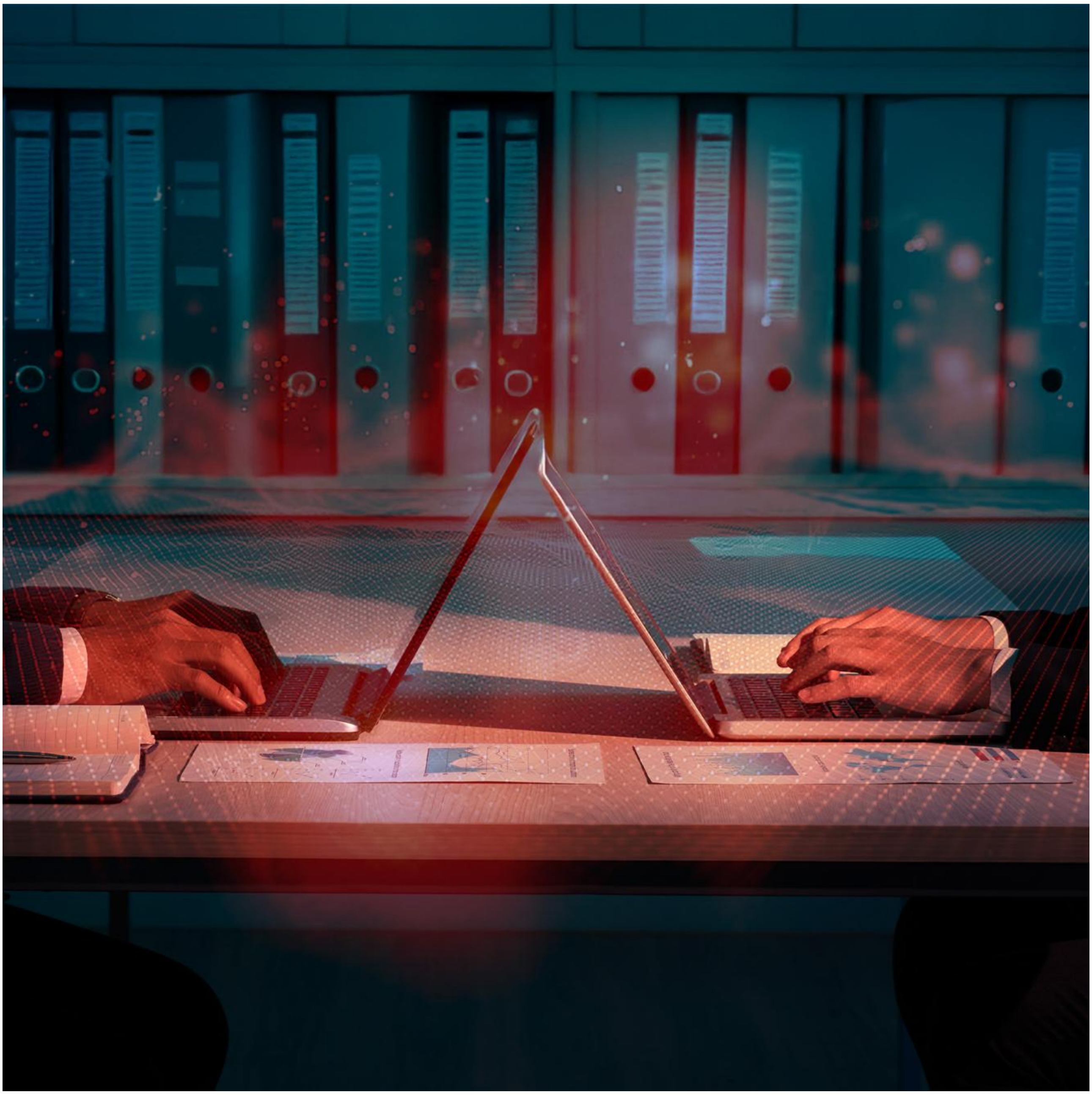
TAX & CUSTOMS

A New Era of Tax Audits in Indonesia Under PMK No. 15 of 2025



Indonesia's Ministry of Finance recently issued a new regulation on tax audits, Minister of Finance Regulation No. 15 of 2025 on Tax Audit ("**PMK 15**"), effective from 14 February 2025. This regulation is a significant part of Indonesia's ongoing tax reform, aiming to simplify and harmonise existing tax audit provisions under various tax regulations into a single framework. In general, PMK 15 seeks to enhance audit efficiency, promote legal certainty, and streamline administrative processes by introducing substantial changes to the audit framework.

This client alert outlines the key features and notable implications of PMK 15.

New Classification of Audit Types and the Assessment Period

Previously, there were two types of audits: field audits (with an assessment period of six months plus an extendable period of two to six months, totalling a maximum of 12 months) and office audits (with an assessment period of four months plus an extendable period of two months, totalling a maximum of six months).

PMK 15 introduces three types of audits designed to assess taxpayer compliance and serve other specific purposes, each with a distinct audit period. The audit period consists of two main phases: (i) an assessment period, during which the tax authority conducts its examination, and (ii) the closing conference and reporting period, where findings are discussed, and the audit report is finalised.

Please refer to the table below for a comparison:

Aspect	Old Regulation (PMK 184/PMK.03/2015)	New Regulation (PMK 15/PMK.03/2025)	Legal Basis
Types of audit	Not explicitly classified; but commonly known based on location: 1. **Office audit** (*pemeriksaan kantor*); 2. **Field audit** (*pemeriksaan lapangan*).	Categorised based on scope and objective: 1. **Comprehensive audit** (*pemeriksaan lengkap*); 2. **Focused audit** (*pemeriksaan terbuka*); and 3. **Specific audit** (*pemeriksaan spesifik*)	PMK 184 (old regulation): Article 5(1). PMK 15 (new regulation): Article 2(2).
Audit timeframe	1. **Office audit**: four months (+ plus) two-month extension (at maximum of six months); 2. **Field audit**: six months (+ plus) two until six months extension (at maximum of 12 months).	1. **Comprehensive audit:** maximum five months; 2. **Focused audit:** maximum three months; and 3. **Specific audit:** maximum one month.	PMK 184 (old regulation): Article 15, Article 16, Article 17. PMK 15 (new regulation): Article 6.

Below is the detailed scope of the three types of audits under PMK 15:

- **Comprehensive audit** (*pemeriksaan lengkap*): A full-scope examination of all items reported in the tax returns, with an assessment period of a maximum of five months.

- **Focused audit** (*pemeriksaan terfokus)*: A deep dive review into one or several specific items in the tax returns, with an assessment period of a maximum of three months.

- **Specific audit** (*pemeriksaan spesifik*): A simplified audit on targeted items, data, or obligations, with an assessment period of a maximum of one month.

For audits involving taxpayers in a group company and/or transfer pricing issues and/or financial transaction engineering, the assessment period may be extended by up to four additional months, provided that the taxpayer is officially notified of such extension.

A New Procedure: A Discussion of Preliminary Audit Findings

PMK 15 introduces a new mandatory procedure: a discussion of preliminary audit findings (*Pembahasan Temuan Sementara*) between the tax auditor and the taxpayer. This allows taxpayers to clarify or respond to the auditor's initial findings before the audit progresses further. This discussion must be conducted **no later than one month prior to the end of the assessment period**. During the discussion of preliminary audit findings, the taxpayer may present documents, records, electronic data, written explanations, and/or witnesses to clarify or respond to the preliminary findings raised by the auditor.

Shorter Timeframe to Respond to the SPHP

Under the previous regulation, taxpayers were given up to seven working days (plus a three-working-day extension) to respond to the SPHP (*Surat Pemberitahuan Hasil Pemeriksaan*) or Notification Letter of Audit Findings. PMK 15 shortens this response period to five working days, with no extension available. Taxpayers will need to act quickly and strengthen their audit readiness to meet the shortened timeframe effectively.

Shortened Period for PAHP

The timeframe for the PAHP (*Pembahasan Akhir Hasil Pemeriksaan*) or Final Discussion Period has been shortened compared to the previous regulation, which allowed a maximum of two months, counted from the date the SPHP was delivered until the issuance of the tax audit report (*laporan hasil pemeriksaan* or *LHP*). PMK 15 reduces this period to a maximum of 30 working days. The compressed timeline requires taxpayers to coordinate more efficiently with the tax auditors and respond promptly to finalise discussions and conclude the audit process within the stricter deadline.

Consequences of Refusing a Tax Audit

If a taxpayer decides to refuse a tax audit, the taxpayer must file a written statement of refusal, signed by the taxpayer or their authorised representative, no later than seven calendar days after the delivery of the audit notification letter (*surat pemberitahuan pemeriksaan* or SP2). The purpose of refusing a tax audit is to assert the taxpayer’s right to not undergo the audit process when they believe it lacks legal basis or procedural fairness.

Importantly, refusal to cooperate does not stop the audit process; on the contrary, it may escalate the matter. If the audit aims to assess tax compliance, the tax authority will proceed with a 'deemed tax assessment' (*penetapan pajak secara jabatan*), meaning they will determine the tax liability based on available data without the taxpayer's assistance.

Furthermore, if the taxpayer's refusal is accompanied by indications of a potential tax crime, the Directorate General of Taxes may escalate the situation further into a 'preliminary evidence audit' (*pemeriksaan bukti permulaan* or Bukper), which is a step towards a criminal investigation.

Clear Separation on Tax Audits and Criminal Procedures

PMK 15 emphasises the separation between tax audits (i.e., comprehensive audit (*pemeriksaan lengkap*), focused audit (*pemeriksaan terfokus),* specific audit (*pemeriksaan spesifik*)) and criminal tax procedures, avoiding the overlap between these procedures. Specifically, if a taxpayer is undergoing a *Bukper* or a formal tax crime investigation for a particular fiscal year, the Directorate General of Taxes is prohibited from carrying out a conventional tax audit for that same year. A tax audit may only resume once the relevant criminal procedure has been resolved, whether through the discontinuation of the preliminary evidence audit (*pemeriksaan bukti permulaan*), the formal closure of the investigation, or the issuance of a final and binding court verdict that has been duly received by the Directorate General. The provision aims to avoid procedural duplication and ensure that the administrative and criminal processes are clearly separated.

Digitalisation of Tax Audit Process through Coretax System

In line with Indonesia's ongoing tax administration reform, PMK 15 reinforces the use of the electronic system for managing and exchanging documents during the tax audit process. The regulation allows taxpayers and the Directorate General of Taxes to deliver audit-related documents electronically, while also allowing physical filing, either in person or via registered post/courier services. Specifically for the delivery or filing of (i) the Notification Letter of Audit Findings (SPHP), (ii) the List of Preliminary Audit Findings, and (iii) the taxpayer’s written response to both the notification letter and the list, these must be conducted by electronic means, in person, or by facsimile.

Our View and Key Takeaways for Clients

PMK 15 ushers in a more efficient and streamlined tax audit regime in Indonesia. To navigate these changes effectively, clients should:

- **Prioritise Audit Readiness:** The shortened deadlines for responding to audit findings and finalising discussions necessitate quicker internal coordination and decision-making during audits. Proactive preparation of necessary documents and data will be crucial.

- **Cooperate Strategically:** While taxpayers have rights, non-cooperation during an audit can lead to adverse consequences, including a deemed tax assessment or the escalation to a preliminary evidence audit (*Bukper*) if there are indications of tax crime.

- **Anticipate Scrutiny:** Taxpayers with complex structures, intercompany transactions, or those seeking tax refunds may face increased scrutiny under the risk-based selection approach.

- **Embrace Digital Processes:** The emphasis on the Coretax system and electronic document exchange highlights the importance of digital readiness for managing audit-related documents and communications efficiently.

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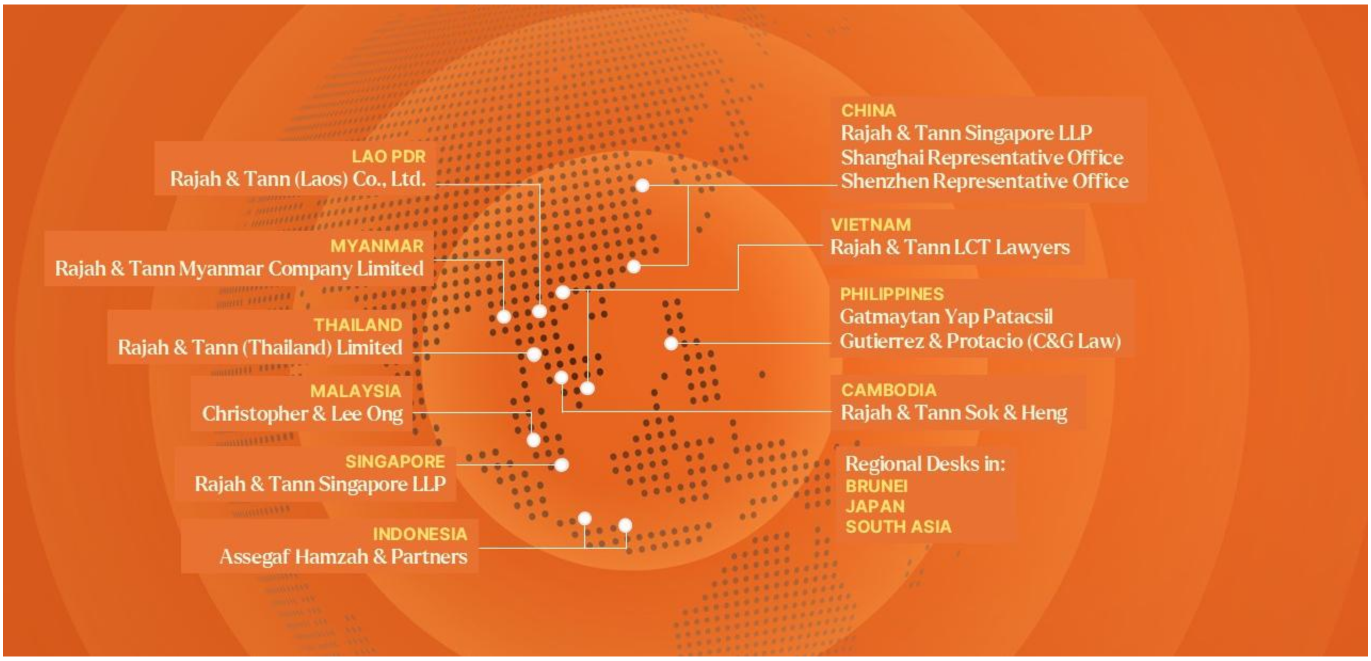

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