



Tax Newsletter

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The New Rules Related to Tax Audit

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The Government issued Regulation Number 50 Year 2022 (GR-50) on 12 December 2022 as implementation guidelines for the Indonesian Tax Law amended by the Law on Harmonization of Tax Regulations in 2021 (Refer to Tax Newsletter October 2021 / No. 07). One of the topics covered in GR-50 are the rules for tax audit.

Article 18 of GR-50 stipulates that Directorate General of Taxation (DGT) shall cancel Tax Assessment Letter issued based on Tax Audit which is conducted without the following procedures:

- a. Deliverance of notification of tax audit finding and/or;
- b. Closing Conference.

In this case, the cancellation of Tax Assessment Letter does not mean cancelling the entire tax audit process that has been conducted. Since Tax Assessment Letter is a legal product and it should be issued in accordance with the prevailing Indonesian Tax Laws and Regulations, the DGT shall continue the Tax Audit (which Tax Assessment Letter has been cancelled) by conducting the Tax Audit procedures that have not been carried out (deliverance of notification of tax audit finding and/or Closing Conference).

In the event that the cancelled Tax Assessment Letter is related to tax refund request as stipulated in Article 17B paragraph 1 of Income Tax Law, the maximum period of 12 (twelve) months to issue a Tax Assessment Letter will be deferred, starting from the issuance date of the cancelled Tax Assessment Letter until the issuance of the Tax Assessment cancellation decision letter.

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