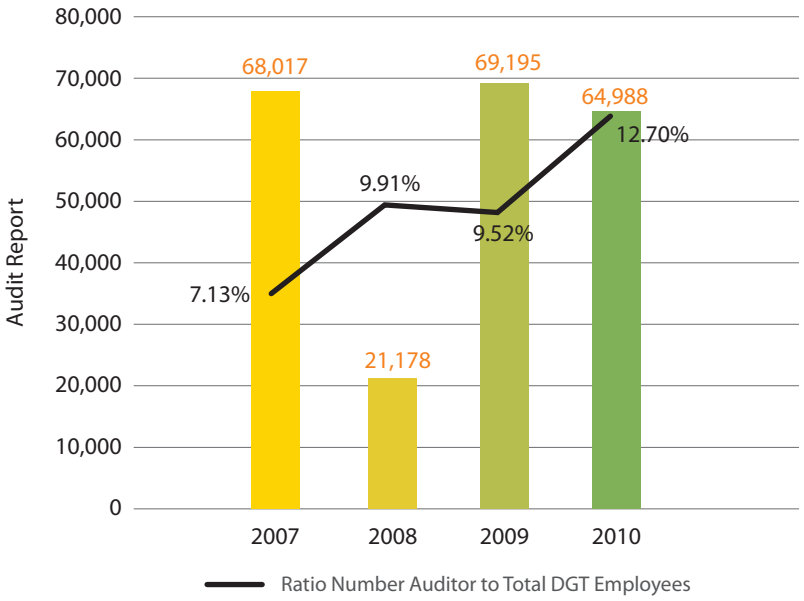
Audit is a preliminary law enforcement action conducted by DGT. Tax audit is performed to test compliance in fulfilling taxpayers' obligation or for other purposes regarding the implementation of tax laws and regulations. The compliance audit is conducted to test the accuracy of Tax Return and the outcome of such audit will be in a form of Notice of Tax Assessment. Meanwhile, the audit of other purposes is performed to enforce specific/certain tax laws and regulations, such as deciding remote areas to be provided with tax facility, determining commercial production time in the provision of tax facility, and exchanging information with other countries. Audit for other purposes is not intended to issue a Notice of Tax Assessment, but more as a specific service that benefited the taxpayers.

Compliance audit is based on taxpayer's profile risk analysis or based on information, data, report, and complaint analysis, indicating the risk of presence of taxpayers' non-compliance. In addition, compliance audit is also conducted in the tax refund requests.

DGT uses two approaches to measure audit performance, namely audit completion quantity approach and audit result quality approach. Audit performance through quantity approach is measured based on the realization of audit completion compared to audit completion target. On the other hand, audit performance through quality approach is measured by calculating the contribution of audit activity to national revenue, that is comparing the sum of refund discrepancy value and revenue realization from audit result to the realization of national revenue. Refund discrepancy is total tax amount that can be maintained by the auditor upon tax refund request submitted by taxpayers through Annual/Periodic Tax Return. Meanwhile, tax revenue realization from audit is calculated from the payment upon Notice of Tax Assessment within a period prior to the collection activity.

In 2007, realization of audit completion reached 68,017 audit reports and experienced a drastic decrease to 21,178 audit reports in 2008 due to the Sunset Policy. Furthermore, performance of audit completion realization rebounded to 69,195 audit reports in 2009. In 2010, realization of audit completion was 64,988 audit reports.

Audit Completed in 2007 - 2010



Number of Auditor			
2007	2008	2009	2010
2,226 persons	3,098 persons	3,031 persons	4,159 persons*

*) Excluding tax investigator

Audit Performance in 2010

Tax Revenue		Rp569.02 trillion
Target Revenue from Audit		Rp9 trillion
Revenue from Audit	Rp9.05 trillion	
Refund Discrepancy	Rp7.43 trillion	
Overbooking	Rp2.28 trillion	
Total Revenue from Audit		Rp16.48 trillion
Ratio Revenue from Audit to Tax Revenue*		2.90%
Ratio Revenue from Audit to Target Revenue from Audit*		100.56%
Number of Auditor		4,159
Revenue per Auditor (Average)		Rp4.51 billion

*) not considering overbooking

Audit performance during 2010 was achieved through the following efforts and strategies:

1. improvement on several audit regulations, such as:
   a. audit policy regarding special audit quality assurance;
   b. policy on compliance audit standard;
   c. audit policy regarding audit plan for compliance audit; and
   d. procedures for development and analysis of information, data, reports and complaints and implementation technical guidance as references for analysts in undertaking their duties;

2. capacity/skill building of Human Resources related to audit techniques and methods through intensive audit training and workshops, such as tax audit workshop and In-House-Training for Tackling International Tax Avoidance;
3. audit quality control through review of audit results and peer review of audit process of audit implementing unit;
4. audit supporting system and infrastructure procurement and development, such as:
   a. development of audit desktop application, namely application used to administer audit activity conducted by tax auditor; and
   b. development of Tax Audit Report Application, namely application used to record audit administrative data and to produce information on audit implementation including audit quantity, audit quality or information regarding tax auditor performance;
5. audit in cooperation with Financial and Development Supervisory Agency under the State Revenue Optimization Team and audit in cooperation with Directorate General of Customs and Excise under the DGT-DGCE Joint Committee.

HANDLING OF TRANSFER PRICING

OECD defines transfer pricing as the price charged by a company for goods, services or intangible property to a subsidiary or other related company. Transfer pricing through related party transactions has been used as a way for tax avoidance. Accordingly, the provisions under Article 18 paragraph (3) of Income Tax Law authorize the Director General of Taxes to re-determine the amount of income and to reduce and to decide liabilities as capital in order to calculate the amount of Taxable Income for taxpayers having a special relation with other taxpayers according to business common practice and nature which are not influenced by special relations. In order to implement the mandate of the Law, it is necessary to formulate strategies in handling transfer pricing issues. Strategies that have been, are being, and will be continuously taken by DGT, consists of:

1. human resources development to manage transfer pricing issues by conducting education and training as well as in-house-training programs;
2. technical assistance provision to units at DGT that carry out supervision, audit, or processing of tax objection and appeal;
3. procurement of supporting infrastructure, such as comparing database and industrial report;
4. dissemination and communication for various parties, such as tax consultants, company associations, academics, and tax court judges;
5. regulation preparation and finalization; and
6. law enforcement program through supervision and audit.

Until the mid of 2009, there was only few personnel having skills and knowledge in the area of transfer pricing, resulting in low law enforcement in the area. In 2010, personnel's ability in handling transfer pricing was improved through Education and Training Programs on Introduction to Transfer Pricing and on Multinational Enterprise Audit.

Until the end of 2010, the intensity of using transfer pricing as tax avoidance facility was relatively high. In 2009, there were 40 cases requiring technical assistance from DGT head office to field offices. In 2010, there were 37 cases requiring technical assistance not only at audit level, but also at the levels of objection and appeal proposed by taxpayers.

Multinational company in Indonesia, which is a Foreign Direct Investment (FDI) company, has the characteristic as the cost center (contract and toll manufacturing). DGT often encounters difficulties in searching comparing companies by utilizing comparing database because the majority of companies included in the database is fully fledged manufacturing. Therefore, in order to ensure state revenue and to provide legal assurance for investors, DGT is conducting evaluation on regulations related to safe harbor that reflects the appropriate level of return for companies with the characteristic as cost center.

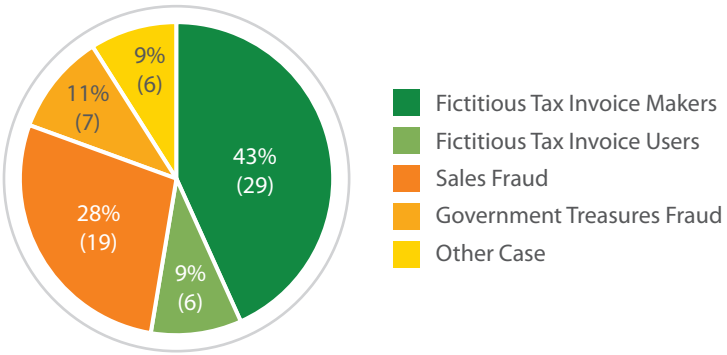
INVESTIGATION

Investigation of tax criminal conduct is a series of actions conducted by an investigator to search and collect evidence that will disclose the tax criminal conduct and will identify the suspect. Investigator is a certain officer within DGT that specifically authorized as investigator to carry out investigation of tax criminal conduct according to the prevailing laws and regulations.

Investigation of tax criminal conduct is also DGT's last attempt in law enforcement according to the mandate of the law. The successful investigation will be very much depend on the development and analysis of information, data, reports, and complaints which will be followed by verification of preliminary evidence.

Throughout 2010, DGT completed 462 verifications of preliminary evidence and 67 of them are proposed to be proceeded to investigation.

The Proposed Investigations in 2010



In order to strengthen investigation activity, throughout 2010, DGT undertook several cooperation and coordination activities with some institutions related to law enforcement activities, such as:

1. Indonesian National Police, in the forms of:
   a. coordination in arrest and detention activities, security support in search and confiscation activities, and support in taking the witnesses and suspects;
   b. participation in Interpol Team annual meeting;
   c. signing the Memorandum of Understanding between DGT and Indonesian National Police in Tax Law Enforcement; and
   d. providing trainers in Sespim Education and Training Program for the Indonesian National Police Batch 50 Year 2010.
2. Attorney's Office, in the forms of:
   a. coordination in prevention activity on the suspect; and
   b. providing trainers in Technical Education and Training Program for Special Criminal Conducts Batch I Year 2010, *Wira Intelijen* Education and Training Program Batches I and III Year 2010, and Integrated Education and Training Program for Judges and Attorneys Year 2010.
3. Indonesian Financial Transaction Reports and Analysis Center (INTRAC – PPATK), in the forms of:
   a. participation in "Domestic Evaluation on Non-Profit Organization Sector in Indonesia" book launching and national seminar on "Transparency and Accountability of Non-Profit Organization Sector in Indonesia" on 7 July 2010; and
   b. participation in the discussion of Bill on Money Laundering Criminal Conduct.
4. Other law enforcement institutions, in the forms of:
   a. sending a DGT representative as a speaker in tax talk and discussion activity for members of Economic Intelligence Task Force of National Intelligence Agency on 7 January 2010; and
   b. participation in the dissemination of national defence conducted by the Ministry of Defence of the Republic of Indonesia.

Investigation Performance in 2007, 2008, 2009 and 2010

No.	Description	2007	2008	2009	2010
I.	Investigation Submission to the Court				
	A P-19 Status*	0	24	19	14
	Amount of State's Loss (Rp)	0	1,412 trillion	162 billion	233 billion
	Number of Suspect	0	13	16	12
	B P-21 Status**	17	11	24	19
	Amount of State's Loss (Rp)	514 billion	131 billion	329 billion	509 billion
	Number of Suspect	21	11	18	16
II.	Case Convicted				
	Case Convicted	8	13	18	13
	Amount of State's Loss (Rp)	100 billion	463 billion	288 billion	409 billion
	Fines (Rp)	6,8 billion	115 billion	633 billion	301 billion
	Number of Defendant	9	17	14	11

*) dossiers need completion
**) dossiers are complete and can be forwarded to prosecution stage

COLLECTION

Collection act is a DGT attempt to collect tax receivable as a result of unpaid tax assessment when it is due. Policy focus in 2010 is administrative restructuring of tax receivable information and achievement of national target of tax receivable collection.

1. Collection Administration

Administrative restructuring of tax receivable information is done through taxpayers' file arrangement, improvement of collection routine reports, reconstruction and mapping of tax receivable data, migration supervision of relocating taxpayers' documents, and supervision of tax assessment starting from fiscal year 2008. The particular supervision activity was conducted to anticipate the lack of monitoring in:

a. receivable value which has been agreed but not yet paid by taxpayers at the due date; and/or
b. receivable value which has not been agreed and has not been paid by taxpayers at the due date of legal attempt submission, in the case that taxpayers do not submit any legal attempts.

2. Collection Strategies

Collection strategy in 2010 to support improvement of tax receivable collection was done through receivable detailing for top 100 tax debtors. Out of these 100 tax debtors, the collection was focused on debtors with tax receivables approaching expiry date and uncooperative debtors. Confiscation to taxpayers account, in addition to prevention and confinement, will be applied to uncooperative taxpayers.

In supporting the collection effort, DGT carries out intensive surveillance and utilize its priority right on tax receivables whose taxpayers declared bankruptcy, dismissal or liquidation, through coordination with curator/receiver, liquidator, individual or agency assigned to perform settlement/clearance.

3. Tax Receivable Collection

Tax receivable collection target during 2010 was classified into two, namely collection target for Income Tax and VAT receivables and collection target for Land and Building Tax and Acquisition Duty of Right on Land and Building receivables. Collection target for Income Tax and VAT receivables was nationally decided based on the 2010 tax receivable beginning balance after deducting the receivable reserves, by taking into account 2009 KPI achievement, and estimation of tax receivable increase in current year. Meanwhile, collection target for Land and Building Tax and Acquisition Duty of Right on Land and Building receivables was decided at least 85% of the receivables opening balance.

Tax receivable collection target for 2010 was decided for Rp16.4 trillion and tax receivable collection was Rp22.56 trillion or achieved 137.56% of the target.

Payment and Ending Balance of Tax Receivables in 2010

(billion rupiah)

Type of Tax	Payment	Ending Balance
Income Tax of Article 25 (Individual)	79.40	1,011.93
Income Tax of Article 25 (Corporate)	5,570.40	14,375.14
Income Tax of Article 21	254.15	1,266.41
Income Tax of Article 22	15.87	483.96
Income Tax of Article 23	517.67	2,203.94
Income Tax of Article 26	702.16	1,707.43
Income Tax of Article 4 paragraph (2)	183.38	756.66
VAT	10,244.18	13,758.55
Sales Tax on Luxury Goods	41.59	279.74
Collection Interest	811.87	2,016.03
Other Indirect Tax	4.44	2.24
Land and Building Tax Rural Sector	482.57	1,617.43
Land and Building Tax Urban Sector	2,224.28	9,391.43
Land and Building Tax Plantation Sector	700.92	388.20
Land and Building Tax Forestry Sector	218.85	617.95
Land and Building Tax Non Oil & Gas Mining Sector	269.51	154.75
Land and Building Tax Oil & Gas Mining Sector	-	3,875.04
Acquisition Duty of Right on Land & Building	240.51	101.22
Total	**22,561.77**	**54,008.06**

Accomplishing optimal performance through solid TEAMWORK

Success is surely a result of effective strategy implementation and solid teamwork.





Extensification and Intensification



The tax revenue target has always been increased year after year. DGT as the tax authority bears the responsibility to secure this target so that the continuity of the national development can be maintained. DGT in its effort to achieve tax revenue target has attempted to, among others, extend its tax subject and object bases (extensification) and explore tax potency (intensification).

DGT bears responsibility to secure target so that the continuity of national development can be maintained.

EXTENSIFICATION

1. The Expansion of Taxable Subject Basis

The implementation of individual taxpayer extensification program for 2010 was carried out in two approaches, through employer/government treasurer approach and property-based approach.

The main target of extensification through employer/government treasurer approach are employees, which consist of shareholders, commissioners, directors, staff as well as civil servants and state officials. On the other hand, the main target of extensification through property-based approach are individuals who own, possess, and/or obtain the benefits over a Land and Building Tax object by taking into account the objective and subjective conditions for the provision of Taxpayer Identification Number.

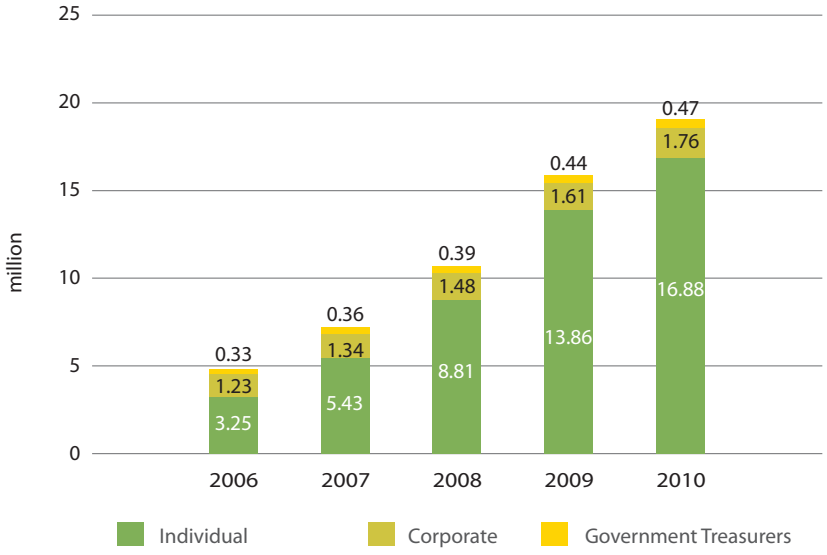
Extensification activities carried out during 2010 have resulted in an increase of 3,201,014 taxpayers, consisting of 3,019,396 individual taxpayers, 151,771 corporate tax payers, and 29,847 government treasurer taxpayers.

This significant increase of taxpayer number was due to:

a. regulation on the obligation to obtain Taxpayer Identification Number in connection with transfer of right over land and/or building; and
b. notice letter sent through PT Taspen (Listed) to all retired employees with income above Non Taxable Income to have a Taxpayer Identification Number.

The growth of the number of registered taxpayers within the last five years is shown in the following diagram.

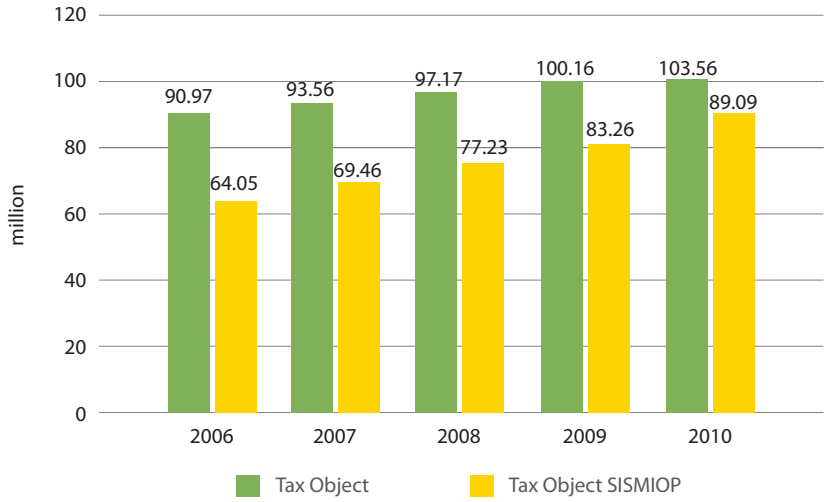
Number of Taxpayers in 2006 - 2010



2. Extensification of Tax Object Base through Data Collection

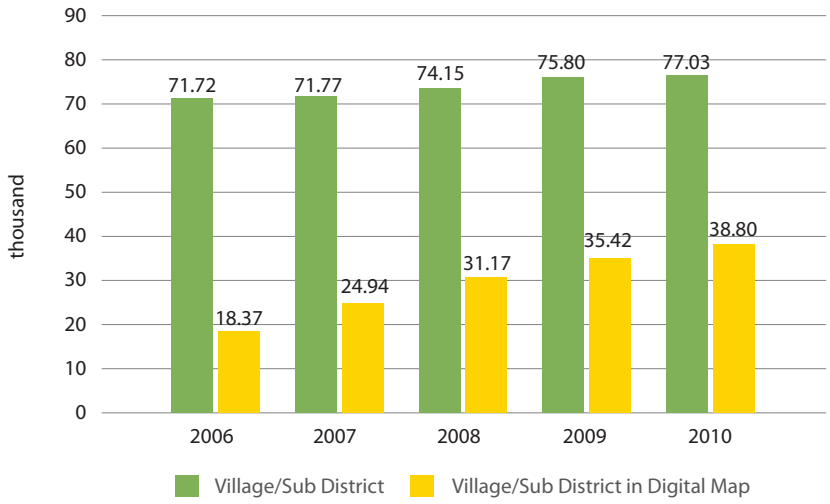
Extensification of tax object base is carried out through data collection activity, namely the maintenance and creation of Land and Building Tax object and subject data available in Tax Object Management Information System (SISMIOP) and Geographic Information System. The purpose is to create an accurate and up-to-date Land and Building Tax object and subject database, and to create a fair and equal tax imposition, to increase the assessment value base, to improve the administration, to increase the Land and Building Tax revenue, and to provide better services to taxpayers.

Number of Land and Building Tax Objects in 2006 - 2010



Notes: Data as of December 31 for the year concerned

Number of Digital Map in 2006 - 2010



Notes: Data as of December 31 for the year concerned

INTENSIFICATION

Intensification policies and strategies with regard to the exploration of tax potency and supervision undertaken during 2010 include the following:

1. exploration of revenue potency from new individual taxpayers;
2. exploration of profile-based potency, such as:
   a. all taxpayers from large taxpayer offices and tax offices within Special Jakarta Regional Tax Office;
   b. all individual taxpayers at Individual large taxpayer offices;
   c. all taxpayers at medium taxpayer offices;
   d. one thousand taxpayers at small taxpayer offices;
   e. retailer/specific entrepreneur individual taxpayers;
   f. tax optimization of government treasurer taxpayers; and
   g. high-rise building,

3. exploration of potency using Tax Data Optimization Application;
4. law enforcement program to potential taxpayers who have been given notice/ counseling but have not taken advantage of the Sunset Policy by undertaking audit, collection or investigation measures;
5. compliance improvement through tariff reduction policy as well as dissemination and education to new taxpayers/taxpayers who have taken advantage of the Sunset Policy;
6. exploration of potency of specific sectors, such as mining, plantation and processing industry; and
7. development of potential individual taxpayers by giving appreciation to 1,000 taxpayers that have submitted their Annual Income Tax Return.

Furthermore, on profile-based potency exploration, as a follow up of activities from the previous year, in 2010 DGT conducted stipulation of Total Benchmarking Ratio to 95 taxpayers Business Sector Classification. The first Benchmarking Ratio was made in 2009 for 20 sectors.

As another intensification program, especially for Land and Building Tax, in 2010 DGT has improved the quality of Sales Value of Taxable Object through:

1. creation of Input Data Form application for the plantation sector to increase the administration of plantation data;
2. concept formulation for the development of SISMIOP application for mining and forestry sectors to improve tax object management effectiveness in those two sectors;
3. individual assessment of potential Land and Building Tax objects for special objects, which are Steam Power Plant, gold mining, and Hydroelectric Power Plant;
4. implementation of exercise valuation as a material for the formulation of valuation technical guidelines with a total of 5 objects, namely tin, coal, gold, bauxite, and nickel mining;
5. land Assessment Sales Ratio (ASR) analysis to evaluate Sales Value of Taxable Object of lands against their market price. ASR to Sales Value of Taxable Object of lands for 2010 was 86.06%, that implies the percentage of Sales Value of Taxable Object to market price in 2010;
6. adjustment of Sales Value of Taxable Object of buildings against market value (building ASR analysis) to maintain the balance of Sales Value of Taxable Object of buildings. ASR to Sales Value of Taxable Object of buildings for 2010 was 81%, that implies the percentage of Sales Value of Taxable Object to market price in 2010;
7. balancing of inter-regional Sales Value of Taxable Object to maintain accountability and fairness, through:
    a. coordination of Sales Value of Taxable Object balance analysis for toll roads and gas pipelines passing through several regencies/cities and provinces; and
    b. Sales Value of Taxable Object balance analysis for inter-developed territories/regions.

DGT in International Relations



DGT active role in international tax community is performed by participating in international activities held in Indonesia and other countries, not only as participant, but also as organizer. In 2010, DGT succeeded in establishing new cooperation with tax authorities of several countries and fulfilling agreements to avoid double taxation.

DGT active role in international tax community is performed by participating in international activities held in Indonesia.

AVOIDANCE OF DOUBLE TAXATION AGREEMENT (P3B)

Throughout 2010, DGT conducted five negotiation meetings on Avoidance of Double Taxation (P3B) with partner countries. Three of those meetings were to set up new agreements while the other two were to renegotiate the existing agreements. The details of the agreements throughout 2010 are as follows:

1. Indonesia – Hong Kong (Hong Kong, 10-12 February 2010)
2. Indonesia – Serbia (Jakarta, 22-24 March 2010)
3. Indonesia – Laos (Laos, 13-16 July 2010)
4. Indonesia – Japan (Jakarta, 15-17 December 2010)
5. Indonesia – India (Jakarta, 21-23 December 2010)

Therefore, until the end of 2010 Indonesia has already possessed 59 treaty partners on Avoidance of Double Taxation Agreement (P3B) throughout the globe.

To assure the implementation of P3B, in 2010 DGT also issued several regulations:

1. procedure on the implementation of P3B to provide more legal certainty for tax withholders;
2. prevention of the abuse of P3B to assure that P3B may only be utilized by Indonesia and treaty partners who are actually entitled to it;
3. implementation of arms-length and common business practice principles in transactions between taxpayers and parties with special relations;
4. procedure on the implementation of Mutual Agreement Procedure (MAP) regulated under P3B;
5. Advance Pricing Agreement (APA) to give facilities to taxpayers, DGT and/or tax authority of other countries in the formulation of Advance Pricing Agreement (APA).

AGREEMENT AND IMPLEMENTATION OF TAX INFORMATION EXCHANGE

The formulation of Tax Information Exchange Agreement (TIEA) is a follow-up from the commitment of the Government of Indonesia based on the outcomes of G20 Summit in London in April 2009, agreeing upon the implementation of financial information transparency standard. DGT has also initiated the revision of information exchange article with some of Indonesian P3B partner countries to meet OECD standard.

OECD had classified some countries as jurisdictions those are the center of world financial activities with low income tax rate. Those countries do not have tax treaty with Indonesia; hence, throughout 2010, DGT has arranged TIEA negotiation meetings with such countries:

1. Jersey (London, 29 March 2010);
2. Guernsey (London, 30 March 2010);
3. Isle of Man (London, 31 March 2010);
4. Bermuda (Bermuda, 9 June 2010);
5. San Marino (San Marino, 27 September 2010);
6. Costa Rica (Costa Rica, 8 December 2010);
7. Cayman Islands (Cayman Island, 10 December 2010);
8. Bahamas (Bahamas, 13 December 2010).

DJP has also actively conducted exchange of information with other P3B partner countries, such information as legal status validity, share ownership status, financial transaction substances, and transfer pricing cases.

DGT PARTICIPATION IN INTERNATIONAL FORUMS

DGT's active participation in international forums during 2010 is as follows:

1. The Sixth Meeting of the Organization for Economic Cooperation and Development (OECD) Forum on Tax Administration (FTA)

FTA is one of the working bodies of OECD's Committee on Fiscal Affairs (CFA) established in July 2002 whose objective is to promote dialogues among the countries related to good tax administration practices. DGT was present and participated actively in that dialogue forum.

The 6th FTA was conducted on 15-16 September 2010 in Istanbul, Turkey. Issues discussed in that assembly comprise:

a. joint audit, covering legal framework that can be the basis for FTA members to join hands in auditing taxpayers' issues as well as Joint Audit Guidelines that can be utilized as guidelines to carry out Joint Audit; and
b. Codes of conduct between bank and tax institution created based on principles as mentioned in FTA report: Study into the Role of Tax Intermediaries (2008) and Building Transparent Tax Compliance by Banks (2009).

2. OECD Global Forums

Throughout 2010, DGT actively participated in dispatching its representatives to several OECD Global Forums:

a. OECD Global Forum on Development held in Paris, France, on 28 January 2010 with the theme "Domestic Resource Mobilization for Development: The Taxation Challenge". In that forum, the chairperson of the forum mentioned that Indonesia is one of the five countries in the world that has been successful in conducting tax reform.

b. Global Forum Meeting on Transparency and Exchange of Information for Tax Purposes, arranged in Singapore on 29-30 September 2010. The main agenda of this meeting was to discuss Annual Assessment and Related Issues.

To review legal framework in order to meet the standard set out by OECD Global Forum, assessment process will be conducted to DGT as tax institution in Indonesia.



3. OECD Seminars

DGT in cooperation with OECD has an annual routine program of training for DGT personnel on tax treaty, international tax, and transfer pricing. Training programs conducted by DGT and OECD in 2010 were as follows:

a. Tax Treaty Negotiations Seminar (15 – 19 March 2010 in Jakarta), with guest speakers from OECD Secretariat and Dutch Ministry of Finance;
b. Transfer Pricing Advanced Level Seminar (19 – 23 July 2010 in Jakarta), with guest speakers from OECD , ATO, and German Ministry of Finance; and
c. Tax Treaty - Policy and Drafting Seminar (29 November – 3 December 2010 in Jakarta), with guest speakers from OECD Secretariat and Australian Ministry of Finance.

DONOR COUNTRIES/ BODIES ACTIVITIES

For the past few years, the donor community has actively provided technical assistance to support tax reform undertaken by DGT. The donor party consists of donor countries and institutions. Donor institutions are international-scaled non-governmental institutions such as IMF, World Bank, AusAID, and JICA that provides aid to DGT. Donor countries are an office unit / department in the government that engages bilateral cooperation with DGT such as US Treasury, Australian Taxation Office, and Swedish Tax Agency.

Since 2006, there have been eight donor parties actively involved in the reform process at DGT. Those eight donor countries / institutions are:

1. International Monetary Fund (IMF);
2. World Bank;
3. Australia Indonesia Partnership for Economic Governance (AIPEG) – AusAID;
4. United States Department of the Treasury (US Treasury);
5. Australian Taxation Office (ATO);
6. Swedish International Development Agency – Swedish Tax Agency (SIDA – STA);
7. Japan International Cooperation Agency (JICA); and
8. Korean International Cooperation Agency (KOICA).

In general, aid by the donor parties are funded through grant. The assistance provided can be in the following forms:

1. technical assistance by individual long-term advisor /resident advisor;
2. technical assistance by individual short-term advisor/expert;
3. consultancy service by consulting company;
4. training/seminar/workshop locally or abroad; and
5. comparative study/benchmarking to other countries.

Funding (funding source, disbursement plan, funding allocation) is generally managed by each relevant donor institution (donor executed). Selection of technical advisor, experts, and consultants is usually done by the relevant donor party.

1. International Monetary Fund (IMF)

IMF assistance activities at DGT are undertaken through assignment of IMF resident advisor, supervision by IMF Fiscal Affair Department from Washington, and short-term visits by several tax administration experts.

IMF project activities since 2006 had been funded by Canadian Government (Canadian International Development Agency – CIDA). CIDA funding, which for the past few years had been used to finance IMF technical assistance, ended on 31 March 2010.

Furthermore until end of 2010, IMF assistance activities were supported by funding source from Japanese Government and Public Financial Management - Multi Donor Trust Funds (PFM MDTF). Change in funding scheme has made IMF no longer assign its resident advisor in Indonesia.

PFM MDTF managed by the World Bank is used to continue its assistance in the form of evaluation on the operational activities of Small Taxpayer Offices and High Wealth Individual Taxpayer Office (HWI) while funding from Japanese Government is utilized for other activities. In addition, assistance has also been given in the development of National Audit Training Program, provision of training in tax collection, and review of investigation and internal compliance program.

2. The World Bank

Besides supporting Project for Indonesian Tax Administration Reform (PINTAR), the World Bank also plays a role in the management of grant that is included in the framework of PFM MDTF, which is funded by European Union and Dutch Government. The grant is used for: (1) preparation of PINTAR program; and (2) PINTAR supporting programs: consultancy service in criminal investigation, independent bid evaluation, change management, and knowledge management.

3. Australia Indonesia Partnership for Economic Governance (AIPEG) – AusAID

AIPEG is an institution founded by Australian Government. This institution was founded due to dramatic economic crisis so that the Indonesian Government found the need to use technical assistance in economic governance. AIPEG provides consultancy service in the formulation of public sector policies and program implementation consistent to the reform agenda by the Government of Indonesia.

This AIPEG program is scheduled for six years focusing on leadership, institution strengthening, monitoring and evaluation, Government Partnership Fund (GPF), and gender issue.

On 22 April 2010, Inception Workshop between DGT and AIPEG was held to discuss DGT-AIPEG Cooperation Plan for 2010-2011. The outcomes of the workshop are detailed in Inception Workshop Report containing AIPEG Work Plan 2010-2011 which was harmonized to DGT Strategic Plan 2010-2011. DGT-AIPEG Activity Plan for the period of January 2010 through June 2011 consists of:

a. Call Center program development;
b. human resources strategy and framework development;
c. capacity building in law;
d. taxpayer survey;
e. IT mentorship;
f. internal compliance and investigation;
g. tax revenue modeling and benchmarking;
h. culture strategy development; and
i. data clean-up assistance.

4. Office of Technical Assistance (OTA) – US Department of the Treasury

Until 2010, assistance activities of US Department of the Treasury in general consist of the following:

a. further assistance in data processing center implementing plan;
b. further assistance in e-filing; and
c. assistance in the implementation of Internal Management Document (IMD) control system.

US Treasury assistance program ended in 2010 and no agreement has been made for cooperation program for the next period.

5. Australian Taxation Office (ATO)

For the past few years, DGT and ATO have shared various partnerships in capacity building through exchange of expertise and knowledge in the field of tax administration. DGT and ATO cooperation is a special bilateral cooperation under Government Partnership Fund (GPF) scheme.

GPF is a part of Australia-Indonesia Partnership for Reconstruction and Development (AIPRD) focusing on aid programs in governance sector for five years period (March 2005 to March 2010).

Types of cooperation established by DGT and ATO include:

a. Multilateral activities
   ATO arranged an international forum in Australia and attended by representatives of tax institutions from various countries. This Forum is organized several times a year with different topics.
b. Bilateral aid
   ATO shares knowledge and expertise through workshops/seminars and other technical assistances to DGT held in both Indonesia and Australia for a certain period.

6. Swedish International Development Agency (SIDA) and Swedish Tax Agency (STA)

As a further cooperation initiative from the previous years, technical assistance by STA funded by SIDA was done in 4 main areas:

a. computerized audit;
b. audit management;
c. cash economy; and
d. improvement of coordination between head office and regional tax offices in the formulation of national audit plan.

Until 2010, no agreement was made on the continuation of cooperation activities between STA/SIDA and DGT.

7. Japan International Cooperation Agency (JICA)

In December 2009, Record of Discussion (RD) and Minutes of Meeting (MM), which contain DGT-JICA cooperation activity plan for 2010-2014 entitled "Project on Modernization of Tax Administration (Phase II)", was signed. In that project, JICA assistance activities consist of:

a. human resources capacity building (e-learning, OJT, and personnel assessment);
b. collection;
c. investigation; and
d. objection and appeal.

In addition to the above project, JICA also provides assistance for human resources capacity building by giving scholarship for DGT personnel to take master/doctorate programs and short courses in Japan.

Achievement through INNOVATION

DGT always looks for the best new methods in improving public service and collecting revenue.





Service, Dissemination, Education and Public Relation



The tax reform, which began in 2002, faced heavy challenges in 2010. Several tax-related cases involving DGT personnel have hampered the level of public trust. Consequently, the public questioned the implementation of tax reform that has been positively accepted previously.

To overcome the issue of diminishing public trust as well as to improve understanding and to grow public/taxpayers' awareness in fulfilling their tax rights and obligations, in 2010 DGT undertook improvements in service provision, dissemination, education and public relation, with the following details:

DGT make improvements on service delivery activities of dissemination, education, and public relation, among others wto increase public trust.

QUICK WINS IN SERVICES

One of DGT's commitments to improve service to the public is to deliver excellent service so-called Quick Wins. In 2010, the Quick Wins service was added from 8 services to 16 services.

DGT Quick Wins Services for 2010

	Type of Service
1.	Settlement for the Request of Taxpayer Identification Number Registration.
2.	Settlement for Request of Confirmation as a of Taxable Person for VAT Purposes
3.	Settlement for Request of VAT Refund
4.	Settlement for Disbursement of Refund Claim
5.	Settlement for Objection of Income Tax, VAT and Sales Tax on Luxury Goods
6.	Settlement for Request of Exemption to Income Tax for Article 22 (Import Tax) Written Permit
7.	Settlement for Request of Land and Building Tax Deduction
8.	Settlement for Registration of New Tax Object with Office Research
9.	Settlement for the Mutation Finalization of All Land and Building Tax Objects and Subjects
10.	Settlement for the Request of Notice on Tax Exemption for Deduction of Income Tax Article 23
11.	Settlement for Request of Notice on Tax Exemption for Deduction of Income Tax on Time Deposit, Savings and Indonesian Central Bank Discount Interest Received or Earned by the Pension Fund whose Establishment has been Legitimated by the Minister of Finance
12.	Settlement Request of Notice on Tax Exemption for Income Tax on Income from Transfer of Right over Land and / or Building
13.	Settlement for Request of Notice on Tax Exemption for VAT on Certain Taxable Goods
14.	PSettlement Request of Land and Building Tax Objection
15.	Settlement for Request of Reduction or Elimination of Administrative Sanctions
16.	Settlement for the Completion of Request for Reduction or Cancellation of Inappropriate Tax Provisions

SERVICE ON TAX DISPUTE SETTLEMENT

1. Objection, Correction, Reduction, Elimination and Cancellation

Performance of the settlement of objection, correction, reduction, elimination and cancellation of national tax stipulations in 2010, either because of requests or because of job position, is as provided in the following table.

Tax Dispute Settlement in 2010

Type of Service	Income Tax	VAT/Sales Tax on Luxury Goods	Land & Building Tax	Acquisition Duty of Right on Land & Building	Total
Correction	805	558	6,762	7	8,132
Objection	2,090	3,101	7,331	2	12,524
Basic Tax Deduction	-	-	17,435	1	17,436
Deduction or Annulment of Administrative Penalties	4,595	4,961	1,550	59	11,165
Deduction or Cancellation of Tax Assessment	961	891	4,837	43	6,732
Deduction or Cancellation of Notice of Tax Collection	567	486	0	56	1,109
Cancellation of Audit Result/ Notice of Tax Assessment as a Result of Audit	9	18	0	1,736	1,763
Total	**9,027**	**10,015**	**37,915**	**1,904**	**58,561**

In general, there are 6 major problems which causes significant number of taxpayer's objection documents being rejected by DGT head office or Regional Tax Offices:

a. taxpayers have not fully comprehended tax provisions regarding procedures and requirements for objection submission;
b. taxpayers have not fully comprehended tax provisions of fiscal correction done by auditor;
c. confirmation response from a third party (external of DGT) is not received until the decision letter (verdict) is issued;
d. taxpayers do not lend complete documents until the objection letter (verdict) is issued;
e. multi-interpretation on a provision; and
f. lack of supervision/surveillance on objection settlement process and evaluation of objection decision.

The above problems/issues have caused taxpayers to feel that they have been treated unfair in objection settlement process. For that, DGT has developed several solution programs that must be implemented internally at DGT and coordinated with the relevant parties, among others:

a. carry out communication (soft competency) and technical skills training for Objection Examiner;
b. provide information on collection of research elaboration on objection request that has been settled through the creation of knowledge-based objection;
c. building objection management information system;
d. improve SOP on the supervision of objection function;
e. educate taxpayers through direct socialization or through other media; and
f. harmonize the implementing regulations of laws and regulations, especially technical ones, so that there will be no more regulations that will create multi-interpretation or incompatibility.

2. Appeal and Claim to Tax Court

The number of submission of appeal and claim to Tax Court that has been decided by the Panel of Judges which verdicts have been received by DGT throughout 2010 is totals 2,806 verdicts with the following details.

Appeal and Lawsuit Decision Based on Decision Received by DGT in 2010

Decision	Appeal	Lowsuit	Total
Rejected	268	214	482
Partially Granted	728	11	739
Fully Granted	792	162	954
Cancelled	40	52	92
Unaccepted	226	225	451
Added	2	0	2
Corrected due to Errors in Writing and/or Calculation	65	10	75
Removed from Dispute Cases	3	6	9
Total	**2,124**	**682**	**2,806**

In general, the main issues in Appeal and Claim are as follows:

a. Tax Offices unable to execute Tax Court Verdict
   The reason for this matter is that the dispute object is not a tax provision, but is a legal product from the Directorate General of Customs and Excise. Consequently, taxpayers will not be granted with his rights in the form of tax refund.
b. the Panel of Judges still takes into account the documents submitted at the time of trial even though they had not yet been submitted by taxpayers at the time of audit and objection.
   This is because the implementation of provisions in Article 26A of Tax General Provisions Law is unparallel with the provisions under the Article of Tax Court Law so that auditor's correction is called off due to evidence test at court trial.
c. lack of litigation capability of DGT officers when delivering arguments in the court.
   This will cause officers unable to optimize delivering arguments to convince the Panel of Judges.
d. Data on appeal requests and settlement are not synchronized with DGT's.
   There is no administration application and database sharing between DGT and Tax Court which has become the main cause of premature preparation stage in court trial.

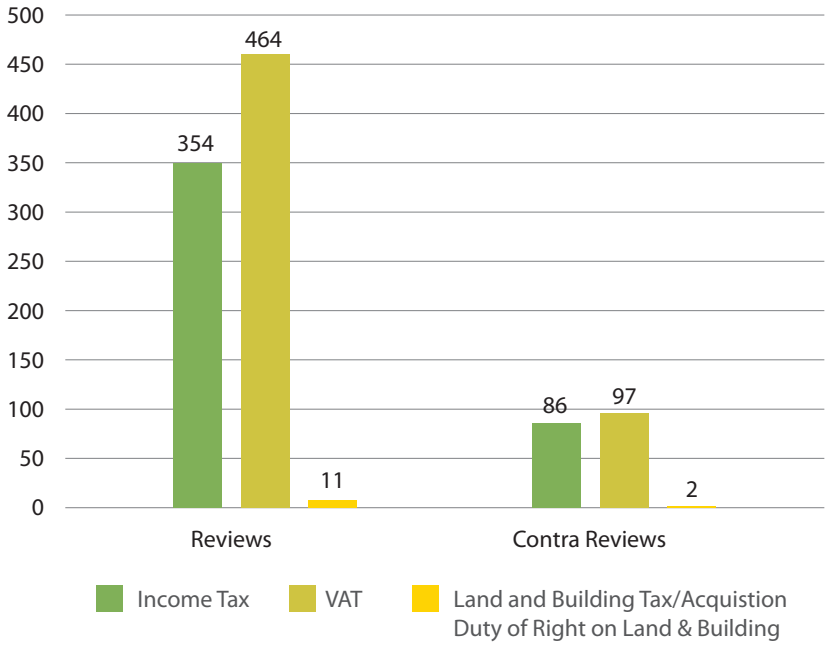
To overcome problems in the above Appeal and Claim processes, DGT creates several strategies as follows:

a. harmonization of regulations formulated by DGT with external parties, such as Directorate General of Customs and Excise (DGCE) and Tax Court;
b. improvement of litigation skill of court trial officers through education and training activities as well as in-house-training programs;
c. in certain cases, DGT establishes a Fixed Team armed with specific skills;
d. request to Tax Court to provide court trial report;
e. to optimize the role of the Panel of Judges' Honor. In concrete, the solution program is to submit written report regarding inaccurate Judge's Verdict at Court to the Panel of Judges' Honor; and
f. data synchronization between DGT and Tax Court through shared application between DGT and Tax Court.

3. Review to the Supreme Court

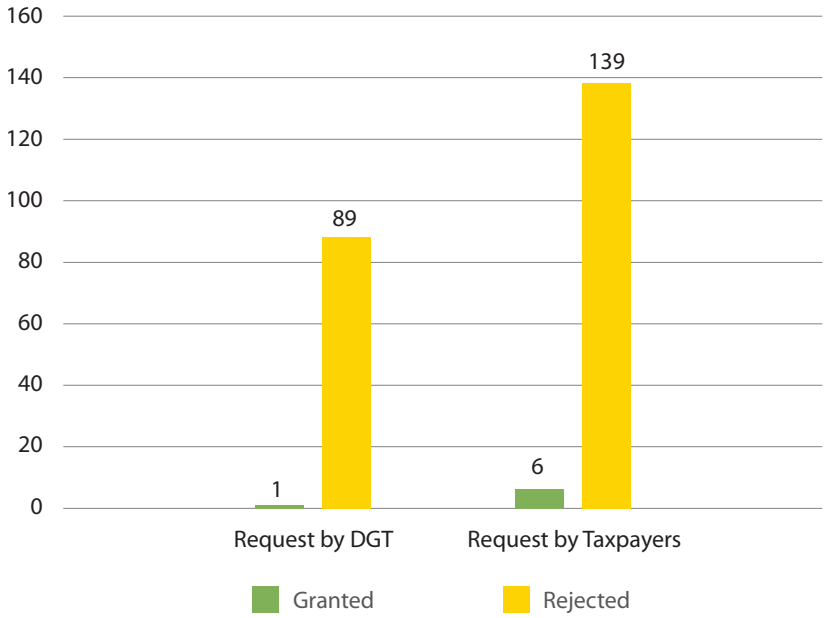
Submission of Review to the Supreme Court by DGT is conducted through a Review Memoir. DGT is obligated to answer every taxpayers' Review to the Supreme Court through a Review Counter Memoir. During 2010, DGT submitted 829 Review Memoirs and 185 Review Counter Memoirs with the following details.

Reviews and Contra Reviews to Supreme Court in 2010



In 2010, DGT received a Review Verdict by the Supreme Court totaling 235 verdicts. The distribution of those Review Verdicts by the Supreme Court is based on the applicant's place of origin and type of injunction that can be described as follows.

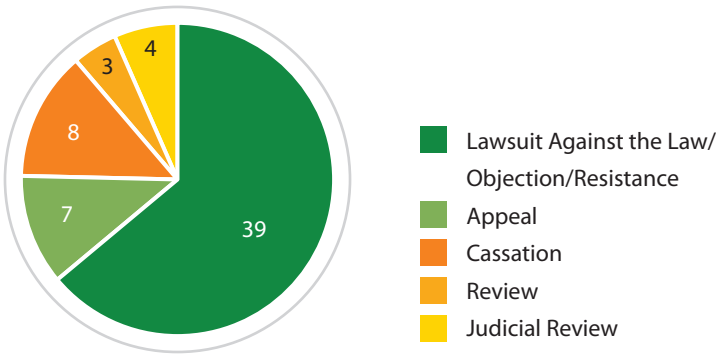
Distribution of Decision on Review from Supreme Court by the Origin of Applicant and Types of Decision Received by DGT in 2010



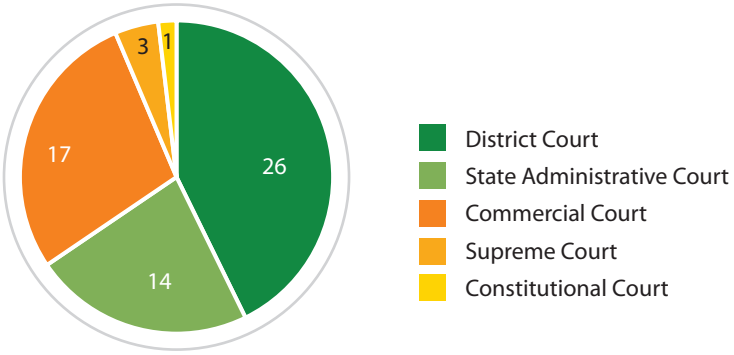
ASSISTANCE IN CASE HANDLING IN COURTS OTHER THAN TAX COURT

DGT as a public institution, in performing its duties and functions according to tax regulations can be claimed at the District Court, State Administrative Court, Commercial Court, Supreme Court and Constitutional Court.

Case Handling by the Court other than Tax Court in 2010



Case Handling by the Court other than Tax Court in 2010



INFORMATION AND COMPLAINT SERVICE KRING PAJAK 500200

In 2010, information and complain service through Kring Pajak 500200 continues to improve its service quality. The presence of information service Kring Pajak 500200 has helped the public to obtain tax information quickly, easily, and accurately. On the other hand, as an institution applying the good governance principles, DGT also provides channels for public to submit their complaints related to the services provided.

Improvement of Kring Pajak 500200 information service quality is done through the improvement of Knowledge-Based Tax application by updating tax regulations and information regularly.

Information Service Performance Kring Pajak 500200 in 2010

Month	In-Coming Call	Calls Answered	
		Total	%
January	36,454	21,192	58%
February	35,889	16,089	45%
March	60,040	36,805	61%
April	36,184	29,890	83%
May	21,253	19,678	93%
June	20,525	19,560	95%
July	22,973	19,189	84%
August	22,152	20,123	91%
September	16,110	14,979	93%
October	20,875	19,369	93%
November	22,285	20,467	92%
December	24,792	21,244	86%
Total	**339,532**	**258,585**	**76%**

Kring Pajak 500200 information service or also known as Tax Complaint Center continuously undergoes improvement of complaint handling management, including the improvement of Tax Complaint Information System.

Complain Service Performance Kring Pajak 500200 in 2010

Month	In-coming Calls	Call Answered	
		Total	%
January	1,003	575	57%
February	1,058	581	55%
March	1,649	1,185	72%
April	1,205	837	69%
May	722	543	75%
June	682	542	79%
July	787	535	68%
August	768	613	80%
September	602	485	81%
October	563	508	90%
November	619	519	84%
December	670	469	70%
Total	**9,039**	**7,392**	**81.78%**

Excellent Achievement by Kring Pajak 500200 at a prestigious event "The Best Contact Center Indonesia 2010" organized by Indonesia Contact Center Association, in two categories: Platinum Award in the category The Best Agent Inbound Contact Center and Silver Award in the category Supervisor Contact Center for Contact Centers with Capacity of Below 100 Seats.

TAX DISSEMINATION AND EDUCATION

To improve taxpayers' understanding and awareness in fulfilling their tax rights and obligations, dissemination and education activities are compulsory. In 2010 the dissemination activities were not conducted massively. This is because the social condition at that time was not conducive as a result of several cases by alleged DGT personnel. Dissemination activities in 2010 focused more on maintaining existing taxpayers in order for them to comply and perform tax obligations. Dissemination activities were focused on government associations and treasury which were expected to remain uninfluenced by various negative issues / rumors about DGT.

Dissemination and education activities carried out in 2010 are as follows:

1. Interactive radio talk show, aiming to provide tax knowledge through radio, packed through an interactive dialogue in order for the listeners to easily understand tax in details and comprehensively.
2. Live report (tax coverage activity), intended to provide information to the public, especially taxpayers, regarding activities arranged by DGT, such as socialization of the recent provisions and regulations, tax corners, tax awareness campaign and improvement of DGT positive public image .
3. Information through national TV, TV at Soekarno-Hatta International Airport through TV airport medium, neon box stand TV, and neon box public TV.
4. Publishing of children's storybook, aiming to educate school-aged children (6 to 12 years old) to understand tax benefits and its importance for themselves and their families, as well as for the society and the country.

5. Publishing and distributing books, booklets, and leaflets with various tax-related themes.
6. Development of online site for DGT library book catalogue (Online Public Access Catalogue).
7. Making tax instructional video in connection with the transfer of Acquisition Duty of Right on Land and Building and preparation of the transfer of Land and Building Tax from the Central Government to the Regional Governments.

PUBLIC RELATION

The main focus of DGT public relation in 2010 highlighted on programs or activities to restore DGT public image or trust due to some breaching by irresponsible personnel.

Various efforts to restore DGT public image and trust are detailed as follows.

1. Intensive publication on positive news on DGT.
   This activity is intended to balance news on mass media, not only print media but also electronic media, which often condemns DGT. Through these activities, the public is expected to notice the positive side of DGT. Publication activities has been done through various ways:
   a. arranging a program entitled "A Chat with the Journalists (Ngobras)" every Friday at the Media Center;
   b. training for journalists which is arranged monthly and quarterly;
   c. inviting journalists to visit and witness activities at Tax Offices or Media Tour;
   d. issuing press release and arranging press conference;
   e. broadcasting DGT public service ads on print media, online media, television and radio media;
   f. broadcasting DGT public service ads at the cinemas, trains, and airport billboards; and
   g. publishing DGT personnel opinion on the newspapers or writing tax books.
2. Information during college or school students' visits.
   This activity is intended to provide tax information as early as possible to college or school students visiting DGT offices or performing On-The-Job Training at DGT offices. Through information and direct practice at DGT, it is expected that better understanding on DGT will be developed.
3. Dissemination of tax information to internal and external parties.
   Information of activities to internal party is disseminated through e-Magazine facility that is published monthly. Meanwhile, tax information for public is disseminated through the website www.pajak.go.id.

Tabel DGT Press Releases in 2010

Date	Materi
1 February	Explanation of the Top Ranks Tax Delinquents
1 April	Application of VAT and Sales Tax on Luxury Goods Laws, VAT Refund facility to Foreign Tourists, Receipt of Income Tax Annual Tax Return and Development of Handling of Personnel Breaching Civil Servants Ethic Codes and Discipline
3 June	Tax Revenue for the Period of 1 January to 31 May 2010 and Other Performances
4 June	DGT will soon Transfer the Cases on Suspected Tax Criminal Conduct of PT. PHS to the Attorney's Office
18 August	Launching of DGT Organizational Values towards the Successful Tax Reform Part II
17 September	Law Enforcement at DGT
1 October	DGT Added 22 Shops in VAT Refund for Foreign Tourists
4 October	Article 22 Income Tax of Non-Taxable School Operational Disbursement (BOS) Fund
11 October	Tax Revenue up to 30 September 2010, Crash Program and Policy on Transfer of Function in the Formulation of Tax Regulations
21 October	a. DGT opened Channels for Whistle Blowers b. Tithe (zakat) can deduct tax
25 October	DGT applied Free Exit Tax
26 October	DGT exempted Ship Import Tax
10 November	a. Corruption Eradication Commission Integrity Survey : DGT has met the standards b. DGT conducted Transfer Pricing Correction
11 November	Perkembangan Penerimaan Pajak 2010
16 November	Diberitakan Media, Pegawai Pajak Diperiksa
22 November	DJP Pertegas Kriteria Bebas PPN untuk Angkutan Umum
25 November	a. *Memorandum of Understanding* antara DJP dengan Direktorat Jenderal Aplikasi Telematika tentang Integrasi NPWP di Sistem e-Pengadaan b. Penerimaan Pajak sampai dengan 15 November 2010
29 November	a. Corruption Eradication Commission: DGT Received Got the Highest Ethic Code Score b. Announcement of Corruption Eradication Commission regarding Anti Corruption Initiative Assessment 2010 c. DGT Underlined VAT Treatment on General Bank Business d. DGT Launched Electronic Tax Return (e-SPT)
30 November	DGT Activated Tax Center at Universities
8 December	DGT emphasized the tax regulation for Small Restaurant (Warteg)
10 December	DGT emphasized the Application of Ethic Code
13 December	False Workshop Using the Name of the Director General of Taxes
21 December	VAT Refund Shops Now Present in Yogyakarta
22 December	The commencement of Free Exit Tax at 00.00 of 01 January 2011
23 December	One Suspect of Asian Agri Tax Case handed over to the Attorney's Office
30 December	Memorandum of Understanding between DGT and the Indonesian Institute of Public Accountants regarding Formulation of Audit Standards and Procedures Related to Incentives to be given to Taxpayers

Business Process and Information and Communication Technology



BUSINESS PROCESS IMPROVEMENT

1. Standard Operating Procedures Improvement and Standardization

In 2010, DGT continued to improve the Standard Operating Procedures (SOP). Improvement of SOP is in line with changes in business process at DGT resulting from the changes in regulations that serve as the guidelines for the implementation of every function and task within DGT.

Until the end of 2010, DGT has standardized 769 SOPs for the head office, 259 for regional tax offices, 315 for tax offies, 51 for Tax Services, Counseling, and Consultation Offices, and 131 for Data Processing Center.

DGT consistently improve its business process and information and communication technology to improve organizational performance and service to taxpayers.

2. Overseas Fiscal

In order to execute the mandate of Article 25 paragraph (8) of Income Tax Law, on 1 January 2008, a provision was made into effect for domestic individual taxpayers who do not have Taxpayer Identification Number and have reached the age 21 years old departing abroad must pay Exit Tax.

According to Article 25 point 8a of Income Tax Law, this obligation to pay Exit Tax ended on 31 December 2010. Thereby, as of 2011, DGT does not provide Exit Tax service anymore.

3. Implementation of Batam, Bintan and Karimun Free Trade Zones

Through the decision of Batam, Bintan, and Karimun as Free Trade Zones and Free Ports (Free Zones) by the government, the entire handover of Taxable Goods and Taxable Services to and/or in Batam, Bintan, and Karimun Islands, in accordance with the decided coordinate borders, is not withheld with VAT or VAT and Sales Tax on Luxury Goods.

For smooth implementation and control of Taxable Goods income in the Free Zones, in 2010, DGT issued regulations on endorsement, recording/documenting, archiving, and analysis procedures for customs notice documents in the Free Zones and issued implementing regulations on confirmation of approval provision upon notice of goods entering/releasing in specific transactions.

4. Drop Box

One of the latest innovation strategies in service by DGT is providing special boxes to receive Annual Tax Return called Drop Box, placed at tax offices, Tax Services, Counseling, and Consultation Offices, shopping centers, business centers, government offices such as sub-district and district offices, and in other strategic locations.

Drop Box was created to anticipate three issues in Annual Income Tax Return receipt and processing, namely:

a. the increasing number of Annual incomeTax Returns due to the increasing number of taxpayers;
b. long queue when taxpayers submit their Annual Tax Returns; and
c. service and facilitation to taxpayers in the filing process.

Taxpayers have been able to file their Annual Tax Returns directly through Tax Return Drop Box in any locations since 2009. This facility enables taxpayers filing their Annual Tax Return directly at places where they usually do their daily activities instead of filing at tax office where they are registered.

This Drop box method was responded positively by various parties and the public including taxpayers. It even became an editorial topic in one of the national dailies. Such significant number of positive responses has become the main consideration to re-implement Tax Return Drop Box program in 2010. The program, through

a better and improved procedures and application, was aimed to provide more satisfaction to taxpayers in filing their Annual Tax Returns.

5. Annual Income Tax Return in PDF Format

Annual Income Tax Return has previously been completed manually by handwriting. Many taxpayers encountered difficulties in completing and calculating their tax obligation. Realizing this issue and adapting the solution for similar issue from other jurisdictions, DGT launched Annual Income Tax Return form in PDF format. Taxpayers have been able to utilize the Annual Income Tax Return PDF format for the Year 2009 since 2010. They may downloaded the form from DGT's website (www.pajak.go.id) or they may requested the form in tax offices. These flexibilities and incentives were beneficials not only to taxpayers, but also to DGT.

The Benefits of PDF Format Annual Tax Return	
For Taxpayers	**For DGT**
Easy completion	Interesting dissemination tool
Automatic calculation to avoid miscalculation	Easier to read than handwriting
Easy to edit	Can be saved onto CD or disc that may contain various types of Annual Tax Return
Easy to obtain through website www.pajak.go.id	Efficient and avoid paper waste
Can be completed using acrobat reader and similar applications that can be downloaded free of charge from the internet.	Printed Tax Return (format and form) is relatively unchanged. Hence, mistakes during scanning process at Data and Document Processing Center can be avoided.
	Can be downloaded directly by the taxpayers from the website www.pajak.go.id

6. Self Collecting of Annual Tax Return Form

Since 2010, Tax Offices have stopped sending Annual Tax Return form to each taxpayer, both individual and corporate. Taxpayers are requested to collect their Income Tax Annual Tax Return forms at appointed locations such as Tax Offices, Tax Services, Counseling, and Consultation Offices, Tax Return Drop Box centers, Tax Corners, Tax Cars, and in other strategic and reachable locations. The main considerations of this policy were:

a. Under Article 3 paragraph (2) of General Provisions and Tax Procedures Law, that taxpayers collect themselves the Tax Return at places appointed by the Director General of Taxes or by collecting it through other ways which procedures are based on the Regulation of the Minister of Finance.

b. Various types of Tax Return form have caused difficulties for Tax Offices to send the type of Tax Return form as needed by each taxpayer. Currently, there are three types of form that can be used by individual taxpayers, namely Forms 1770, 1770 S, and 1770 SS, and two types of form that can be used by corporate taxpayers, namely Forms 1770 and 1770 $. If Tax Offices send all these Tax Return forms to each taxpayer, both individual and corporate, the administrative burden will be high. The Tax Return form printing cost will be high while the form will probably be wasted. In addition, taxpayers might be confused in deciding which type of Tax Return forms should be filled.

c. This policy is expected to educate taxpayers and improve taxpayers understanding on tax as well as promote enthusiasm in fulfilling tax obligation. This is because this policy has also been followed by tax dissemination policy through leaflets, brochures and direct consultation to taxpayers regarding types of Tax Return form and their respective functions.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

1. Information and Communication Technology (ICT) Management

ICT management is a framework that regulates and manages the entire planning, realization, daily operation, securing, service continuity, and internal evaluation processes in the implementation of ICT in DGT through a firm and transparent leadership line.

a. ICT Management Policies and Guidelines

In providing clear reference for the creation of ICT Management, DGT has carried out review, improvement, and formulation of policies together with management guidelines related to DGT ICT Management. Policies and guidelines that have been established during 2010 consist of:

1) ICT Management Policy;
2) Information System Service Policy;
3) Information System Development Policy;
4) Policy on Data Security Improvement for Directorate General of Taxes Information System, Tax Information Modification System, and Taxable Object Information Management System Database;
5) User Name Account Guidelines;
6) Third Party Access Guidelines;
7) Guidelines on the Management of ICT Service Request and ICT Service Catalogue;
8) Guidelines on ICT Service Disturbance Management; and
9) Guidelines on ICT Service Problem Management.

b. Implementation of Information Technology Evaluation

In improving its information system quality, DGT always conducts IT management evaluation. The overall evaluation on IT management was conducted in 2009 which resulted in IT management improvement and optimization programs. The evaluation came out with 189 recommendations scheduled to be implemented within the period of 2010–2012.

In 2010, DGT managed to finalize the implementation of 97 recommendations and is currently processing the completion of 31 recommendations. The other 61 recommendations will be implemented during the period of 2011–2012.

In 2010, DGT managed to finalize the implementation of 97 recommendations and is currently processing the completion of 31 recommendations. The other 61 recommendations will be implemented during the period of 2011–2012.

As part of IT management evaluation, DGT carried out evaluation on the implementation of DGT Internet and Intranet Policy, Approweb application, and monitoring of DGT Information System performance in 2010. The results will be used as the foundation to determine the application performance target which will be formulated in data clean up activity.

c. DGT ICT Blue Print

In 2010, DGT finalized DGT ICT Blueprint for Years 2010-2014. This ICT Blueprint will be used as guidance in the development of information system and as a strategic instrument for management in the implementation of ICT investment activities and control.

2. Development of ICT System and Infrastructure

In order to improve service quality and supervision on taxpayers through profiling and improvement of performance in general, DGT has undertaken system and infrastructure development, consisting:

a. Tax System Development

In 2010, tax system development conducted by DGT consists of:

1) Designing of Enterprise Architecture (EA) for Data Processing Center baseline and e-filing as piloting project of the establishment of DGT Enterprise Architecture (EA) which will be commenced in 2011;
2) Development of DGT Information System and Tax Information Modification System applications towards collection module, Rupiah and Dollar Corporate Annual Income Tax Return recording/documenting module for 2009, Individual Annual Tax Return module, Drop Box module, e-Tax Return/ e-filing monitoring module and supporting modules for Data Processing Offices, and adjustment of applications and modules in line with changes in Employee Registration Number to 18 digits; and
3) Development of supporting applications for Tax Cars and Tax Services, Counseling, and Consultation Offices, Multimedia Super Corridor, Approweb, e-Tax Return loader, e-Tax Return for VAT 1111 and VAT 1111 DM, and local documentation/ recording loader.

b. Development of Human Resource Management Information System (HRMIS)

This system is part of Personnel, Financial and Assets Information System. The development of this application consists of:

1) development of workflow-based applications;
2) document management and dossier management system;



3) application modelling which consists of several modules, including workload analysis, job competence standard, performance measurement, assesment center, online survey, and indesk; and
4) HRMIS supporting modules, namely authentification services, data exchange with the Ministry of Finance, monography, and performance evaluation.

c. Infrastructure Development

In order to improve infrastructure performance and capacity, as well as to renew obsolete devices, DGT has conducted the following:

1) fulfillment of licensing needs for document processing server development (KOFAX), for additional agents for inbound call center (AVAYA), and for Oracle Real Application Cluster database;
2) additional hardware for SIKKA;
3) improvement of DGT's data communication network infrastructure;
4) improvement of MPN infrastructure to enhance MPN's performance, security and system service;
5) improvement of Data Processing Center infrastructure to maximize the performance of the center;
6) upgrading of the computer capacity and addition to other supporting facilities to improve working process;
7) improvement/upgrading of supporting software for the needs oftax audit and IT Project Management; and
8) use of virtualization technology to optimize devices.

Statistics

Number of Taxpayers in 2006-2010

	2006	2007	2008	2009	2010
Individual	3,251,753	5,431,689	8,807,666	13,861,253	16,880,649
Government Treasurer	327,258	360,782	392,509	441,986	471,833
Corporate	1,226,279	1,344,552	1,481,924	1,608,337	1,760,108
Total	**4,805,290**	**7,137,023**	**10,682,099**	**15,911,576**	**19,112,590**

Annual Tax Return-Filing Compliance Ratio in 2006-2010

Description	2006	2007	2008	2009	2010	Growth 2009-2010	2010	
							Target	%
Total Taxpayers 1)	4,358,014	4,805,290	7,137,023	10,682,099	15,911,576	48.96%	-	-
Taxpayers who obliged to submit Annual Tax Return 2)	3,871,823	4,231,117	6,341,828	9,996,620	14,101,933	41.07%	-	-
Annual Tax Return Received 3)	1,240,571	1,278,290	2,097,849	5,413,114	8,202,309	51.53%	8,108,611	101.16%
Compliance Ratio 4)	32.04%	30.21%	33.08%	54.15%	58.16%	7.41%	57.50%	101.16%

Notes:
1) Total taxpayers (corporate, individual, and government treasurer, all with main or subsidiary status) as of January 1 for the year concerned.
2) Taxpayers who obliged to submit Annual Tax Return (corporate and individual, with subsidiary status) as of January 1 for the year concerned.
3) Annual Tax Return Received (all of the tax year) which were received by DGT until December 31.
4) Compliance Ratio is the ratio of Annual Tax Return Received to taxpayers who obliged to submit Annual Tax Return.

Growth of Taxpayers Using e-SPT in 2006-2010

Description	2006	2007	2008	2009	2010
Total Taxpayers	12,345	29,301	43,897	58,880	61,651

Growth of Taxpayers Using e-Filing in 2006-2010

Description	Year				
	2006	2007	2008	2009	2010
Total Taxpayers	688	1,357	1,619	2,427	4,941

Growth of Tax Return Submitted by e-SPT in 2006-2010

Type of Tax Return	2006	2007	2008	2009	2010
Periodic Income Tax Return of Article 21/26	57,396	89,933	95,710	184,886	254,378
Periodic Income Tax Return of Article 22	3,148	4,611	5,017	6,347	4,467
Periodic Income Tax Return of Article 23/26	36,532	53,051	64,983	97,137	127,076
Periodic Income Tax Return of Article 4 paragraph (2)	20,802	30,448	37,135	59,190	77,297
Periodic Income Tax Return of Article 15	1,894	2,987	3,437	5,020	5,839
Periodic VAT/Sales Tax on Luxury Goods Return	66,509	207,138	313,673	492,602	519,535
Periodic VAT Return for Withholder	1,276	78	132	1,197	1,123
Periodic VAT Return for Retailer	27	7	10	38	7
Annual Income Tax Return of Article 21	6,672	8,323	7,421	2	0
Annual Income Tax Return for Individual	209	962	260	1,343	0
Annual Income Tax Return for Corporate	8,248	9,806	9,380	18,094	43
Total	**202,713**	**407,344**	**537,158**	**865,856**	**989,765**

Growth of Tax Return Submitted by e-Filing in 2006-2010

Type of Tax Return	2006	2007	2008	2009	2010
Periodic Income Tax Return of Article 21	3,185	7,912	9,667	18,605	40,072
Periodic Income Tax Return of Article 22	24	100	123	249	352
Periodic Income Tax Return of Article 23	1,422	2,507	4,085	7,183	16,883
Periodic Income Tax Return of Article 4 paragraph (2)	433	992	1,839	4,409	14,498
Periodic Income Tax Return of Article 15	55	95	147	180	229
Periodic VAT Return 1195	3,245	7,333	6,621	10,240	14,108
Periodic VAT Return 1107 for Withholder	0	0	0	0	25
Annual Income Tax Return for Individual	4	-	5	6	401
Annual Income Tax Return of Article 21	289	376	186		0
Annual Income Tax Return for Corporate	11	44	79	377	248
Total	**8,668**	**19,359**	**22,752**	**41,249**	**86,816**

Tax Revenue in 2010

Type of Tax	2010 Revised-State Budget (trillion rupiah)	Realization (trillion rupiah)		Growth
		2010	2009	
Non-Oil & Gas Income Tax	306.84	297.86	267.57	11.32%
VAT & Sales on Luxury Goods	262.96	230.58	193.07	30.54%
Land & Building Tax	25.32	28.58	24.27	17.76%
Acquisition Duty of Right on Land & Building	7.16	8.03	6.46	24.18%
Other Tax	3.84	3.97	3.11	27.42%
DGT Revenue Excluding Oil & Gas Income Tax	606.12	569.02	494.49	15.07%
Oil & Gas Income Tax	55.38	58.87	50.04	17.64%
DGT Revenue Including Oil & Gas Income Tax	661.50	627.89	544.53	15.31%

Comparison between Tax Revenue and State Expenditures in 2006-2010

Description	2006	2007	2008	2009	2010
I. DGT Revenue Excluding Oil & Gas Income Tax (trillion rupiah)	315,01	381,37	494.09	494,49	569,02
II. DGT Revenue Including Oil & Gas Income Tax (trillion rupiah)	358,20	425,37	571,11	544,53	627,89
III. State Expenditures (trillion rupiah)	667,13	757,65	985,99	777,98	1.126,15
IV. Comparison I : III	47,22%	50,34%	50,11%	63,56%	50,53%
V. Comparison II : III	53,69%	56,14%	57,92%	69,99%	57,76%

Source: DG Treasury, State Budget-Primary Data, www.fiskal.depkeu.go.id

Roles of Tax Revenue on Domestic Revenue in 2001-2009

Year	DGT Revenue Excluding Oil & Gas Income Tax (trillion rupiah) (1)	DGT Revenue Including Oil & Gas Income Tax (trillion rupiah) (2)	State Expenditures (trillion rupiah) (3)	Roles (%) (4) = (1) : (3)	Roles (%) (5) = (2) : (3)
2001	135.48	158.58	300.60	45.07	52.75
2002	158.85	176.32	298.53	53.21	59.06
2003	185.69	204.66	340.93	54.47	60.03
2004	215.70	238.64	403.10	53.51	59.20
2005	263.39	298.54	493.92	53.33	60.44
2006	315.01	358.20	636.15	49.52	56.31
2007	381.37	425.37	706.11	54.01	60.24
2008	494.09	571.11	979.31	50.45	58.32
2009	494.49	544.53	847.09	58.37	64.28
2010	569.02	627.89	990.50	57.45	63.39

Source: DG Treasury, State Budget-Primary Data, www.fiskal.depkeu.go.id

Tax Revenue per Type of Tax in 2001 – 2010

(trillion rupiah)

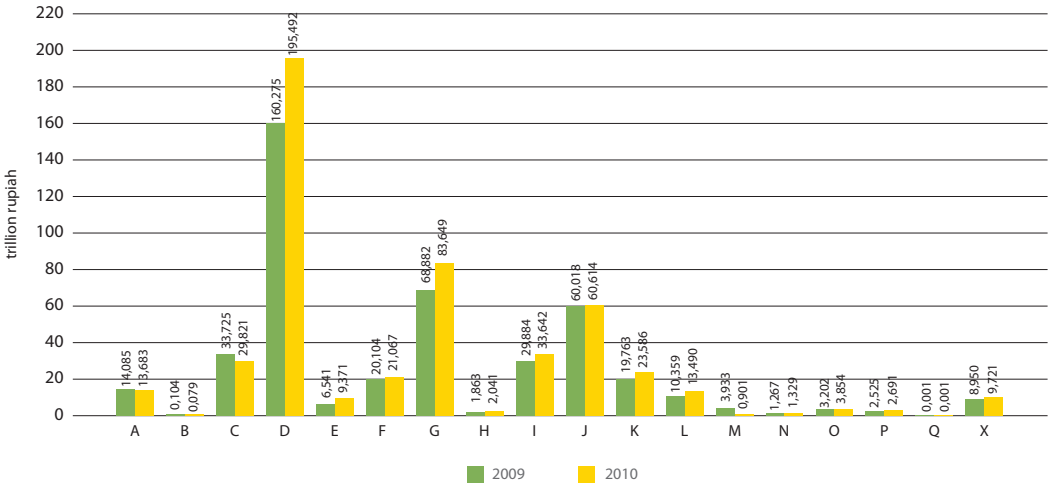
Year	Non-Oil & Gas Income Tax	VAT/Sales on Luxury Goods	Land & Building Tax/ Acquisition Duty of Right on Land & Building	Other Tax & Revenue from Interest	Oil & Gas Income Tax	Total Excluding Oil & Gas Income Tax	Total Including Oil & Gas Income Tax
2001	71.36	55.86	6.66	1.59	23.10	135.47	158.57
2002	84.47	65.24	7.99	1.47	17.03	159.17	176.20
2003	96.05	76.76	10.91	1.65	18.78	185.37	204.15
2004	111.95	87.56	14.67	1.83	22.95	216.01	238.96
2005	140.39	101.30	19.61	2.05	34.98	263.35	298.33
2006	165.64	123.03	23.90	2.29	43.19	314.86	358.05
2007	194.74	155.19	29.55	2.74	44.01	382.22	426.23
2008	250.48	209.64	30.93	3.03	77.02	494.08	571.10
2009	267.57	193.07	30.73	3.11	50.04	494.49	544.53
2010	297.86	230.58	36.61	3.97	58.87	569.02	627.89

Tax Ratio in 2001 – 2010

No	Description	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
a	Central Tax (trillion rupiah)	185.54	210.09	242.04	280.56	347.03	409.20	490.99	658.70	619.92	743.33
	1. Domestic Tax	175.97	199.51	230.93	267.82	331.79	395.97	470.05	622.36	601.25	720.76
	2. Taxes on International Trade	9.57	10.58	11.11	12.74	15.24	13.23	20.94	36.34	18.67	22.56
b	Local Tax (trillion rupiah)	10.73	14.55	12.09	23.10	24.21	25.72	29.46	38.04	35.93	47.68
c	Revenue from Natural Resource (trillion rupiah)	85.67	64.76	67.51	91.54	110.47	167.47	132.89	224.46	138.96	164.73
d	Central Tax + Local Tax	196.27	224.64	254.13	303.66	371.24	434.92	520.45	696.74	655.85	791.01
e	Central Tax + Local Tax + Revenue from Natural Resource	281.94	289.40	321.64	395.20	481.71	602.39	653.34	921.20	794.81	955.73
f	GDP based on Current Price (trillion rupiah)	1.449.40	1.610.00	2.045.90	2.273.10	2.784.30	3.365.90	3.950.90	4.948.70	5.603.90	6.422.90
g	Tax Ratio I Central Tax (a : f)	12.80%	13.05%	11.83%	12.34%	12.46%	12.16%	12.43%	13.31%	11.06%	11.57%
h	Tax Ratio II Central Tax + Local Tax (d : f)	13.54%	13.95%	12.42%	13.36%	13.33%	12.92%	13.17%	14.08%	11.70%	12.32%
i	Tax Ratio III Central Tax + Local Tax + Revenue from Natural Resource (e : f)	19.45%	17.98%	15.72%	17.39%	17.30%	17.90%	16.54%	18.62%	14.18%	14.88%

Source: State Budget-Primary Data 2001-2011, Ministry of Finance, DG Financial Balance, Statistics Indonesia

Tax Revenue per Business Field Classification in 2009-2010



Description:

Code	Business Field Classification
A	farming, hunt, and forestry
B	fishery
C	mining and excavation
D	manufacturing industry
E	electricity, gas, and water
F	construction
G	wholesaler & retailer, car repair, motorcycle, and goods for personal & households tools
H	provision of accommodation and food & drink
I	transportation, inventory, and communication
J	financial broker
K	real estate, renting business, and company services
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 institution and other extra ordinary international institution
X	activities with unclear description

Database of Land & Building Tax Object in 2006-2010

Year	Total		SISMIOP				Digital Map	
	Village/ Sub District	Tax Object	Village/ Sub District	%	Tax Object	%	Village/ Sub District	%
2006	71,724	90,972,987	38,917	54.3	64,046,203	70.4	18,374	25.6
2007	71,766	93,560,990	41,746	58.2	69,459,676	74.2	24,935	34.7
2008	74,147	97,173,501	47,958	64.7	77,230,806	79.5	31,172	42.0
2009	75,800	100,157,307	51,688	68.2	83,262,201	83.1	35,420	46.7
2010	77,033	103,562,165	55,281	71.8	89,088,086	86.0	38,798	50.4

Description : Data per akhir tahun, 31 Desember tahun yang bersangkutan

Tax Dispute Settlement in 2009-2010

Description	Income Tax		VAT		Land & Building Tax		Acquisition Duty of Right on Land & Building	
	2009	2010	2009	2010	2009	2010	2009	2010
Correction	1,089	805	361	558	8,832	6,762	109	7
Objection	2,802	2,090	2,444	3,101	8,503	7,331	91	2
Basic Tax Deduction	-	-	-	-	28,731	17,435	1,460	1
Deduction or Annulment of Administrative Penalties	3,308	4,595	2,901	4,961	-	-	-	-
Penalties Deduction	-	-	-	-	2,123	1,550	19	59
Deduction or Cancellation of Tax Assessment	1,284	961	827	891	3,225	4,837	11	43
Deduction or Cancellation of Notice of Tax Collection	235	567	123	486	9	-	6	56
Cancellation of Audit Result/Notice of Tax Assessment as a Result of Audit	2	9	4	18	-	-	-	1,736
Total	**8,720**	**9,027**	**6,660**	**10,015**	**51,423**	**37,915**	**1,696**	**1,904**

Audit Performance by Quantity in 2010

Routine Audit (1)	Special Audit (2)	Audit for Other Purposes (3)	Total Settled Audit (report) (4)= (2)+(3)	Target Settlement (5)	Settlement Percentage (6)=(4)/(5)
42,307	3,100	19,581	64,988	48,954	132.75%

Income Tax and VAT/Sales on Luxury Goods Arrears and Payment in 2006-2010

(trilion rupiah)

Year	Beginning Balance	Addition	Payment	Deduction	Ending Balance
2006	25.79	18.80	11.57	15.80	28.78
2007	28.78	16.82	11.88	18.28	27.32
2008	27.32	27.39	11.26	16.37	38.34
2009	38.34	24.32	16.58	22.84	39.82
2010	39.82	56.06	18.43	57.99	37.86

Tabel Perkembangan Tunggakan dan Pencairan Land & Building Tax/Acquisition Duty of Right on Land & Building Tahun 2006-20110

(trillion rupiah)

Year	Beginning Balance	Addition	Payment	Deduction	Ending Balance
2006	3.43	1.14	0.45	0.77	3.80
2007	3.80	17.87	0.89	17.74	3.92
2008	3.92	4.63	1.35	1.72	6.83
2009	6.83	15.27	1.79	11.93	10.18
2010	10.18	22.27	4.16	16.30	16.15

DGT Employee Composition in 2010

Position			Total	Rank Group			
				I	II	III	IV
Structural	Echelon	Echelon I	1	-	-	-	1
		Echelon II	48	-	-	-	48
		Echelon III	517	-	-	22	495
		Echelon IV	3,974	-	-	3,477	497
	Non Echelon	Account Representative	5,203	-	1,073	4,128	2
		Tax Objection Reviewe	624	-	17	607	-
		Treasurer	530	-	493	37	-
		Tax Bailiff	648	-	345	303	-
		Operator Console	749	-	716	33	-
		Assigned Staff	1,155	-	616	539	-
		Staff in Education Assigned	685	-	563	120	2
		General Staff	13,586	6	8,007	5,560	13
		VAT Refund Claims Service Staff	11	-	11	-	-
		Overseas Fiscal Service Staff	86	-	66	20	-
Functional	Tax Auditor	Skilled Tax Auditor Level I	942	-	927	15	-
		Skilled Tax Auditor Level II	521	-	3	518	-
		Skilled Tax Auditor Level III	86	-	-	85	1
		Expert Tax Auditor Level I	1,763	-	4	1,759	-
		Expert Tax Auditor Level II	965	-	105	2	-
		Expert Tax Auditor Level III	218	-	-	-	218
	Appraiser	Skilled Appraiser Level I	107	-	-	-	1
		Skilled Appraiser Level II	70	-	-	70	-
		Skilled Appraiser Level III	56	-	-	56	-
		Expert Appraiser Level I	81	-	-	81	-
		Expert Appraiser Level II	54	-	-	54	-
		Expert Appraiser Level III	1	-	-	-	1
	Computer Administrator	Skilled Computer Administrator Level II	8	-	-	8	-
		Skilled Computer Administrator Level III	19	-	-	19	-
		Skilled Computer Administrator Level IV	1	-	-	1	-
		Expert Computer Administrator Level I	26	-	-	26	-
		Expert Computer Administrator Level II	2	-	-	2	-
	Medic		4	-	-	2	2
Grand Total			**32,741**	**6**	**12,946**	**18,488**	**1,301**

Gender		Education Level						
Men	Women	up to High School	Diploma 1	Diploma 2	Diploma 3	Under Graduate	Graduate	Post Graduate
1	-	-	-	-	-	-	1	-
47	1	-	-	-	-	2	39	7
453	64	1	-	-	1	47	451	17
3,309	665	305	4	18	101	1,650	1,886	10
3,708	1,495	277	152	2	1,546	2,671	555	-
429	195	-	-	-	126	360	138	-
360	170	96	294	-	57	83	-	-
634	14	281	165	-	54	146	2	-
720	29	26	506	-	148	69	-	-
621	534	20	-	-	608	525	2	-
568	117	-	268	-	298	112	7	-
9,162	4,424	4,171	3,413	6	2,799	3,000	195	2
11	-	-	7	-	4	-	-	-
85	1	24	21	-	27	14	-	-
865	77	4	-	-	807	130	1	-
491	30	8	2	1	401	107	2	-
75	11	31	3	-	37	12	3	-
1,647	116	-	2	-	55	1,482	2 24	-
103	4	5	-	1	91	10	-	-
171	47	-	-	-	1	119	98	-
-	1	-	-	-	-	1	-	-
66	4	30	-	2	33	5	-	-
54	2	29	-	17	9	1	-	-
61	20	-	-	-	-	76	5	-
53	1	-	-	-	-	31	23	-
-	1	-	-	-	-	1	-	-
7	1	-	-	-	5	3	-	-
16	3	-	-	-	11	8	-	-
1	-	-	1	-	1	-	-	-
24	2	-	-	-	2	22	2	-
1	1	-	-	-	-	2	-	-
-	4	1	-	-	-	3	-	-
24,628	**8,113**	**5,311**	**4,837**	**47**	**7,222**	**11,220**	**4,067**	**37**

Employess's Education and Training in 2010

No.	Description	Number of Participant
1.	Aanwijing Database Clean Up	30
2.	Advance Level OECD Transfer Pricing	30
3.	Assesment Center	803
4.	Assesment Centre	144
5.	Briefing Assessor Assessment Center	25
6.	Cascading Renstra Echelon III dan IV	160
7.	CISA Review Audit	10
8.	Coaching and Leadership Skill	32
9.	Coaching Skills For Leaders	24
10.	Account Representative I-IV	458
11.	Certified Fraud Examiner	100
12.	Communication and Interpersonal Skills Batch III	30
13.	e-Audit Beginner Level	25
14.	e-Auditor	50
15.	e-Auditor Beginner Level Batch I	25
16.	International Contract Law	30
17.	Internal Audit	19
18.	Internal Audit (Echelon)	5
19.	Investigation	32
20.	State of Emergency	57
21.	Oil & Gas Product Sharing Contract	40
22.	Managing Service	25
23.	Supervision and Management Consulting	90
24.	Multinational Enterprise	30
25.	Personal Branding	25
26.	Oil & Gas Mining Product Sharing Contract	45
27.	Investigator	80
28.	Business Process of Crude Palm Oil Industry	35
29.	VAT Return	27
30.	Account Representative and Supervision and Consultation	100
31.	Information, Data, Report, and Complaint for Advanced Level	50
32.	Advance Bussiness Process	35
33.	Financial Statement Analysis	420
34.	Certified Information System Auditor (CISA) Review	15
35.	Coaching and Leadership Skill	15
36.	Communication Skill	100

No.	Description	Number of Participant
37.	Objection and Appeal	150
38.	Oil and Gas Drilling	30
39.	Mineral and Coal Mining Industry	145
40.	Telecommunication Services	67
41.	Crude Palm Oil Industry	35
42.	Legal Drafting	30
43.	Public Policy Marketing Management	25
44.	Geo Thermal	60
45.	Technical Taxation	277
46.	Excellence Services	70
47.	Drafting Proposals to Study Abroad	60
48.	Taxation for Construction Services	110
49.	Project Management	25
50.	Business Process of Land Law	100
51.	Business Process of Commercial	95
52.	Business Process of Real Estate, Apartment	95
53.	Land Business	100
54.	PSAK Serial 50 and 55	75
55.	Public Speaking & Communication Skill	24
56.	Banking	23
57.	Benchmarking Dissemination	100
58.	Tax Revenue Forecasting	30
59.	PSAK Serial 50 and 55	80
60.	Internalization and Strengthening Organizational Value for Section Chief of Data & Information Processing	95
61.	Internalization and Strengthening Organizational Value for Section Chief of Tax Service	95
62.	VAT and Sales Tax on Luxury Goods Law Internalization	161
63.	Tax Extensification Internalization	70
64.	DGT's Value Internalization	707
65.	Interview Course	55
66.	Internasional Tax Seminar	105
67.	Internal Investigator	60
68.	Public Policy from the Perspective of Law and Society	60
69.	ICT Blueprint	112
70.	Leadership Training VII	38
71.	OJT for Candidates of Civil Servants	275

No.	Description	Number of Participant
72.	OJT for Tax Auditor Level I	1548
73.	OJT for Tax Objection Reviewer	124
74.	ACL Intermediete Level	15
75.	Blanced Scorecard	20
76.	Communication and Interpersonal Skill Batch I	27
77.	Communication and Interpersonal Skill Batch II	30
78.	e-SPT	60
79.	Information, Data, Report, and Complaint	110
80.	Presentation Skill using Power Point	25
81.	Secretarial	29
82.	Legal Drafting	25
83.	Extensification Management	30
84.	Master of Ceremony	20
85.	Balanced Score Card (BSC) Automation	30
86.	Standard Operating Procedures Designing	30
87.	Extensification Technical for Staff	30
88.	HR Professional Certification	45
89.	DGT System Information	21
90.	Minute Meeting Drafting	30
91.	Training Need Analysis	30
92.	Workload Analysis	50
93.	Audit Module	30
94.	HR Matters	23
95.	Briefing for Echelon III	67
96.	Briefing for New Echelon III	68
97.	Discussion of Audit by Audit Board of the Republic of Indonesia	18
98.	Briefing for Graduate Scholarship Recipient	91
99.	Briefing for Under Graduate/Diploma IV of Academic Year 2009/2010	70
100.	Briefing for Under Graduate/Diploma IV of Academic Year 2008/2009	55
101.	Integrity Strengthening for Data and Information Processing Section Chief	95
102.	Integrity Strengthening for Tax Services Section Chief	95
103.	Business Valuation P1 and P2	35

No.	Description	Number of Participant
104.	Business Valuation P3 and P4	26
105.	Basic Competency for Investigation	68
106.	Procurement Certification	250
107.	Placement Test	45
108.	Dissemintation, Services, and PR	272
109.	Tax Return Processing in Data Processing Center	430
110.	West Jakarta Regional Office Coordination Meeting	95
111.	Seminar on Mineral Resources	79
112.	Seminar on International Taxation	103
113.	Seminar on Gender Equality	50
114.	Seminar on Transfer Pricing-JICA	49
115.	Dissemination of State Official's Wealth Report	363
116.	Dissemintaion of President Regulation Number 54 Year 2010	160
117.	Dissemintaion of Regulation of Minister of Finance Number 190/ PMK.01/2008	99
118.	Dissemintaion of Government Regulation Number 53 Year 2010	75
119.	Dissemintaion and Simulation of Annual Income Tax Return for Individual	10
120.	Dissemintaion of Tax Auditor Report Application	725
121.	Dissemintaion Balanced Score Card	90
122.	Dissemintaion of of Implementation Regulation of VAT and Sales Tax on Luxury Goods Draft	170
123.	Dissemintaion of e-Procurement	54
124.	Dissemination of State Official's Wealth Report	363
125.	Dissemination of Land and Building Tax	110
126.	Dissemination of Multimedia Device (Infocus Wireless) Utilization	26
127.	Dissemination of President Regulation on Procurement	325
128.	Dissemination of Regulation of Director General of Taxes Number PER-41/PJ/2008	70
129.	Dissemination of Regulation on Minister of Finance Number 213/ PMK.07/2010	50

No.	Description	Number of Participant
130.	Dissemination of Government Regulation on Corruption	52
131.	Dissemination of Government Regulation Number 53 Year 2010 for all Regional Office	63
132.	Dissemination of Tax Objection Service Settlement	75
133.	Dissemination of Strategic Plan for West Jakarta Regional Office	70
134.	Dissemination of Lecturer Selection	110
135.	Dissemination of VAT and Sales Tax on Luxury Goods Law	1544
136.	Government Securities	100
137.	Tax Treaty	17
138.	Tax Treaty Negotiation	12
139.	Investigation Technique by Corruption Eradication Commission Batch 1& 2	30
140.	Monitoring and Evaluation Technique	43
141.	ToT of Databank of Property Market Value	38
142.	ToT of DGT Corporate Values	133
143.	ToT of General and Retail Trade	100
144.	Training of Guidelines for Development Administration, Management And Monitoring Data Application	79
145.	Transfer Pricing	58
146.	Transfer Pricing for Direcorate of Tax Objection and Appeal's Staff	60
147.	Transformational Change Leadership Echelon II	47
148.	Workshop of Internalization and Preparation of Integrity Strengthen and Modernization Phase II	65
149.	Workshop of Workload Analysis	90
150.	Workshop of Coal Industry	120
151.	Workshop of Benchmarking Phase III	40
152.	Workshop of Drafting of "Sharing Stories and Hopes" Book	49
153.	Workshop of Capacity Building	24
154.	Workshop of Cyber Crime	110
155.	Workshop of Validation OJT Content for Tax Objection Reviewer	25
156.	Workshop of e-Auditor	30
157.	Workshop of Public Policy Law	17
158.	Workshop of Intelligence and Investigation	25
159.	Workshop of Crude Palm Oil Industries	120
160.	Workshop of Learning and Development	55
161.	Workshop of Coaching and Leadership Module	24
162.	Workshop of Organizational Alignment	42
163.	Workshop of Tax Collection	41
164.	Workshop of State College of Accountancy's Curriculum Improvement	25
165.	Workshop of "DJP Maju PasTI" Program's Content Drafting	54
166.	Workshop of Auditor Module Drafting	20
167.	Workshop of Performance Appraisal	99
168.	Workshop of Personal Scorecard	80
169.	Workshop of PINTAR	130
170.	Workshop of Review on Tax Collection in 2010	376
171.	Workshop of TNA	50
172.	Workshop of Derivative Transaction Batch II	30
173.	Workshop of Information and Communication Technology	35
174.	Workshop of Export and Import	30
	Total	**18.430**

Indonesia's Tax Treaty Network

No	Country	Effective Date
1.	Algeria	01-01-2001
2.	Australia	01-07-1993
3.	Austria	01-01-1989
4.	Bangladesh	01-01-2007
5.	Belgium	01-01-1975
	- Renegotiation	01-01-2002
6.	Brunei Darussalam	01-01-2003
7.	Bulgaria	01-01-1993
8.	Canada	01-01-1980
	- Renegotiation	01-01-1999
9.	Czech	01-01-1997
10.	China	01-01-2004
11.	Denmark	01-01-1987
12.	Egypt	01-01-2003
13.	Finland	01-01-1990
14.	France	01-01-1981
15.	Germany	01-01-1992
16.	Hungary	01-01-1994
17.	India	01-01-1988
18.	Italy	01-01-1996
19.	Japan	01-01-1983
20.	Jordan	01-01-1999
21.	Korea, Republic of	01-01-1990
22.	Korea, Democratic People's Republic of	01-01-2005
23.	Kuwait	01-01-1999
24.	Luxembourg	01-01-1995
25.	Malaysia	01-01-1987
	-Renegotiation	01-09-2010
26.	Mexico	01-01-2005
27.	Mongolia	01-01-2001
28.	Netherlands	01-01-1971
	- Renegotiation	01-06-1994
	- Renegotiation II	01-01-2004
29.	New Zealand	01-01-1989
30.	Norway	01-01-1991

No	Country	Effective Date
31.	Pakistan	01-01-1991
32.	Philippines, The	01-01-1983
33.	Poland	01-01-1994
34.	Portugal	01-01-2008
35.	Qatar	01-01-2008
36.	Romania	01-01-2000
37.	Russia	01-01-2003
38.	Saudi Arabia	01-01-1989
39.	Seychelles	01-01-2001
40.	Singapore	01-01-1992
41.	Slovak	01-01-2002
42.	South Africa	01-01-1999
43.	Spain	01-01-2000
44.	Sri Lanka	01-01-1995
45.	Sudan	01-01-2001
46.	Sweden	01-01-1990
47.	Switzerland	01-01-1990
	- Renegotiation	01-01-2010
48.	Syria	01-01-1999
49.	Taiwan	01-01-1996
50.	Thailand	01-01-1983
	- Renegotiation	01-01-2004
51.	Tunisia	01-01-1994
52.	Turkey	01-01-2001
53.	U.A.E	01-01-2000
54.	Ukraine	01-01-1999
55.	United Kingdom	01-01-1976
	- Renegotiation	01-01-1995
56.	United States	01-02-1991
	- Renegotiation	01-02-1997
57.	Uzbekistan	01-01-1999
58.	Venezuela	01-01-2001
59.	Vietnam	01-01-2000

DGT Balance as of December 31. 2010 and 2009

Description	Total		Increase/Decrease	
	2010	2009	Total	%
1	2	3	4	5
ASSET				
LIQUID ASSET				
Cash on Expenditures Treasurer	1,277,176,465	932,612,895	344,563,570	36.94
Other Cash and Equivalent to Cash	40,184,358	6,546,697	33,637,661	513.81
Tax Receivables	54,008,060,540,425	49,999,727,823,996	4,008,332,716,429	8.01
Non-Tax Receivables	0	132,694,979	(132,694,979)	(100.00)
Current Receivables for Treasury Claims/ Compensation Claims	44,721,008	53,764,428	(9,043,420)	(16.82)
Prepaid Expenditures	23,473,296,830	31,475,685,667	(8,002,388,837)	(25.42)
Inventory	157,533,976,337	113,685,538,106	43,848,438,231	38.56
TOTAL LIQUID ASSET	**54,190,429,895,423**	**50,146,014,666,768**	**4,044,415,228,655**	**8.06**
FIXED ASSET				
Land	5,930,351,833,426	5,868,476,257,110	61,875,576,316	1.05
Equipment and Machine	3,637,649,330,564	3,365,861,808,418	271,787,522,146	8.07
Building and Construction	4,070,559,428,972	4,011,871,869,277	58,687,559,695	1.46
Road. Irrigation. and Line	38,898,478,900	39,396,538,649	(498,059,749)	(1.26)
Other Fixed Asset	4,845,377,060	188,941,009,001	(184,095,631,941)	(97.43)
Construction in-Process	370,523,105,948	257,182,867,791	113,340,238,157	44.06
TOTAL FIXED ASSET	**14,052,827,554,870**	**13,731,730,350,246**	**321,097,204,624**	**2.33**
OTHER ASSET				
Receivable for Treasury Claims/ Compensation Claims	89,375,000	222,122,700	(132,747,700)	(59.76)
Intangible Asset	188,707,143,719	182,006,260,959	6,700,882,760	3.68
Other Asset	99,136,744,568	75,856,127,457	23,280,617,111	30.69
TOTAL OTHER ASSET	**287,933,263,287**	**258,084,511,116**	**29,848,752,171**	**11.56**
TOTAL ASSET	**68,531,190,713,580**	**64,135,829,528,130**	**4,395,361,185,450**	**6.85**
LIABILITIES				
SHORT-TERM LIABILITIES				
Payables to Third Parties	34,057,833,871	18,736,859,944	15,320,973,927	81.76
Payables for Revenue Refund	325,301,427,558	294,292,169,306	31,009,258,252	10.53
Prepaid Revenue	11,500,000	0	11,500,000	0.00
Prepaid form State Treasury Office	1,277,176,465	932,612,895	344,563,570	36.94
Deffered Revenue	12,649,358	6,546,697	6,102,661	93.21
TOTAL SHORT-TERM LIABILITIES	**360,660,587,252**	**313,968,188,842**	**46,692,398,410**	**14.87**
TOTAL LIABILITIES	**360,660,587,252**	**313,968,188,842**	**46,692,398,410**	**14.87**
EQUITY FUND				
CURRENT EQUITY FUND				
Receivables Allowance	54,008,105,261,434	50,031,389,969,070	3,976,715,292,364	7.94
Inventory Allowance	157,533,976,337	113,685,538,106	43,848,438,231	38.56
Allowance for Short-Term Liabilities Payment	-359,331,726,429	-313,029,029,250	(46,302,697,179)	14.79
Goods/Services Must be Received	23,473,296,829	0	23,473,296,829	0.00
Goods/Services Must be Deliverd	-11,500,000	0	(11,500,000)	0.00

Description	Total		Increase/Decrease	
	2010	2009	Total	%
TOTAL CURRENT EQUITY FUND	**53,829,769,308,171**	**49,832,046,477,926**	**3,997,722,830,245**	**8.02**
INVESTMENT EQUITY FUND				
Invested in Fixed Asset	14,052,827,554,870	13,731,730,350,246	321,097,204,624	2.33
Invested in Other Asset	287,933,263,287	258,084,511,116	29,848,752,171	11.56
TOTAL INVESTMENT EQUITY FUND	**14,340,760,818,157**	**13,989,814,861,362**	**350,945,956,795**	**2.50**
TOTAL EQUITY FUND	**68,170,530,126,328**	**63,821,861,339,288**	**4,348,668,787,040**	**6.81**
TOTAL LIABILITIES AND EQUITY FUND	**68,531,190,713,580**	**64,135,829,528,130**	**4,395,361,185,450**	**6.85**

DGT Expenditures Platform and Realization Year 2010

No	Description	Platform	Realization	%
1.	Personnel Expenditures	1,230,963,284,000	1,226,814,761,318	99.66
2.	Material Expenditures	1,958,308,123,000	1,427,222,820,437	72.88
3.	Capital Expenditures	688,778,849,000	342,263,019,585	49.69
4.	**Total (1+2+3)**	**3,878,050,256,000**	**2,996,300,601,340**	**77.26**
5.	Debt Interest Payment (SPM-IB)	0	1,321,487,211,977	
6.	**Total (4+5)**	**3,878,050,256,000**	**4,317,787,813,317**	**111.34**

Tabel DGT Net Expenditure Realization Year 2010 and 2009

No	Description	2010	2009	% Increase (Decrease)
1.	Personnel Expenditures	1,226,814,761,318	1,115,143,378,425	10.01
2.	Material Expenditures	1,427,222,820,437	1,227,887,774,568	16.23
3.	Capital Expenditures	342,263,019,585	648,461,556,590	(47.22)
4.	**Total (1+2+3)**	**2,996,300,601,340**	**2,991,492,709,583**	**0.16**
5.	Debt Interest Payment (SPM-IB)	1,321,487,211,977	1,056,807,330,401	25.05
6.	**Total (4+5)**	**4,317,787,813,317**	**4,048,300,039,984**	**6.66**



CONTENTS

REMARKS BY THE DIRECTOR GENERAL OF TAXES	4
DGT BOARD OF DIRECTORS & HEADS OF REGIONAL TAX OFFICES	6
CALENDAR OF EVENTS 2010	12
DGT AT A GLANCE	16
PERFORMANCE	22
Key Performance Indicators	23
Tax Revenue	29
Field Offices Performance	32
SIGNIFICANT EVENTS	34
Internalization of Organization Values and Development of DGT's Culture	34
DGT's Roles in the Transfer of Land and Building Tax - Rural and Urban Areas, and Acquisition Duty of Right on Land and Building	35
VAT Return Scheme to Individual Holders of Foreign Passports	37
HUMAN RESOURCES MANAGEMENT AND ORGANIZATIONAL DEVELOPMENT	40
Human Resources Profile	40
Human Resources Management	42
Human Resources Capacity Building	44
Discipline Enforcement	47
Organizational Development	49
Risk Management	51
TAX POLICY REFORM	52
General Provisions and Tax Procedures	53
Provisions on Income Tax	53
Provisions on VAT and Sales Tax on Luxury Goods	55
Provisions on Land and Building Tax and Acquisition Duty of Right on Land and Building	56
Tax Facilities	57
LAW ENFORCEMENT	58
Audit	59
Handling of Transfer Pricing	61
Investigation	62
Collection	64
EXTENSIFICATION AND INTENSIFICATION	68
Extensification	68
Intensification	70
DGT IN INTERNATIONAL RELATIONS	72
Avoidance of Double Taxation Agreement (P3B)	73
Agreement and Implementation of Tax Information Exchange	73
DGT Participation in International Forums	74
Donor Countries / Bodies Activities	76
SERVICE, DISSEMINATION, EDUCATION AND PUBLIC RELATION	82
Quick Wins in Services	83
Service on Tax Dispute Settlement	83
Assistance in Case Handling in Courts Other Than Tax Court	87
Information and Complaint Service Kring Pajak 500200	88
Tax Dissemination and Education	89
Public Relation	90
BUSINESS PROCESS AND INFORMATION AND COMMUNICATION TECHNOLOGY	92
Business Process Improvement	92
Information and Communication Technology (ICT)	95
STATISTICS	98



DGT ANNUAL REPORT 2010 DRAFTING TEAM

Steering Committee	:	Director General of Taxes, Secretary of Directorate General of Taxes
Team Leader	:	Head of Organization and Procedures Division
Contributor	:	Darmawan, Reko Anjariadi, Agus Kuncara, Agus Joko Purwanto, Harri Andria, Wahyu Winardi, Nugroho Hari Prasetyo, Muh. Tunjung Nugroho, Niken Evi Suryani, Adi Prana Pribadi, Hendro Kusumo Bagaskoro, M. Dahlan Saleh, Yudi Asmara Jaka Lelana, Eko Budihartono, Sri Marjati, Priyo Hernowo, Tetik Nurhayati, Sunarko, Mira Roosmaya Dewi
Editor	:	Muchamad Arifin, Olina Rizki Arizal, Jerry Fadlinsyah, I Putu Sudiana, Ali Zainal Abidin, Lury Sofyan, Tangges Varen, Ari Dwi Putranto, Dhimas Wisnu Mahendra, Dhamar Fitri Setiati
Printing & Distribution	:	Wolly Febriend, Muslim Indra Rifai, Yuwono Aji Satyo
Secretariat	:	Leonardi Chandra Wibawa, Nurmansyah, Muhammad Setiawan, Slamet Rianto, Fitri Mardiana