

New Guidance for Taxpayers on Assistance, Donations and Grants

by Woro Nastiti



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The Minister for Finance has issued new Regulations that help to clarify the tax status of grants, assistance or aid in the form of money and goods donated to certain specified organisations and small to medium business enterprises.*

The Regulations provide that any assistance given in accordance with the Regulations may be exempted from the income tax calculation of the donor and also the recipient. Such assistance is exempted if it is given to certain specified organisations including not for profit organisations such as religious organisations, educational institutions, cooperatives and social organisations. The exemption also extends to assistance donated to individual who carries out businesses with less than Rp 500 million in assets (not including real estate) or with a turn-over of no more than Rp 2.5 billion.

The Regulation states that the exemption applies only if the donor and the recipient are not in a relationship of business, work, ownership and/or control. However, the exemption shall be applied even if the donor and the recipient are in a relationship mentioned above, if the recipient is a non-profit religious organization, educational institution, or social organization.

In addition, the Regulations provides accounting guidance for recipients of such qualifying donations.

*Regulation No. 90/PMK.03/2020. This Regulation is the counterparty to Regulation No. 245/PMK.03/2008, which deals with the tax status of receiving grants/aid/assistance/donations.

Collective Investment Contracts: Accounting Treatment Guidelines

by Michelle Noviangel

Investment managers and custodian banks are required by law to prepare financial statements for their investment products in the form of Collective Investment Contracts (*Kontrak Investasi Kolektif* or **KIK**), which are prepared in accordance with the relevant Regulations.* The Financial Services Authority has issued a Circular to provide further guidance and clarity in preparing financial statements for KIK.** From the end of 2020, the financial statements for KIK must be prepared in accordance with the Circular.



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The Circular provides that financial statements for KIK must consist of:

- a statement of the financial position at the end of the period;
- a statement of income and other comprehensive income during the period;
- a report on changes in net assets during the period;
- a cash flow statement during the period;
- notes on financial statements;
- comparative information regarding the most recent period, if applicable; and
- a statement of the financial position at the beginning of the most recent applicable period if the KIK has made changes in the way it applies accounting principles in preparing its financial statements.

The Circular also provides template examples of financial statements to reference.

The Financial Accounting Standards (*Standar Akuntansi Keuangan*) will apply to any matter not regulated by the Circular.

The Circular came into force on 8 July 2020.

*Regulation of the Financial Services Authority of the Republic of Indonesia No. 33/POJK.04/2020 concerning the Preparation of Financial Statements for Investment Products in the Form of Collective Investment Contracts.

**Circular of the Financial Services Authority of the Republic of Indonesia No. 14/SEOJK.04/2020 of 2020 on Accounting Treatment Guidelines for Investment Products in the Form of Collective Investment Contracts.

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