CIRCULAR LETTER NUMBER
SE-11/PJ/2022

CONCERNING

GUIDELINES FOR THE IMPLEMENTATION OF TAX OBJECTIVE ASSESSMENT FOR THE DETERMINATION OF THE SELLING VALUE OF LAND AND BUILDING TAX OBJECTS

Dear.
1. Echelon II officials within the Head Office of the Directorate General of Taxes; 2.
Head of Regional Office within the Directorate General of Taxes; and
3. Head of the Tax Service Office within the Directorate General of Taxes.

A. General

That in order to implement the provisions of Article 12 of the Regulation of the Minister of Finance Number 186/PMK.03/2019 concerning Classification of Tax Objects and Procedures for Determining the Sale Value of Land and Building Tax Objects and to provide guidelines in the implementation of the Appraisal so as to improve the quality of the Appraisal results, it is necessary to stipulate a Letter Circular of the Director General of Taxes regarding guidelines for the implementation of the Assessment of Tax Objects for determining the Sale Value of Land and Building Tax Objects.

B. Purpose and objectives

1. Meaning

This Circular Letter of the Director General is intended to provide guidance for Tax Appraisers in carrying out the Assessment of Tax Objects for determining the Sale Value of Land and Building Tax Objects.

2. Destination

This Circular Letter of the Director General aims to create a uniform understanding of the Valuation of Tax Objects and uniformity of the implementation of the Assessment of Tax Objects for determining the Sale Value of Land and Building Tax Objects.

C. Scope

The scope of this Circular Letter of the Director General of Taxes includes:

1. definition;
2. Assessment provisions;
3. determination of PBB NJOP through an Appraisal Approach and/or based on the Decree of the Director General of Taxes;
4. Assessment Approach;
5. evaluation implementation; and
6. other provisions.

D. Base

1. Law Number 12 of 1985 concerning Land and Building Tax as amended by Law Number 12 of 1994 concerning Amendment to Law Number 12 of 1985 concerning Land and Building Tax; 2. Regulation of the Minister of Finance Number 256/PMK.03/2014 concerning Procedures for Inspection and Research on Land and Building Taxes;
3. Regulation of the Minister of Finance Number 147/PMK.03/2019 concerning Technical Instructions for Functional Positions of Tax Assessors and Functional Positions of Assistant Tax Assessors;
4. Regulation of the Minister of Finance Number 186/PMK.03/2019 concerning Classification of Tax Objects and Procedures for Determining the Sale Value of Land and Building Tax Objects; and
5. Regulation of the Minister of Finance Number 48/PMK.03/2021 concerning Procedures for

Registration, Reporting, and Data Collection of Land and Building Tax Objects.

E. Description

1. Definition

a. The Land and Building Tax Law, hereinafter referred to as the United Nations Law, is Law Number 12 of 1985 concerning Land and Building Tax and its amendments.

b. Land and Building Tax, hereinafter abbreviated as PBB, is the Land and Building Tax as referred to in the PBB Law, in addition to the Rural and Urban Land and Building Tax. c. Sales Value of Tax Objects, hereinafter abbreviated as NJOP, is the average price obtained from sale and purchase transactions that occur fairly, and if there is no sale and purchase transaction, the NJOP is determined through price comparisons with other similar objects, or new acquisition value, or Value Selling a replacement Tax Object. d. Assessment is a series of activities to determine NJOP in the context of implementing the provisions of laws and regulations in the field of PBB.

e. Fiscal Year is the period of 1 (one) calendar year, ie from January 1 to December 31. f. The Valuation Date is January 1 of the Fiscal Year.

g. Tax Appraiser, hereinafter referred to as Appraiser, is a Civil Servant within the Directorate General of Taxes who is given the task, authority, and responsibility to carry out the Assessment.

h. Land and Building Tax Objects, hereinafter referred to as Tax Objects, are land and/or buildings which are tax objects of Plantation Sector Land and Building Tax, Forestry Sector Land and Building Tax objects, Oil and Gas Mining Sector PBB tax objects, Mining Sector PBB tax objects for Geothermal Business, tax objects PBB of Mineral or Coal Mining Sector, and tax object of PBB Other Sector.

i. Tax Returns Payable, hereinafter abbreviated as SPPT, is a letter used by the Directorate General of Taxes to notify the amount of PBB owed to the Taxpayer.

j. Tax Object Notification Letter, hereinafter abbreviated as SPOP, is a letter used by Taxpayers to report Tax Object data according to the provisions of the PBB Law which is attached with an SPOP attachment which is an integral part of the SPOP.

k. PBB Taxpayers, hereinafter referred to as Taxpayers, are tax subjects who are subject to the obligation to pay PBB.

l. PBB research is a series of activities to test the fulfillment of PBB obligations based on other information obtained and/or owned by the Director General of Taxes or based on the request of the Taxpayer.

m. UN Audit, hereinafter referred to as Audit, is a series of activities to seek, collect, and process data, information, and/or evidence, which is carried out objectively and professionally based on an inspection standard to test compliance with the fulfillment of PBB obligations and/or for other purposes in the context of implementing the provisions. United Nations legislation.

n. PBB Tax Assessment Letter, hereinafter abbreviated as SKP PBB, is a letter of determination that determines the amount of PBB principal or PBB principal difference, the amount of administrative sanctions, and the amount of PBB owed.

o. Appraisal Approach is an approach used to determine the value of Appraisal objects. p. Price Comparison with Other Similar Objects is an Appraisal Approach in determining NJOP by comparing the assessed Tax Object with other similar tax objects which are located close together, have the same function, and the selling price is known.

q. Selling Value of Substitute Tax Object, hereinafter referred to as Substitute Selling Value, is an Appraisal Approach in determining NJOP based on the production results of the Tax Object.

r. New Acquisition Value is an Appraisal Approach in determining NJOP by calculating all costs incurred to obtain a Tax Object and deducting depreciation based on the physical condition of the Tax Object.

s. New Development Cost is the estimated cost to construct a new building Tax Object using the same or identical building materials as the assessed Tax Object, based on the local market price on the Valuation Date.

t. New Replacement Cost is the estimated cost to construct a new building Tax Object using substitute building materials which have the same function as the assessed Tax Object,

based on the local market price on the Valuation Date.

u. An Appraisal Order, hereinafter abbreviated as SPPn, is a warrant for conducting an Appraisal.

v. The Appraisal Implementing Unit, hereinafter abbreviated as UPPn, is a unit within the Directorate General of Taxes that carries out the Assessment.

w. The Appraisal Report is a written and/or electronic document that contains the Appraisal object data and the Appraiser's opinion on the value of an Appraisal object.

x. Tax Service Office, hereinafter abbreviated as KPP, is a vertical agency of the Directorate General of Taxes which is under and directly responsible to the Head of the Regional Office of the Directorate General of Taxes.

y. Regional Office of the Directorate General of Taxes, hereinafter referred to as Kanwil DGT, is a vertical agency of the Directorate General of Taxes which oversees KPP and is directly responsible to the Director General of Taxes.

2. Rating Terms

a. Assessment Purpose

1) The assessment is carried out with the aim of determining the NJOP as the basis for the imposition of PBB on the Assessment Date.

2) The determination of NJOP as the basis for imposing PBB as referred to in number 1) is carried out in the context of:

a) issuance of SPPT;

b) issuance of PBB SKP;

c) settlement of legal remedies by Taxpayers in the form of:

(1) UN objections; or

(2) application for reduction of SPPT or PBB SKP that is not true; or

d) calculate the PBB owed for criminal acts in the field of PBB.

b. Evaluation Object

1) Appraisal objects include land and/or buildings.

a) Earth is made up of:

(1) the earth's surface, which includes:

(a) land, including land development in the form of plants; and

(b) land and sea waters of the Indonesian territory; and

(2) body of the earth below the earth's surface.

b) Building is a technical construction that is permanently planted or attached to the earth as referred to in letter a).

2) The type of area on the earth's surface as referred to in number 1) letter a) number (1) and the body of the earth as referred to in number 1) letter a) number (2) are listed in Appendix number I which is an integral part of this Circular of the Director General .

c. Appraisal Executor

1) The assessment as referred to in letter a number 1) is carried out by the Appraiser, which includes:

a) Tax Appraiser Functional Officer;

b) Tax Appraiser Assistant Functional Officer; or

c) Tax Appraiser Officer.

2) The Tax Appraiser Officer as referred to in number 1) letter c) is regulated based on the Director General's Circular which regulates the procedure for the appointment of a Tax Appraiser Officer.

3) The assessment as referred to in number 1) is carried out by an Appraisal team consisting of a supervisor, team leader, and team members.

4) The composition of the Appraisal team as referred to in number 3) consists of at least 2 (two) people, namely:

a) 1 (one) supervisor concurrently team leader and 1 (one) team member; or b) 1 (one) supervisor and 1 (one) team leader concurrently a team member. d. Type of Assessment

Types of Assessment include Office Assessment and Field Assessment.

1) Office assessment includes the following activities:

a) analyze the Tax Object data; and

b) conduct an Assessment of Tax Objects in the context of issuing SPPT, based on the data and/or information in the SPOP submitted by the Taxpayer.

2) The field assessment includes the following activities:

a) identify, collect, and analyze data related to the Tax Object; and

b) perform an Assessment of the Tax Object in the context of:

(1) supervision;

(2) UN research;

(3) Inspection;

(4) settlement of legal remedies by Taxpayers in the form of:

(a) UN objections; or

(b) application for reduction of SPPT or PBB SKP that is not true; or

(5) examination of preliminary evidence or investigation of criminal acts in the field of the United Nations.

3) Office assessment as referred to in number 1) and field assessment as referred to in number 2) can be carried out by:

a) Mass valuation, for Tax Objects that have the same and/or general characteristics, uses working papers and/or analysis based on certain applications to support the Assessment. Examples of Tax Objects that have the same and/or general characteristics, include housing, warehouses, factories, offices, exploration earth bodies, offshore areas, exploitation earth bodies that have not or do not have production results, and other simple or public buildings; or

b) Individual assessment, for Tax Objects that have specific characteristics, uses certain working papers and/or analysis according to the Valuation rules. Examples of Tax Objects that have specific characteristics include, among others, onshore areas, the body of the earth for exploitation or production operations that contain production, platform buildings, conveyors, oil and gas wells, geothermal wells, refineries, pipes, storage facilities, and buildings with other specific characteristics.

4) Field assessment of Tax Objects in the context of supervision as referred to in number 2) letter b) number (1) can be carried out for calculating NJOP as the basis for issuing SPPT, with the following criteria:

a) 2 (two) years or more no field assessment is carried out;

b) has the potential for a significant increase in the value of land and/or buildings; and/or

c) there are indications of a significant increase in land area and/or buildings. 5) Field assessment of Tax Objects in the framework of PBB Research as referred to in number 2) letter b) number (2) or Audit as referred to in number 2) letter b) number (3) is carried out for calculating NJOP as the basis for issuing PBB SKP, in the event that:

a) the Taxpayer does not submit the SPOP within 30 (thirty) days after the date of receipt of the SPOP and after being reprimanded in writing the Taxpayer does not submit the SPOP within 7 (seven) days after the receipt of the warning letter; or

b) there is data stating that the amount of PBB owed is greater than the PBB calculated based on the SPOP submitted by the Taxpayer as referred to in Article 1O paragraph (2) of the PBB Law.

6) Field assessment of Tax Objects in the context of settling legal remedies by Taxpayers as referred to in number 2) letter b) number (4) is carried out for calculating NJOP as the basis for calculating PBB payable on settlement:

a) PBB objection filed by the Taxpayer; or

b) a request for a reduction in PBB provisions in the form of SPPT or PBB SKPs that are not true.

7) Field assessment of Tax Objects in the context of examining preliminary evidence or investigating criminal acts in the PBB sector as referred to in number 2) letter b)

number (5) is carried out for calculating NJOP as the basis for calculating PBB payable which is used for: ·

a) disclosure of untruth actions by the Taxpayer at the preliminary evidence examination as referred to in Article 8 paragraph (3) of Law Number 6 of 1983 concerning General Provisions and Tax Procedures as amended several times, most recently by Law Number 7 of 2021 concerning Harmonization of Regulations Taxation; or

b) settlement of losses on state income by the Taxpayer to stop the investigation of criminal acts in the field of PBB as referred to in Article 44B of Law Number 6 of 1983 concerning General Provisions and Tax Procedures as amended several times, most recently by Law Number 7 of 2021 concerning Harmonization of Tax Regulations.

3. Determination of UN NJOP

a. In the context of determining the NJOP of PBB, the Appraiser performs the Assessment of Tax Objects using the Appraisal Approach and/or based on the Decree of the Director General of Taxes regarding the NJOP of land per square meter for the determination of the NJOP of PBB.

b. The method used for the determination of PBB NJOP is listed in the summary table as listed in Appendix number II which is an integral part of this Circular Letter of the Director General.

4. Assessment Approach

a. The Assessment Approach as referred to in number 3 letter a, includes: 1) Price Comparison with Other Objects of the Same Kind;

2) Substitute Selling Value; and

3) New Acquisition Value.

b. The Appraisal approach as referred to in letter a is used in the Office Assessment and Field Assessment which can be carried out by means of a mass assessment or individual assessment.

5. Appraisal Approach in the Form of Price Comparison with Other Objects of the Same Kind

a. Price Comparison with Other Similar Objects as referred to in number 4 letter a number 1) is based on the market data approach.

b. This assessment approach is used to determine the NJOP of the earth's surface onshore which includes land and/or inland waters, which consists of:

1) unproductive area, unproductive area, and emplacement area, in the tax object of the Plantation Sector Land and Building Tax;

2) unproductive area and emplacement area, on the object of taxation of PBB for the Forestry Sector;

3) unproductive area and emplacement area, subject to PBB tax in Oil and Gas Mining Sector;

4) unproductive area and emplacement area, subject to taxation of PBB Mining Sector for Geothermal Exploitation; and

5) the unused area and the emplacement area, are subject to tax for the Land and Building Tax in the Mineral or Coal Mining Sector.

c. Technical Assessment using the Price Comparison approach with Other Similar Objects is carried out by:

1) collect data for at least 3 (three) comparison objects in the form of buying and selling transactions that occur naturally or offerings;

2) perform an analysis of the data of each comparison object as referred to in number 1) to determine the selling value of land per square meter of the comparison object based on the conditions on the Valuation Date, by adjusting the price based on the type of transaction and the time of the transaction;

3) calculate the estimated NJOP per square meter of the Tax Object assessed through comparison with each comparison object as referred to in number 2) and make price adjustments based on location, physical, type of use, and extent; and

4) make an average estimate of NJOP per square meter of the assessed Tax Object as referred to in number 3) to determine the NJOP per square meter of the assessed Tax Object.

d. The adjustments as referred to in letter c number 2) are made to each object of comparison which includes the type of transaction and the time of the transaction as set forth in the form of a percentage with the following provisions:

1) an adjustment for the type of sale and purchase transaction is 0% (zero percent) or an adjustment for the type of bid transaction is given a percentage in accordance with the fairness of the negotiation of the offer price that allows the transaction price to occur; and

2) the adjustment for the timing of the sale and purchase transaction or the offer is given a percentage in accordance with the fairness and principle of time value of money on the Valuation Date.

e. The adjustments as referred to in letter c number 3) are made to each comparison object which includes adjustments to the location, physical, type of use, and area using a reasonable percentage of the comparison object data to the Appraisal object with the following conditions:

1) if the conditions of the comparison object and the assessment object are the same, then the comparison object is given an adjustment of O (zero);

2) if the condition of the object of comparison is better than the object of the assessment, then the object of comparison is given a negative adjustment; or 3) if the condition of the comparison object is worse than the appraisal object, then the comparison object is given a positive adjustment.

f. NJOP earth per square meter for:

1) productive area in the tax object of the Plantation Sector Land and Building Tax; and

2) productive area in plantation forest under the tax object of the Forestry Sector PBB, is determined by adding NJOP of land per square meter of unproductive area with

land development based on plant investment costs as stipulated in the Decree of the Director General of Taxes regarding the determination of plant investment costs.

g. NJOP earth per square meter for:

1) the safety area in the estate tax object of the Plantation Sector;

2) the security area in the object of PBB tax in the Forestry Sector;

3) productive area, unproductive area, and safety area, in the tax object of PBB Oil and Gas Mining Sector;

4) productive area, unproductive area, and safety area, in the tax object of PBB Mining Sector for Geothermal Exploitation,

determined based on adjustments to the NJOP of land per square meter for unproductive areas.

h. NJOP of land per square meter for production reserve areas, unproductive areas, and safety areas, in the tax object of PBB Mineral or Coal Mining Sector, is determined based on adjustments to the NJOP of land per square meter for unused areas.

i. The adjustment as referred to in letter g and letter h is carried out by adjusting the location, physical factors (soil contour, infrastructure availability, and soil type), type of land use, and area with the provisions as referred to in letter e.

j. An example of calculating the NJOP of the earth using the Price Comparison approach with Other Similar Objects is listed in Appendix point III which is an integral part of this Circular Letter of the Director General.

6. Appraisal Approach in the form of Substitute Selling Value

a. The Substitute Selling Value as referred to in number 4 letter a number 2) is based on the income approach.

b. This Appraisal Approach is used in determining the NJOP of the earth that contains production, including:

1) productive areas in the form of logging blocks and/or harvesting blocks in natural forests, subject to the Tax Object of the Forestry Sector Land and Building Tax; 2) exploitation earth body which already has production result, on the object of PBB tax in Oil

and Gas Mining Sector;

3) exploitation earth bodies that already have production results, on the object of taxation of PBB Mining Sector for Geothermal Exploitation;

4) the body of the earth operating production which already has production results, on the object of PBB tax in the Mineral or Coal Mining Sector; and

5) waters used for capture fishery business activities or fish cultivation that already have production results, on the object of tax for other sectors of PBB.

c. Evaluation is done by:

1) calculating the income of the Tax Object; and

2) multiplying the income of the Tax Object with the capitalization figure as stipulated in the Decree of the Director General of Taxes regarding the determination of the capitalization figure for the determination of NJOP. }

d. The income of the tax object as referred to in letter c is the gross income for the tax object as follows:

1) The exploitation of the earth's body on the tax object of PBB Oil and Gas Mining Sector, which is the gross sales of oil and/or natural gas as stated in the Financial Quarterly Report (FQR) quarter IV of the Taxpayer in the last year before the Taxable Year of the PBB is payable.

2) The body of the earth is exploited in the tax object of the Mining Sector for Geothermal Exploitation, which is the result of the multiplication of:

a) Steam production results sold in the last year prior to the PBB Tax Year are payable at the steam price; and/or

b) the output of electricity sold in the last year prior to the PBB tax year is payable at the price of electricity.

e. The price of steam as referred to in letter d number 2) letter a) and the price of electricity as referred to in letter d. number 2) letter b) is stipulated in the Decree of the Director General of Taxes regarding the determination of the price of steam and the price of electricity for the determination of NJOP.

f. The income of the tax object as referred to in letter c is the net income for the tax object as follows.

1) productive area in the form of logging block area and/or harvesting block area in natural forest, on the object of taxation of PBB in the Forestry Sector;

2) the body of the earth for production operations, on the object of PBB tax in the Mineral or Coal Mining Sector; and

3) waters used for capture fishery business activities or fish cultivation, on the object of PBB tax in Other Sector.

g. The net income in productive areas in the tax object of the Forestry Sector as referred to in letter f number 1) is determined by:

1) Net income from forest products is the gross income from forest products minus the costs of forestry production.

2) Gross income from forest products as referred to in number 1) is the product of the product of:

a) total production of timber and/or non-timber forest products in the last year prior to the taxable year the PBB is payable; and

b) the average selling price of timber forest products and/or non-timber forest products in the last year prior to the taxable year the PBB is payable.

3) The average selling price of timber forest products as referred to in number 2) letter b) is the average selling price of timber forest products occurring at the log pond or log yard.

4) The cost of forestry production as referred to in number 1) is calculated by multiplying:

a) the ratio of production costs as stipulated in the Decree of the Director General of Taxes concerning the ratio of production costs for determining forestry production costs; with

b) gross income from forest products as referred to in number 2).

h. Net income on the earth's body of production operations in the tax object of the Mineral or Coal Mining Sector as referred to in letter f number 2) is determined by: 1) The net

mineral and coal revenue is the gross mineral or coal revenue minus the cost of mineral or coal production.

2) Gross mineral or coal revenue as referred to in number 1) is the result of the multiplication of:

a) production results of mineral or coal mining produced in the last year prior to the taxable year of PBB payable; and

b) selling price of mineral or coal.

3) The selling price of mineral or coal as referred to in number 2) letter b) is the highest price from the comparison between:

a) the average selling price of mineral or coal in the last one year prior to the taxable year the PBB is payable; or

b) the average benchmark price of mineral or coal in the last year prior to the taxable year of PBB payable determined by:

(1) the ministry that carries out government affairs in the field of energy and mineral resources at a point of sale (at sale point), for metal mineral and coal mining commodities; or

(2) regional head for each mining commodity in 1 (one) province, regency or city, for non-metal and rock mineral mining commodities,

with similar and equivalent mining commodities.

4) In the event that there is no selling price and benchmark price determined by the ministry that administers government affairs in the energy and mineral resources sector or the regional head, the price of the mining product commodity is determined based on the analysis of the Appraiser.

5) Mineral or coal production costs as referred to in number 1) are costs that are directly related to activities:

a) stripping of the soil layer which is the activity of stripping *top soil* and/or *stripping over burden* ;

b) extraction of mineral or coal production which constitutes mining excavation activities;

c) processing and/or purification of mineral or coal production which includes the following activities:

(1) cleaning and separation of minerals or coal from their associated minerals;

(2) crushing large-sized minerals or coal into certain sizes according to their characteristics; and/or

(3) improving the quality of mineral production; and/or

d) transportation of mineral or coal production, which is an activity of transporting mineral or coal production from the mining location to the point of sale,

at the production operation stage.

6) The cost of mineral or coal production as referred to in number 5) must be in accordance with:

a) principles of propriety and prevalence of efforts; and

b) provisions of laws and regulations in the field of income tax.

7) The cost of mineral or coal production as referred to in number 5) which can be used as a component of production costs for calculating NJOP includes costs: a) stripping of the soil layer as referred to in number 5) letter a) includes but is not limited to costs for:

(1) wages, materials and tools used for stripping the soil;

(2) provision of forest resources and/or compensation for stands on borrow-to-use forest area permits;

(3) fixed fee; and/or

(4) other permits related to land clearing for mining areas.

b) collection of production results as referred to in number 5) letter b) includes but is not limited to costs of:

(1) wages, materials and tools used for production activities; and/or

(2) production fee/royalty in the amount of mined production.

c) processing and/or purification of production results as referred to in number 5) letter c) includes but is not limited to the cost of wages, materials and tools used for processing and/or refining production results.

d) transportation of production results as referred to in number 5) letter d) includes but is not limited to costs of:

(1) wages, materials and tools used for transportation activities on land and/or in waters up to the point of sale of the products; and/or

(2) use of special mining transport lines.

8) The calculation of the cost of the equipment as referred to in number 7) letter a) number (1), number 7) letter b) number (1), number 7) letter c), and number 7) letter d) number (1) is:

a) the acquisition value of the tool in terms of the useful life of the tool up to 1 year; or

b) depreciation value of the equipment in accordance with the provisions of the legislation in the field of income tax in the event that the useful life of the tool is more than 1 year.

9) Costs that are not directly related to the activities of stripping the soil layer, taking production results, processing and/or refining production products, and transporting production products, which cannot be used as components of production costs for calculating NJOP include costs:

a) environmental impact analysis (AMDAL);

b) wages, materials, and tools used by the head office for mining business activities;

c) maintenance and repair of office buildings or employee housing;

d) marketing and entertainment;

e) reclamation and reforestation;

f) insurance; and

g) surveyor.

i. Net income in waters used for capture fishery business activities or fish cultivation, on other Sector PBB tax objects as referred to in letter f number 3) is determined by: I 1) Net income is gross income minus production costs.

2) Gross income as referred to in number 1) is the result of multiplying:

a) production per type of fish; and

b) the average selling price per type of fish per certain unit weight, in the last year prior to the taxable year the PBB is payable.

3) The production cost as referred to in number 1) is determined based on the result of the multiplication of:

a) the ratio of production costs as stipulated in the Decree of the Director General of Taxes regarding the ratio of production costs for determining production costs in capture fisheries and fish cultivation; and

b) gross income as referred to in number 2).

4) An example of calculating the NJOP of land using the Substitute Selling Value approach is listed in Appendix number IV which is an integral part of this Circular Letter of the Director General.

7. Appraisal Approach in the form of New Acquired Value

a. New Acquisition Value as referred to in number 4 letter a number 3) is an Appraisal Approach based on a cost approach.

b. This assessment approach is used to determine the NJOP of the building by: 1) calculating New Development Costs or New Replacement Costs;

2) calculate the physical depreciation of the building; and

3) calculate the NJOP of the building by subtracting the New Construction Cost or New Replacement Cost by the physical depreciation of the building.

c. Calculation of New Development Costs or New Replacement Costs as referred to in letter b number 1) is carried out using techniques that include:

1) engineering square meters or units installed, for buildings that have general

specifications and uses; or

2) quantity survey techniques, for buildings that have special specifications and uses. d. The amount of physical depreciation of the building as referred to in letter b number 2) is calculated using the effective age method.

e. An example of calculating the NJOP of a building using the New Acquisition Value approach is listed in Appendix point V which is an integral part of this Circular Letter of the Director General.

8. Determination of PBB NJOP by Decree of the Director General of Taxes a. The use of the Decree of the Director General of Taxes regarding the NJOP of land per square meter for the determination of the NJOP of PBB as referred to in number 3 letter a, includes:

1) determination of the earth's NJOP for the earth's surface, namely:

a) unproductive areas as well as areas for protection and conservation, on the object of taxation of PBB for the Forestry Sector;

b) offshore area, tax object for PBB in Oil and Gas Mining Sector, tax object for PBB for Mining Sector for Geothermal Exploitation, and tax object for PBB for Mineral or Coal Mining Sector; and

c) waters, on the object of PBB Other Sector taxes for capture fisheries and fish cultivation for which there is no production, as well as pipelines, cable networks, toll roads, and storage facilities and

and

2) determination of the NJOP of the earth for the body of the earth, namely: a) exploration earth bodies or exploitation earth bodies that have not or do not have production results, the object of taxation is PBB of Oil and Gas Mining Sector and tax object of PBB of Mining Sector for Geothermal Exploitation; and

b) exploration earth bodies or production operation earth bodies that have not or have no production results, are tax objects for the PBB in the Mineral or Coal Mining Sector.

b. The decision of the Director General of Taxes regarding the NJOP of land per square meter as referred to in letter a is used in office appraisal and field appraisal which can be carried out by means of mass appraisal or individual appraisal.

9. Assessment Implementation

a. Basis of Assessment

1) Evaluation is carried out based on SPPn.

2) The Head of UPPn issues SPPn as referred to in number 1).

3) The time of issuance of SPPn by the Head of UPPn includes:

a) 1 (one) working day after the end of the SPOP submission period and the SPOP correction by the Taxpayer, for the Office Assessment as referred to in number 2 letter d number 1);

b) after the date of submission of SPOP by the Taxpayer is received by KPP, for field assessment in the context of supervision as referred to in number 2 letter d number 2) letter b); and

c) in a period of:

(1) UN research;

(2) Inspection;

(3) settlement of UN Objections;

(4) completion of an incorrect SPPT or PBB SKP reduction request; or

(5) examination of preliminary evidence or investigation of criminal acts in the field of the United Nations,

for Field assessment as referred to in number 2 letter d number 2) letter b).

4) SPPn as referred to in number 2) is issued for 1 (one) Tax Object and every Fiscal Year.

5) In the event that there is a change in the Appraiser in the SPPn as referred to in number 1), the Head of the UPPn issues the change in the SPPn.

6) SPPn as referred to in number 1) is made in accordance with:

a) sample format as listed in Appendix number VI; and

b) issuance procedures as listed in Attachment number VII,

which is an integral part of this Circular of the Director General.

7) SPPn changes as referred to in number 5) are made in accordance with: a) sample format as listed in Appendix number VIII; and

b) issuance procedure as contained in Attachment number IX, which is an integral part of this Circular Letter of the Director General.

b. Assessment Period

1) Assessment period includes:

a) for office appraisal no later than 5 (five) working days from the issuance of the SPPn as referred to in number 3) letter a); or

b) for field assessment, no later than 15 (fifteen) working days from the issuance of the SPPn as referred to in number 3) letter b).

2) If necessary, the period as referred to in number 1) letter a) can be extended with the approval of the Head of UPPn based on certain considerations and the time limit for the issuance of SPPT as stipulated in the instructions for implementing the regulation of the minister of finance regarding the procedure for determining NJOP.

3) If necessary, the period as referred to in number 1) letter b) may be extended with the approval of the Head of UPPn based on certain considerations.

4) The extension of the assessment period as referred to in number 2) and number 3) is carried out by submitting an official note on the extension of the period. 5) The memorandum of service for the extension of the period as referred to in number 4) is made according to the sample format as contained in Attachment number X which is an integral part of this Circular Letter of the Director General. 6) The procedure for extending the Assessment period as referred to in number 2) and number 3) is listed in Attachment number XI which is an integral part of this Circular Letter of the Director General.

c. Evaluation Report

1) The results of the Office Assessment or Field Assessment are stated in the Assessment Report.

2) The Assessment Report can be in the form of an office Assessment Report or a field Assessment Report.

3) Office Assessment Report or Field Assessment Report accompanied by supporting documents, including:

a) SPPn;

b) Assessment working paper in the form of input data form; and

c) analytical work paper.

4) The input data form as referred to in number 3) letter b) is the input data form as referred to in the provisions for implementing the regulation of the minister of finance regarding the procedure for determining NJOP.

5) The analytical working paper as referred to in number 3) letter c) consists of: a) NJOP analysis working paper of the earth's surface which includes: (1) analysis of onshore NJOP of the earth's surface using the form as stipulated in the instructions for implementing the regulation of the minister of finance regarding the procedure for determining the NJOP; and/or

(2) the form for calculating and determining the NJOP of the offshore earth's surface;

b) NJOP analysis work paper of the earth's body which includes:

(1) analysis of determining the selling price of minerals or coal in the NJOP Assessment of the body of the earth for PBB production operations in the Mineral or Coal Mining Sector; and/or

(2) the form for calculating and determining the NJOP of the earth's body; and/or

c) working paper for calculating New Development Costs or New Replacement Costs for each building and/or an analysis form for determining the NJOP of

the building.

6) Office rating:

a) carried out according to the procedure as stated in Attachment number XII; and

b) the results are stated in the Office Assessment Report in accordance with the sample format as listed in Attachment number XIII,

which is an integral part of this Circular of the Director General.

7) Field assessment:

a) carried out according to the procedure as stated in Attachment point XIV; and b) the results are stated in the Field Assessment Report in accordance with the sample format as listed in Attachment number XV,

which is an integral part of this Circular of the Director General.

8) The analytical working papers as referred to in number 5) letter a) number (2), number 5) letter b), and number 5) letter c) are listed in Appendix number XVI which is an integral part of this Circular Letter of the Director General.

d. Appraiser Assistance Application

1) In the event that there are limitations in the number and/or competence of the Appraisers in the implementation of the Appraisal:

a) The Head of the KPP may request the assistance of the Appraiser to the Head of the Regional Office of the DJP in charge of his work unit; or

b) The Head of the DGT Regional Office may request Appraisal assistance to the Director within the Directorate General of Taxation Head Office who has duties and functions in the field of Appraisal,

by using an official memorandum in accordance with the guidelines for the official script.

2) The procedure for applying for Appraiser assistance is listed in Appendix number XVII which is an integral part of this Circular Letter of the Director General.

e. Assessment Review and Review Assessment Report

1) In order to maintain the quality of the Appraisal implementation, it may be possible to review the Appraisal and review the Appraisal Report.

2) The Assessment Review as referred to in number 1) is a review of the concept of the Field Assessment Report.

3) The review of the Assessment Report as referred to in number 1) is a review of the implementation of the Assessment and the Field Assessment Report.

4) The procedure for implementing the Appraisal review and reviewing the Appraisal Report as referred to in number 1) is regulated in a Circular Letter of the Director General which regulates the procedure for implementing the review and review of the Appraisal Report.

F. Miscellaneous Terms

1. The Procedure for Appraisal of Tax Objects at KPP as regulated in Appendix II letter A and Procedure for Determination of NJOP PBB for Issuance of SPPT at KPP as regulated in Appendix II letter B Circular Letter of the Director General of Taxes number SE-17/PJ/2020 concerning Instructions for Implementation of Regulation of the Minister of Finance Number 186/PMK.03/2019 concerning Classification of Tax Objects and Procedures for Determining the Sale Value of Land and Building Tax Objects are revoked and declared invalid.

2. In respect of the Appraisal conducted based on the Appraisal assignment letter issued prior to the enactment of this Circular Letter of the Director General and the SPPT has not been issued, the completion of the Appraisal shall be carried out in accordance with the provisions in the Regulation of the Director General Number PER-24/PJ/2016 concerning Appraisal Procedures for Determining the Selling Value of Tax Objects As the basis for imposition of land and building tax.

G. Closing

With the stipulation of this Circular of the Director General, the implementation of the Assessment of Tax Objects for the determination of the PBB NJOP shall be guided by this Circular of the Director General.

This was stated to be implemented with full responsibility.

Stipulated in Jakarta
on May 19, 2022
Director General of Taxes
signed.
Suryo Utomo