

Tax Crimes: New Investigation Regulations under PMK 17/2025



17th Edition

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The Minister of Finance issued PMK 17/2025 which regulates the investigation of criminal acts in the taxation sector. This regulation also revokes PMK 55/2016 and Article 108 of PMK 18/2021 which previously regulated only the termination of investigations for state revenue purpose.

PMK 17/2025 regulates the basis of investigation and its procedures, starting from summons, determination of suspects, up to termination of investigation. This regulation was issued in order to:

1. regulate the implementation of investigations of tax crimes
2. rearrange the provisions for terminating investigations in for state revenue purpose
3. regulate the request for information on state revenue losses from public prosecutors to the Directorate General of Taxes (DJP)
4. arrange the settlement of cases that have been referred to the court
5. regulate the handling of cross-border investigations
6. accommodate the submission of documents and requests from taxpayers/suspects through Coretax. Decisions and documents from the DGT are also submitted via Coretax, in accordance with PMK 81/2024

A. Legal Basis for Tax Investigations

Tax criminal investigations have three main legal bases:

1. Criminal Procedure Law (*UU HAP*) – Law Number 8 of 1981 is the main legal basis that regulates investigation procedures, including searches, arrests, detention and summonses.

2. General Provisions and Tax Procedures Law (*UU KUP*) – Regulates the rights and obligations of taxpayers as well as criminal sanctions for tax violations.
3. Minister of Finance Regulation (*PMK*) Number 17 of 2025 – This derivative regulation regulates in detail the mechanism for investigating tax crimes, including the authority of investigators, examination procedures, and the rights of suspects.



B. Types of Crimes That Can Be Investigated

PMK 17/2025 classifies several actions as tax crimes, including:

1. Incorrect/Incomplete Tax Return: Taxpayers deliberately do not report all income, thereby causing losses to the state.
2. Fictitious Tax Invoice: Creating tax invoices for fictitious transactions to avoid paying taxes.
3. Unpaid Tax Collection: Not depositing the taxes collected into the state treasury.
4. Bookkeeping Manipulation: Changing accounting records to show lower taxes than what they should be.
5. Violation of Article 39A of the *KUP* Law: Falsifying or using invalid tax documents to avoid tax obligations.

C. Rights and Obligations in Investigations

A suspect is defined as an individual or entity which, based on at least 2 valid evidence accompanied by physical evidence, is reasonably suspected of being the perpetrator of a crime.

Taxpayers involved in the investigation process, either as witnesses or suspects, shall have the following obligations and rights:

1. Obligations of the Taxpayer include fulfilling the investigator's summons, providing honest and complete information, and submitting documents/information requested by the investigator.
2. Rights of the Suspect include being clearly informed about the alleged charges, providing information freely, obtaining the assistance of an interpreter and legal counsel, proposing witnesses/experts who are beneficial to him/her, submitting a request to terminate the investigation (Article 44B of the *KUP* Law), requesting a copy of the minutes of examination, and other rights under the *HAP* Law.



D. Scope of Investigation with Examination Procedures

The examination aims at obtaining information and clarity regarding witnesses, experts, suspects, and evidence in order to reveal the elements of a crime. The examination mechanism includes:

1. Examination of Witnesses: Must provide information about what was heard, seen or experienced.
2. Examination of Suspects: Have the right to provide information freely accompanied by legal counsel.
3. Examination of Experts: Providing information based on expertise to help understand the case.

PMK 17/2025 regulates the stages of tax investigation as follows:

1. Preliminary Evidence Examination – Investigators collect and analyze preliminary evidence to assess whether or not a crime has been committed.
2. Issuance of Investigation Warrant – If there is sufficient evidence, *PPNS DJP* issues an investigation warrant and begins summoning and examining the taxpayer suspected of committing tax crimes.
3. Examining and Gathering Evidence – Includes searches, seizures of asset related to tax crimes, interviews with related parties by the investigators, and determining the suspect based on sufficient evidence.
4. Submission of Files to the Prosecutor's Office – After the investigation is declared complete (*P-21*), the case files are submitted to the public prosecutor for further processing.

Every investigation process must uphold the principles of justice, transparency and legal certainty, to protect the taxpayer's rights and state interests in a balanced manner.

E. Investigation Process and Investigator's Authority

Tax crime investigations can only be conducted by authorized investigators based on an Investigation Order issued after a report is received. The process includes various actions such as summons, examination, search, seizure, blocking, and detention of the suspect.

The investigators are under the coordination of the National Police (*Polri*) investigators and are required to submit an *SPDP* (Notification Letter of Commencement of Investigation) by no later than 7 days after the warrant's issuance. An investigation may be stopped by the Attorney General at the request of the Minister of Finance for state revenue purpose.

PMK emphasizes that tax investigations can only be carried out by *PPNS* (Civil Servant Investigators) of the Directorate General of Taxes with special authority to:

1. Summons

Authorized to summon witnesses/suspects via summons letter by no later than 3 days before the examination. If the person concerned is absent without a proper reason, the investigator can issue a second summons, or even ask for assistance from *Polri* investigators to pick them up.

2. Search and Seizure

Authorized to conduct searches of residences or other places, as well as the bodies/clothes of suspects, as well as confiscate evidence and assets, and block accounts/assets to ensure the recovery of state losses.

Searches are required based on a search warrant and permission from the local Head of the District Court. In urgent conditions, a search can be carried out first and then an approval stipulation can be requested to the District Court.

3. Arrest and Detention

DJP investigators can arrest/detain suspects with the assistance of *Polri* investigators. Arrests are made when there is sufficient evidence, while detention is carried out after questioning the suspect.

The basis of detention is to prevent the

suspect from escaping, destroying/removing evidence, or repeating the crime. Detention applies to crimes with a minimum prison sentence of 5 years.

The provisions for the detention period are 20 days (referring to *SE-06/PJ/2014*), which can be extended by submitting a request by the investigator to the public prosecutor via the *Polri* investigator before the detention period ends.

4. Prevention from Traveling Overseas

Investigators may file a motion to prevent suspects/witnesses from leaving the country to ensure their presence during the investigation, when the person concerned is uncooperative or is suspected of fleeing. The term of the motion is a maximum of 6 months, extendable once with the same duration.



F. Termination of Investigation with Settlement

Termination of investigation is regulated in accordance with Article 44B of the *KUP* Law, with the main condition that the suspect/taxpayer is willing to pay off all state losses and administrative sanctions.

Taxpayers can request detailed information about the obligations that must be paid to the DGT, and the DGT shall respond by no later than 1 month. The following are the amounts of administrative sanctions:

Types of Violations	Administrative Sanctions
Incorrect tax return (SPT) which impairs the state	1x amount of loss/ underpayment of tax
Tax evasion/financial reporting manipulation	3x the amount of loss/ underpayment of tax
Use of fictitious/invalid tax invoices	4x the amount of tax on the invoice

Upon such settlement, the Minister of Finance can request for termination of the investigation to the Attorney General. However, if the case has been submitted to the Public Prosecutor or has been transferred to the court, the settlement will be adjusted to the relevant provisions of the Prosecutor's Office.



2. Deterrent Effect for Violators: Assets can be seized and accounts can be blocked for serious tax violations.
3. Increasing Tax Compliance: Due to stricter law enforcement, taxpayers are becoming more careful in reporting.
4. Impact on Business Actors: The importance of ensuring the validity of tax invoices requires accuracy in recording transactions.

The implementation of PMK 17/2025 represents the government's strategic efforts in national taxation to build a fair, transparent and effective system, through increased supervision and law enforcement that provides a balance between a strong foundation for investigators and proportional taxpayer protection, as well as flexibility in dispute resolution with administrative settlement options, thereby reducing the escalation of cases in the legal avenues.



G. Implications for Taxpayers

PMK 17/2025 has several significant impacts:

1. Alternative Resolution Mechanism: Settlement of tax obligations along with the sanctions is an option to stop the legal process of taxpayer cases.