



## Amended Protocol – The Preliminary Tax Refunds

The Government of Indonesia, through Minister of Finance Regulation (PMK) No. 28 of 2026, has introduced a revised framework for the preliminary tax refunds (*pengembalian pendahuluan kelebihan pembayaran pajak*). While the regulation retains the existing categories of eligible taxpayers—namely, compliant taxpayers, taxpayers meeting specific criteria, and low-risk taxable entrepreneurs (*PKP Berisiko Rendah*)—it introduces several substantive changes to strengthen oversight and ensure that the Preliminary tax refund facility is granted only to taxpayers with a strong compliance profile.

Under Article 7 of PMK 28/2026, the Director General of Taxes (DGT) must issue a Preliminary Tax Overpayment Refund Decision Letter (*Surat Keputusan Pengembalian Pendahuluan Kelebihan Pajak or SKPPKP*) if the review confirms that the application satisfies all formal requirements and an overpayment exists. If the requirements are not met, the taxpayer will receive a notification accordingly. The processing timeline remains unchanged: up to three months for Income Tax (PPH) applications and one month for Value Added Tax (VAT) applications. If the DGT does not issue a decision within the statutory period, the application is deemed approved by operation of law, providing greater certainty for taxpayers.

One of the most significant changes concerns taxpayers who meet specific criteria (*Wajib Pajak Persyaratan Tertentu*). Under the previous regulation, taxpayers with an annual gross turnover of up to **IDR 5 billion** were eligible to apply for the preliminary tax refunds. PMK 28/2026 under Art. 9, substantially, reduces this threshold to **IDR 1 billion**. As a result, many small and medium-sized enterprises that previously qualified for the facility may no longer be eligible.

PMK 28/2026 also tightens the requirements for **low-risk taxable entrepreneurs** (*PKP Berisiko Rendah*). While this category remains available to exporters, Suppliers to VAT collectors, and certain other qualifying businesses, the DGT is expected to apply a more rigorous assessment based on the taxpayer's compliance history, business profile, and data available in the tax administration system.

Another notable development is **the broader use of data analytics and third-party information** in the review process. In evaluating refund applications, the DGT may now rely more extensively on internal databases and external data sources to verify the accuracy and consistency of the taxpayer's claims. This reflects the increasing digitalization of tax administration and places greater importance on maintaining robust supporting documentation.

More broadly, PMK 28/2026 reflects a stronger policy focus on enhancing oversight and minimizing the risk of improper refunds. Although the preliminary refund mechanism remains an important cash-flow facility for compliant taxpayers, the revised rules demonstrate the Government's intention to apply more targeted scrutiny and ensure that the facility is used appropriately.

In addition, the regulation resets the status of taxpayers previously designated as compliant taxpayers under the prior rules. Existing determinations are no longer valid, and taxpayers wishing to retain this status must submit a new application within the transition period stipulated by the DGT. The transitional rules also introduce a strict reapplication window from 1 to 10 June 2026. Failure to submit the reapplication within this period will result in the taxpayer losing access to the preliminary tax refunds facility.

### What Should Taxpayers Do Now?

Taxpayers should reassess their eligibility under PMK 28/2026, particularly in light of the lower turnover threshold for taxpayers meeting specific criteria and the stricter assessment of low-risk PKP status. Businesses should also ensure that tax filings, payment records, and supporting documentation are complete and consistent with information available to the DGT and third parties. For taxpayers relying on the preliminary tax refunds as part of their working capital strategy, early preparation and a proactive review of compliance status will be essential to preserve access to this facility under the new rules.

Are you ready to meet the new PMK 28/2026 requirements—and secure your access to preliminary tax refunds before the deadline? We are ready to help.

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