



The Indonesian Presidency of the 2022 G20

Key Takeaways, Highlights, and
Outlook of Indonesia's First
Presidency of the G20

Monthly Newsletter
November 2022

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G20: To Greater Opportunities and Partnerships for Indonesia

by Shaheila Roeswan

Indonesia made history with its successful G20 Presidency. World leaders, among them Biden, congratulates The Indonesian presidency for its successful G20 ceremony and events on 14-15 November 2022 at Nusa Dua, Bali. The Indonesian presidency, a term for the country in command to hold the event, on the latest G20 delivers deeper meaning than merely being their first time holding the prestigious event. The successful presidency signals a readiness for new opportunities and collaborations between Indonesia and other countries across the world. The event was also a golden opportunity to reannounce Indonesia as a strong candidate for partnership in many aspects.

All in all, this year's G20 Presidency establishes Indonesia's role to lead the fulfillment of G20 objectives, including initiating the discussion. The result is a successful event that enables leaders to discuss and further collaborate between countries. Though limited in a few aspects, the Indonesian presidency of G20 is one for the books.



A Brief History of G20: How Did It Start?

G20 is a strategic multilateral platform connecting the world's major developed and emerging economies. The goal of the forum is to discuss and secure planning for global economic efforts. Member countries make up 85% of the total global Gross Domestic Product ("GDP"), 75% of international trade, and are two-thirds representative of the total world population. The G20 was founded in 1999 as a response to economic crisis and conducted its first leaders' summit in 2008 in the United States of America on 14-25 November 2008.

The initial plan of the G20 forum is to ensure global financial stability, as globally, financial conditions were hit with crises during the 1997-1999 period. These crises also affected middle-income countries, hence why Indonesia was also invited to discuss such matters. Later on, an annual meeting between the G20 Financial Ministers would be held during autumn.

G20 has limited membership. The members of the G20 consist of permanent members ("G20 members") and invited countries. The permanent members, with no permanent secretariat, includes Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, the Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States, and the European Union, with Spain invited as a permanent guest. Like the members, guests are able to fully take part in the G20 activities each year. From the permanent members, each year there is a group of Troika countries, appointed as the year's G20 presidency and working together with its predecessor and successor to commend the G20 main event.

In 2022, Indonesia, alongside Italy and India, is chosen as the Troika countries. Each year, G20 Financial Ministers and Central Bank Governors would conduct a meeting leading up to the Leaders Summit. For 2022, it was held on 15-16 November 2022 in Nusa Dua, Bali.

Over the years, the initial goal of aligning and reforming the global financial system has changed alongside the global economic crises and conditions. Thus, in later summits, namely, the 2009 G20 in Pittsburgh and the 2011 G20 in Cannes, the objectives of the G20 have been made clearer: "coordinate their policies and produce political agreements that are very important in addressing challenges due to conditions of global economic interdependence."

Every year, the G20 Presidency has initiated, encouraged, and accommodate discussions and rooms for collaboration between countries. This year, Indonesia is in charge of holding such a prestigious summit. What is discussed and how will this affect businesses in Indonesia?



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The Indonesia Presidency of G20

The presidency between G20 countries is rotated each year. Indonesia's presidency for 2022 was approved during the 2020 G20 Riyadh Summit, with the presidency hand over passed from Italy during the G20 2021 Rome Summit on 30-31 October 2021.

As part of the event leading up to the G20 Leaders Summit, Indonesia has previously held the Asia Initiative meeting three times, in February, September, and November 2022.

During all of these meetings, the Financial Ministers from the G20 countries gathered and discussed issues relating to global tax transparency. The goal is to develop better cooperation and strategy for sustainable "domestic resource mobilization" between these countries in order to provide the best post-pandemic recovery efforts. The event resulted in the Bali Declaration being approved by 13 Asian jurisdictions.

During the G20 Bali Summit, several world leaders were present, and some chose to be absent. Among those attendees were the People's Republic of China President, Xi Jinping, the United States President Joe Biden, the newly appointed Prime Minister of the United Kingdom Rishi Sunak, and the President of the European Commission Ursula von der Leyen. However, the President of Russia Vladimir Putin was not seen during the summit. In addition, the President of Brazil Jair Bolsonaro, and the President of Mexico Andrés Manuel López Obrador, were also absent during the Leaders Summit.



G20 Key Takeaways

The main objectives that were discussed during the G20 Bali Summit includes issues concerning sustainable energy and the transition, global health management efforts, and the ongoing global digital transformation.

Each issue was discussed and then approved in a joint statement named the **G20 Bali Leaders' Declaration**. What were the key takeaways from this year's declaration?

Climate Change Actions

Continuous climate change affects many aspects globally, including a slower recovery post-pandemic, increases in poverty, and also slower transitions to a zero-emission world. The leaders agree to progressively and constantly implement the goals from the Paris Agreement which differ between countries, but essentially share similar goals in decreasing the number of emissions.

Countries will transition into using renewable energy and enhance energy efficiency. One of the key agreements includes a partnership between Indonesia and G7 countries with an addition of Denmark, Northern Ireland, and Norway called the **Just Energy Transition Partnership**. Any related climate changes and renewable energy discussion will be continued during the COP27 event.

Health Development

Due to the COVID-19 pandemic, several countries were heavily impacted by the need for immunization and lack of resources for health products manufacturing. Thus, the declaration further strengthens the actions needed to support these countries, and the collaboration between the Finance and Health Ministries for pandemic PPR or Prevention, Preparedness, and Response continues onwards. In addition, there were concerns related to the monkeypox situation which has evolved to be a global threat.

Digital Transformation

The COVID-19 pandemic also affected the digital transformation of the world. In what way? For starters, digital transformation has moved faster, and as a result, there are issues concerning the privacy and security of digital information. In the declaration, it is agreed upon by these countries that digital literacy and skills development is a primary objective to be fulfilled, in addition to developing a sustainable environment to minimize cyber threats and digital security risks.

One of the support for the digital transformation comes in the form of the G20 Roadmap for Enhancing Cross-Border Payments with reports from the Bank for International Settlements (BIS) Committee on Payments and Market Infrastructures (CPMI) on interlinking payment systems and the role of Application Programming Interfaces (APIs), which focuses on digital transformation in the financial sector.

Macroeconomic Policies and Financial Stability

There are concerns regarding global financial stability and supply chains. Due to the pandemic and climate change, supply chains and global prices, including multilateral trade, has disrupted flow. Therefore, the countries agreed during the Leaders Summit that they will provide support as there are known risks in the ecosystem. In addition, a more sustainable and stable crypto-asset ecosystem will also be developed and ensure a safer transaction with an international framework.



The forum also puts tax under the spotlight, as the G20 world leaders agree to continue the **implementation of the international two-pillar tax package** as proposed by the OECD. The implementation of both pillars onwards will also be accompanied with a movement towards tax transparency globally.

Partnerships and Arrangements

New arrangements were also made during the Leaders Summit. Some of these include the arrangement regarding the **G20 Pandemic Fund** as hosted by the World Bank to support the Pandemic PPR or Prevention, Preparedness, and Response, where it has collected an amount of US\$1.4 billion for affected countries.

The aforementioned Just Energy Transition Partnership was also approved during the Leaders Summit. It states that countries such as Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States, in addition to Norway, Denmark, Northern Ireland, and several private sector actors, are obligated to provide funding and support to help Indonesia transition into renewable energy. This would prompt Indonesia to retire coal-based power plants and to fulfill the goal of “net zero emissions in its power sector by 2050, peak its power sector emissions by 2030, and increase its renewable energy target to 34% of power generation by 2030.”

What Does This Means for Businesses?

As the G20 Bali Summit ended, there were several other related events that would also take into account the results of the summit. Talks about the declaration have reached the ears of those taking part in COP27 or APEC Thailand 2022. This means that the declaration affects every aspect globally and will impact certain policies made by countries around the globe, for each and for foreign countries.

For example, relationships between China and both the ASEAN and EU regions. In essence, China has supported countries, especially within the ASEAN region, by taking part in international trade and pandemic recovery, which helped develop a stronger economic recovery and cooperation between the countries. The joint statement between The People's Republic of China and Indonesia states that both countries will build and strengthen cooperation for matters regarding regional and multilateral affairs, which includes but is not limited to rural revitalization and development-oriented financing, as well as digital economy transformation and trade and investment cooperation.

Preceding the G20 Leaders Summit was the B20 Summit attended by world leaders, and corporate executives to discuss business-related issues. The result?

Indonesia pushed the development of MSMEs in Indonesia and overseas, as well as the investment deal for as much as US\$13.2 billion for Indonesian investment projects. The deal itself will be used to further the development of Indonesian industries, such as manufacturing, and infrastructure development, as well as energy and renewable energy.

Through the B20 Final Communiqué, the attendees summed up policy recommendations regarding businesses and legacy programs. MSMEs are one of the highlights as B20 developed a supporting system. It is clear that MSMEs should continue to develop and be ready to face the international business framework, as Indonesian representatives made it clear that MSMEs should be included within the global chain of businesses, where they made an open invitation to have national MSMEs as partners to businesses. This would prompt MSMEs to start implementing international-standard in their business activities, including in terms of tax.

As world leaders agree on implementing tax transparency across the globe, businesses should be prepared to display and report their tax activities when needed. Heavy emphasis should be given to multinational companies with branches around the world, as the implementation of global minimum tax will be commenced by next year. MSMEs should also be reminded that their income tax rate is at 0.5% as long as their revenue does not exceed the limit of IDR4.8 billion per year.

In terms of investments, Indonesia received trillions of support coming from 18 companies from 11 countries during the B20 Investment Forum, a side event of the B20 Summit. Indonesia itself proposed that investors should invest in businesses with energy and renewable energy as their direction, as to further transition the movement towards a greener ecosystem.

Within these investment projects were also the development of the Nusantara Capital City (“IKN”) which has in general drawn interest from the United Arab, South Korea, and Japan. In addition, these investments would also be shared in the development of MSMEs, which prediction includes strengthening the Indonesian economic structure as a response to a recession threat next year.

Six clusters of businesses were the prime target for investments. For those starting out or developing businesses in these sectors, digitalization, and start-ups, finance and insurance, logistics and transportation, as well as manufacturing and industry 4.0, sustainable energy, and textile and fashion industries. Agriculture and the blue economy should also be alerted for investment opportunities and partnerships.

Other than the aforementioned sectors, the mining and heavy industries, furniture and household, tourism and hospitality, and last but not least the healthcare industry will also be the investment and development target from the result of the forum. One of the collaborations known so far is between Amikom University Yogyakarta and Rise India, a platform that focuses on connecting academics and industry experts to ensure students receive certifications in various fields. CNGR or CNGR Advanced Material Co., Ltd is also one of the parties that signed the MoU and Agreement in the B20 Investment Forum. As the world’s biggest ternary precursor manufacturer, the signing involving the Investment Coordinating Board will open new investment opportunities as well as offering investment incentives for investors.

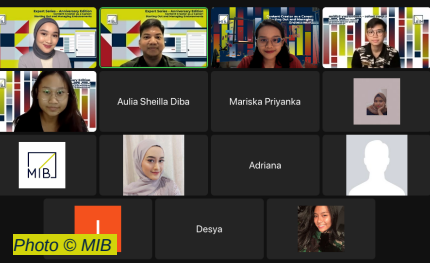
G20 Indonesian Presidency: Trivia

- While the event is now highly-celebrated, there were skepticism around the beginning of the Indonesia Presidency in regards of how Indonesia will conduct the event. Fortunately, media around the world considered the G20 event under the Indonesian presidency to be a successful event.
- Not only producing a joint statement between World Leaders, but in this event, Indonesia also proceeded to hand over the G20 presidency to the country next in line, India. India will conduct the G20 2023 Summit.
- There were no remarks nor outcomes in terms of geopolitical issues.



A Toast for MIB: Celebration of Our Anniversary

In celebration of the MIB Anniversary in November, MIB conducted events leading up to and during the day. From competitions and online talk shows, festivities were shown all-month round.



A Year to Remember:

As our anniversary approaches, MIB conducts a series of events to celebrate the festivities.

"Content Creator As A Career: Starting Out and Managing Endorsements" Online Talkshow with Kiara Leswara

To channel the interests of participants, MIB held an online talk show with Kiara Leswara, a beauty content creator, as the main speaker. During the session, Kiara shared her insight by discussing content creation as a career.

Kiara also shared her point of view of the content creation industry: how content creation has evolved since the beginning of her career as one. Her fears and doubts about continuing her career as a content creator only helped her to expand her insights and skills. Participants were ecstatic to hear and ask questions regarding her experience. Dozens of participants are eager to listen to her experience and set her experience as a stepping stone before they embark on their own journey as content creators. In the end, participants took a picture together with Kiara and Maulana, showcasing their participation.

Tax Article and Videography Competition for Undergraduate Students

Starting the anniversary week(s) with our first competition: Article Writing and Videography for Tax, open for college students and is held online.

Participants from all over the country participated and submitted various, creative works. MIB cannot curb the enthusiasm of participants and decided to prolong the competition. From 24 October, the competition ends on 9 November 2022. Our judge panel is key persons in the tax industry: Aldino Kurniawan Editor-in-Chief of Majalah Pajak, Alfian Pratama Tax Practitioner and Educator, Kiara Leswara Beauty Content Creator, and Maulana Ibrahim Tax Attorney and Tax Consultant.

The D-Day: CSR Activities and Winner Announcement

As judges wrap up their evaluation of participants' submissions, the MIB team commenced a CSR mission during the day. MIB visited a local orphanage around the Ciledug area and proceeded to donate several necessities. Warmly greeted by the keepers of the orphanage, we had a meaningful conversation about life at the establishment.

The day continues with the final judging verdicts. To ensure the objectivity of the scoring, the judging panel only received the participant ID and is not able to identify it as all submissions were stripped of personal information before undergoing the evaluation process. Finally, after long hours of evaluation over dozens of submissions and extensive discussion, the judges finally came to a seemingly difficult, but definitive conclusion on the winners. On the night of November 11th, MIB announced the winners of the Article Writing and Videography competition. Competition winners came from different universities across the country.

Congratulations to all winners!

Monthly Highlights

News Summary for November 2022

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Photo by Jenn Miranda from Jenn Miranda's Images

“Tax transparency is one of the agenda that is being pushed to recover global economy after pandemic hit”

G20 Countries Approve Tax Transparency Across the Globe

According to the G20 Leaders Summit held in November 2022, world leaders agree to push the movement of tax transparency across the world.

This movement is also one of the ways world leaders are supporting post-pandemic economic recovery.



Click here (or the title) to read the full article on our website.

Monthly Highlights

News Summary for November 2022

Global minimum tax, as one of the implementation of international tax pillar, will most likely affect national tax incentives



Photo by DAPA Images

National Tax Incentives Most Likely Affected by Minimum Global Tax Implementation

The Directorate General of Taxes shares insights on which tax incentives will most likely be affected if the notion of minimum global tax continues to be implemented in the future.

Tax holidays, tax allowances, and supertax deductions are incentives that will most likely be affected by the minimum tax.



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Monthly Highlights

News Summary for November 2022



Photo by Ivorr on Getty Images

Nickel Tax Soon To Be Implemented, Regulation Is In The Works

The Indonesian government has plans to further develop the downstream industry. One of the ways to approach this? The implementation of export tax for one of the commodities, namely nickels and ferronickel.

Regulations are currently in the works, a government source tells the media.

The government plans to implement nickel export tax in order to push the industry's downstream



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Photo credit by The Ministry of Finance Official YouTube Channel

Monthly Highlights

News Summary for November 2022

97.5% of the total target for annual tax revenue has been reached. The target is expected to be exceeded by the end of year.

October 2022 Tax Revenue Surpasses IDR1,448 T and Nearly Exceeds Target

The national tax revenue has reached IDR1,448 T until October 2022. The Ministry of Finance, Sri Mulyani, comments that the number showcases that the national economy is recovering post-pandemic.

As of now, the tax revenue has fulfilled 97.5% of the total target, and several types of tax that make up for it has exceeded the target.



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Tax Calendar

December 2022

MON	TUE	WED	THU	FRI	SAT	SUN
28	29	30	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25 Merry Christmas
26	27	28	29	30	31	1
2	3	4	5	6	7	8

Reminders

- 12 December 2022** Payment Deadline : November 2022 Article 4(2), 15, 21/26, 22, and 23/26 Income Tax
- 15 December 2022** Payment Deadline : November 2022 Article 25 Income Tax, SME Final Income Tax, and Self-Assessed Value Added Tax
- 20 December 2022** Filing Deadline : November 2022 Article 4(2), 15, 21/26, 22, 23/26, and 25 Income Tax
- 1 January 2023** Payment and Filing Deadline : November 2022 Value Added Tax

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