

**MINISTER OF FINANCE OF THE REPUBLIC OF
INDONESIA REGULATION
NUMBER 168 OF 2023**

CONCERNING

**INSTRUCTIONS FOR THE IMPLEMENTATION OF TAX WITHHOLDING
ON INCOME RELATED TO WORK, SERVICES AND ACTIVITIES OF
INDIVIDUALS**

**BY THE GRACE OF ALMIGHTY GOD
THE MINISTER OF FINANCE OF THE REPUBLIC OF INDONESIA,**

Considering

- a. that to provide greater legal certainty, convenience and simplicity in the implementation of tax withholding on income in connection with work, services and activities of individuals, it is necessary to improve the provisions on the calculation and withholding of tax on the said income;
- b. that the Minister of Finance Regulation Number 252/PMK.03/2008 concerning Instructions for the Implementation of Tax Withholding on Income in Connection with Work, Services and Activities of Individuals does not yet

accommodate the need for adjustments to withholding rates and the calculation of Article 21 income tax on income in connection with work, services and activities of individuals, thereby, needs to be replaced;

- c. that based on the considerations referred to in letter a and letter b, as well as to implement the provisions under Article 21 paragraph (8) of Law Number 7 of 1983 concerning Income Taxes as amended several times, last amended by Law Number 7 of 2021 concerning the Harmonisation of Tax Regulations, it is necessary to stipulate a Minister of Finance Regulation concerning Instructions for the Implementation of Tax Withholding on Income in Connection with Work, Services and Activities of Individuals;

In View of

1. Article 17 paragraph (3) of the 1945 Constitution of the Republic of Indonesia;
2. Law Number 7 of 1983 concerning Income Taxes (State Gazette of the Republic of Indonesia of 1983 Number 50, Supplement to the State Gazette of the Republic of Indonesia Number 3263) as amended several times, last amended by Law Number 7 of 2021 concerning the Harmonisation of Tax Regulations (State Gazette of the Republic of Indonesia of 2021 Number 246,

Supplement to the State Gazette of the Republic of Indonesia Number 6736);

3. Law Number 39 of 2008 concerning State Ministries (State Gazette of the Republic of Indonesia of 2008 Number 166, Supplement to the State Gazette of the Republic of Indonesia Number 4916);
4. Government Regulation Number 58 of 2023 concerning the Rates of the Withholding and Imposition of Article 21 Income Tax on Income in Connection with Work, Services or Activities of Individual Taxpayers (State Gazette of the Republic of Indonesia of 2023 Number 163, Supplement to the State Gazette of the Republic of Indonesia Number 6904);
5. Presidential Regulation Number 57 of 2020 concerning the Ministry of Finance (State Gazette of the Republic of Indonesia of 2020 Number 98);
6. Minister of Finance Regulation Number 118/PMK.01/2021 concerning the Organisation and Work Procedures of the Ministry of Finance (Official Gazette of the Republic of Indonesia of 2021 Number 1031) as amended by the Minister of Finance Regulation Number 141/PMK.01/2022 concerning the Amendment to the Minister of Finance Regulation Number 118/PMK.01/2021 concerning the Organisation and Work Procedures of the Ministry of Finance (Official Gazette of the Republic of Indonesia of 2022 Number 954);

HAS DECIDED:

To stipulate

MINISTER OF FINANCE REGULATION CONCERNING INSTRUCTIONS FOR THE IMPLEMENTATION OF TAX WITHHOLDING ON INCOME RELATED TO WORK, SERVICES AND ACTIVITIES OF INDIVIDUALS.

**CHAPTER I
GENERAL PROVISIONS**

Article 1

Referred to herein this Ministerial Regulation:

1. Income Tax Law is Law Number 7 of 1983 concerning Income Taxes as amended several times, last amended by Law Number 7 of 2021 concerning the Harmonisation of Tax Regulations.
2. Article 21 Income Tax is a tax on income in the form of salaries, wages, honoraria, allowances and other payments in whatever name and form in respect of work or position, services and activities conducted by resident individual taxpayers, referred to in Article 21 of the Income Tax Law.
3. Article 26 Income Tax in Connection with Work, Services and Activities is a tax on income in the form of salaries, wages, honoraria,

allowances and other payments in whatever name and form in respect of work or position, services and activities conducted by non-resident individual taxpayers, referred to in Article 26 of the Income Tax Law.

4. Article 21 Income Tax and/or Article 26 Income Tax in Connection with Work, Services and Activities Withholding Agents are individual taxpayers, government agencies or corporate taxpayers, including permanent establishments, obliged to withhold tax on income in connection with work, services and activities of individuals referred to in Article 21 and Article 26 of the Income Tax Law.
5. Entities are the entities referred to in Article 1 number 3 of Law Number 6 of 1983 concerning General Provisions and Tax Procedures as amended several times, last amended by Law Number 7 of 2021 concerning the Harmonisation of Tax Regulations.
6. Government Agencies are central government agencies, local government agencies, including village government agencies, which carry out government activities and have the authority and responsibility for the use of the budget.
7. Event Organiser is an individual taxpayer or corporate taxpayer as the organiser of certain activities that pays remunerations in whatever name and form to individuals in connection with the implementation of the said activities.

8. Independent Personal Services are work carried out by individuals with special skills as a business to earn income that is not bound by an employment relationship.
9. Employees are individuals who work for an employer, either as permanent employees or non-permanent employees based on a work agreement or contract, either written or unwritten, to perform work in certain positions or activities by accruing remunerations received or accrued based on a certain period, completion of work or other conditions determined by the employer, including individuals who perform work in Government Agencies.
10. Permanent Employees are Employees receiving or accruing income in a certain amount on a regular basis, including members of the board of commissioners and members of the supervisory board as well as Employees who work based on a contract for a certain period insofar as the Employees concerned work full time in their jobs.
11. Non-Permanent Employees are Employees, including freelancers, who only receive income if the Employees concerned work, based on the number of working days, the number of produced work units or the completion of a type of work requested by the employer.
12. Non-Employees are individuals other than Permanent Employees and Non-Permanent Employees who accrue income in whatever name and form as remunerations for Independent Personal Services or services performed based on orders or requests from the income providers.

13. Pensioners are individuals or their heirs/heireesses, including widows, widowers and/or other heirs/heireesses, who receive or accrue remunerations periodically in the form of pension, pension benefits, old age allowances or old age benefits, for work performed in the past.
14. Event participants are individuals who receive or accrue remunerations in connection with their participation in an activity, other than that received by Permanent Employees from the employer.
15. Former Employees are individuals formerly constituting Employees of an employer, but no longer work for the employer.
16. Personal Tax Relief is the threshold of an individual taxpayer's income not subject to taxes.
17. Taxable Period is 1 (one) calendar month or a fraction of 1 (one) calendar month.
18. Last Taxable Period is the December period or a certain Taxable Period in which Permanent Employees stop working, or a certain Taxable Period where Pensioners stop receiving pension-related money.
19. Tax Year is a period of 1 (one) calendar year.
20. State Officials are state officials stipulated under the State Civil Apparatus Law.
21. Civil Servants, hereinafter abbreviated to PNS, are Civil Servants stipulated under the Law that stipulates the State Civil Apparatus.

22. Members of the Indonesian National Defence Forces, hereinafter referred to as TNI Members are soldiers stipulated under the Law stipulating the Indonesian National Defence Forces.
23. Members of the State Police of the Republic of, hereinafter referred to as POLRI Members, are members of the State Police of the Republic of Indonesia stipulated under the Law stipulating the State Police of the Republic of Indonesia.
24. State Budget, hereinafter abbreviated to State Budget, is the annual financial plan of the state government approved by the House of Representatives.
25. Local Government Budget, hereinafter abbreviated to APBD, is the annual financial plan of the local governments approved by the Regional Legislative Council.
26. Minister is the minister who carries out government affairs in the field of state finances.

CHAPTER II

WITHHOLDING AGENTS AND INCOME RECIPIENTS

Article 2

- (1) Article 21 Income Tax and/or Article 26 Income Tax in Connection with Work, Services and Activities must be withheld by Withholding Agents.

(2) The Withholding Agents referred to in paragraph (1) consist of:

- a. employers, namely individuals and Entities, including head offices and branches, representatives or units that pay salaries, wages, honoraria, allowances and other payments in whatever name and form, including remunerations in the form of in-kind and/or fringe benefits, as remunerations in connection with work;
- b. Government Agencies, including non-ministerial government institutions, secretariats of state institutions, secretariats of non-structural institutions and representatives of the Republic of Indonesia overseas, that pay salaries, wages, honoraria, allowances and other payments in whatever name and form in connection with work, services and activities;
- c. pension funds, worker social security programme administering agencies and other agencies that pay pensions and old age allowances, old age benefits and/or other payments with whatever name related to pension programmes, established pursuant to statutory provisions;
- d. individuals and Entities, that pay honoraria or other payments as remunerations in connection with services performed by individuals, including the services of professionals conducting Independent Personal Services and acting for and on their own behalf, not for and on behalf of their partnership; and

e. Event Organisers, including Entities, Government Agencies, national and international organisations, associations, individuals and other institutions that organise activities, which pay honoraria, gifts or awards in whatever form in connection with an activity.

(3) Not included in the employers obliged to withhold taxes referred to in paragraph (2) subparagraph a, are:

a. representative offices of foreign countries;

b. international organisations:

1. as referred to in Article 3 paragraph (1) subparagraph c of the Income Tax Law provided that:

a) Indonesia is a member of the aforementioned organisations; and

b) they do not conduct business or other activities to derive income from Indonesia, except providing the government with loans funded by the members' contributions; and

2. are specifically stipulated based on international agreements referred to in the Ministerial regulations stipulating the implementation of the income tax treatment pursuant to the provisions under the international agreements,

that have been determined by the Minister; and

c. individuals who:

1. do not conduct business or Independent Personal Services; or

2. conduct business or Independent Personal Services and employ individuals who:
 - a) solely perform household work; or
 - b) conduct business or services that are not related to the business or Independent Personal Services of the employers.

Article 3

- (1) Income recipients subject to the withholding of Article 21 Income Tax and/or Article 26 Income Tax in Connection with Work, Services and Activities are individual taxpayers, including:
 - a. Permanent Employees;
 - b. Pensioners;
 - c. members of the board of commissioners or members of the supervisory board who receive remunerations irregularly;
 - d. Non-Permanent Employees;
 - e. Non-Employees;
 - f. Event Participants;
 - g. participants of pension programmes who are of Employee status;
and
 - h. Former Employees.
- (2) The Non-Employees referred to in paragraph (1) subparagraph e, include:

- a. professionals who perform Independent Personal Services, consisting of lawyers, accountants, architects, doctors, consultants, notaries, appraisers, conveyancers and actuaries;
- b. musicians, presenters, singers, comedians, film stars, soap opera stars, commercial stars, directors, film crew, photo models, models, playwrights, dancers, sculptors, painters, content creators in online media (influencers, celebgrams, bloggers, vloggers and the like) and other artists;
- c. sportsmen;
- d. advisors, teachers, trainers, public speakers, extension workers and moderators;
- e. authors, researchers and translators;
- f. service providers in all fields;
- g. advertising agents;
- h. project supervisors or managers;
- i. messengers or brokers or intermediaries;
- j. salespeople;
- k. insurance agents;
- l. distributors of multilevel marketing or direct selling companies and other similar activities.

(3) Event Participants referred to in paragraph (1) subparagraph f, include:

- a. participants in competitions in all fields, including sports, arts, agility, science, technology competitions and other competitions;
- b. participants in meetings, conferences, sessions, work visits, seminars, workshops or shows or other certain activities;
- c. participants or members in a committee as organisers of certain activities;
- d. participants in education, training and interns;

Article 4

Not included in income recipients subject to the withholding of Article 21 Income Tax and/or Article 26 Income Tax in Connection with Work, Services and Activities, referred to in Article 3, are:

- a. diplomatic and consular representatives or other officials from foreign countries and persons seconded to those who work for and reside with them as stipulated under Article 3 paragraph (1) subparagraph b of the Income Tax Law, provided that:
 - 1. they are not Indonesian citizens and do not receive or accrue other income outside their position or work; and
 - 2. the country concerned provides reciprocal treatment; and
- b. the representatives to international organisations referred to in Article 2 paragraph (3) subparagraph b provided that
 - 1. they are not Indonesian citizens and do not conduct business or other activities or work to earn income from Indonesia; or

2. specifically stipulated based on international agreements referred to in Ministerial regulations stipulating the implementation of the income tax treatment pursuant to the provisions under the international agreements.

CHAPTER III
INCOME SUBJECT TO THE WITHHOLDING OF ARTICLE 21 INCOME TAX
AND/OR ARTICLE 26 INCOME TAX IN CONNECTION WITH WORK,
SERVICES AND ACTIVITIES

Article 5

- (1) Income subject to the withholding of Article 21 Income Tax and/or Article 26 Income Tax in Connection with Work, Services and Activities, consists of:
 - a. income received or accrued by Permanent Employees, either regularly or irregularly;
 - b. income received or accrued regularly by Pensioners in the form of pension or similar income;
 - c. remunerations for members of the board of commissioners or members of the supervisory board received or accrued irregularly;
 - d. the income of Non-Permanent Employees, that may be in the form of:
 1. daily wages;
 2. weekly wages;

3. unit wages;
 4. piece rates; and
 5. wages received or accrued monthly;
- e. considerations for Non-Employees as considerations in connection with Independent Personal Services or services performed, that may be in the form of:
1. honoraria;
 2. commission;
 3. fees; and
 4. similar considerations;
- f. considerations for Event Participants, that may be in the form of:
1. pocket money;
 2. representation money;
 3. meeting money;
 4. honoraria;
 5. prizes or awards; and
 6. similar considerations;
- g. pension benefits or similar income partly withdrawn by participants of pension programmes who are of Employee status; and
- h. income or considerations received or accrued by Former Employees, that may be in the form of:

1. production services;
2. tantie`m e;
3. gratuities stipulated under the Income Tax Law;
4. bonuses; and
5. other irregular considerations.

(2) The income referred to in paragraph (1) may be given in whatever name and form, including revenues in the form of in-kind and/or fringe benefits.

(3) The income received or accrued by Permanent Employees, either regular or irregular referred to in paragraph (1) subparagraph a, may be in the form of:

- a. all salaries, all types of allowances and other similar income, including overtime and similar income;
- b. bonuses, religious holiday allowances, production services, tantie`m e, gratuities, premiums, and other irregular income;
- c. remunerations in connection with the activities organised by the employer;
- d. payments of work accident security contributions and death benefit contributions to worker social security programme administering agencies, paid by the employer;
- e. payments of health care insurance contributions to the social security administrative body paid by the employer; and

- f. payments of premiums for health insurance, accident insurance, life insurance, endowment insurance and scholarship insurance, paid by the employer.
- (4) If the income referred to in paragraph (1) is received or accrued in a foreign currency, the calculation of Article 21 Income Tax and/or Article 26 Income Tax in Connection with Work, Services and Activities is based on the exchange rate determined by the Minister of Finance applicable upon payment of such income or when the income becomes payable, according to whichever event occurs first.

Article 6

- (1) The income referred to in Article 5 paragraph (1) received or accrued by resident individual taxpayers constitutes income subject to the withholding of Article 21 Income Tax.
- (2) The income referred to in Article 5 paragraph (1) received or accrued by non-resident individual taxpayers constitutes income subject to the withholding of Article 26 Income Tax in Connection with Work, Services and Activities.

Article 7

Income subject to the withholding of Article 21 Income Tax referred to in Article 6 paragraph (1), excludes:

- a. payment of insurance benefits or compensation from insurance companies in connection with health insurance, accident insurance, life insurance, endowment insurance and scholarship insurance;
- b. considerations or remunerations in connection with work or services received or accrued in the form of in-kind and/or fringe benefits excluded from income tax objects referred to in statutory provisions in the field of income taxes;
- c. contributions related to pension and old age programmes paid to pension funds whose establishment has been approved by the Minister or have obtained the permit from the Financial Services Authority, worker social security programme administering agencies or old age benefit organising agencies established pursuant to statutory provisions, paid by the employer;
- d. aid, donations, zakat, infaq, sadaqah and compulsory religious donations for the followers of acknowledged religions in Indonesia received by entitled individuals, provided that there is no business or employment relationship between the parties concerned;
- e. grants received by relatives within one degree of direct lineage or any individual conducting micro and small business provided that there is no business or employment relationship between the parties concerned;
- f. scholarships that fulfil certain requirements stipulated under Article 4 paragraph (3) subparagraph I of the Income Tax Law;

- g. profit distribution given to members of partnerships, firms or limited partnerships whose capital does not consist of shares; and
- h. income taxes borne by the government.

CHAPTER IV

THE TAX BASE AND WITHHOLDING OF ARTICLE 21 INCOME TAX AND/OR ARTICLE 26 INCOME TAX IN CONNECTION WITH WORK, SERVICES, OR ACTIVITIES AND DEDUCTIBLE EXPENSES

Article 8

- (1) The tax base and the withholding of Article 21 Income Tax for Permanent Employees and Pensioners, shall be:
 - a. gross income in 1 (one) Taxable Period; or
 - b. taxable income.
- (2) The gross income referred to in paragraph (1) subparagraph a is as follows:
 - a. for Permanent Employees, includes all income referred to in Article 5 paragraph (1) subparagraph a received or accrued from the employer; and
 - b. for Pensioners, includes all income referred to in Article 5 paragraph (1) subparagraph b.
- (3) The taxable income referred to in paragraph (1) subparagraph b amounts to net income deducted by Personal Tax Relief.

- (4) The amount of taxable income referred to in paragraph (3) shall be rounded down to full thousands.
- (5) The net income referred to in paragraph (3) is the entire amount of gross income referred to in paragraph (2) in 1 (one) Tax Year or a fraction of a Tax Year deducted by deductible expenses.

Article 9

- (1) The amount of Personal Tax Relief referred to in Article 8 paragraph (3) is stipulated under Article 7 paragraph (1) and paragraph (3) of the Income Tax Law.
- (2) To the Personal Tax Relief for female employees, the following provisions shall apply:
 - a. for married female employees, amounts to Personal Tax Relief for themselves;
 - b. for unmarried female employees, amounts to Personal Tax Relief for themselves plus the Personal Tax Relief for family members related by blood and/or marriage in a direct lineage and adopted children constituting full dependents.
- (3) If a married female employee is able to show a written statement from the local government at the lowest level of subdistrict level that her husband does not receive or accrue income, Personal Tax Relief amounts to Personal Tax Relief for herself plus Personal Tax Relief for her status of being married and Personal Tax Relief for family

members related by blood and/or marriage in a direct lineage and adopted children constituting full dependents.

- (4) The Personal Tax Relief referred to in paragraph (1) is determined based on the circumstances at the beginning of the calendar year.
- (5) Excluded from the provisions referred to in paragraph (4), the amount of Personal Tax Relief for employees who have just arrived and settled in Indonesia in a fraction of a calendar year is determined based on circumstances at the beginning of the month of the fraction of the calendar year concerned.

Article 10

- (1) Deductible expenses referred to in Article 8 paragraph (5) for Permanent Employees, are:
 - a. position allowances, stipulated under Article 21 paragraph (3) of the Income Tax Law;
 - b. contributions related to pension and old age programmes, that are related to salaries, paid by the Employees through the employer to:
 1. pension funds whose establishment has been approved by the Minister or have obtained a permit from the Financial Services Authority;
 2. worker social security programme administering agencies;and

3. old age benefit organising agencies established pursuant to statutory provisions; and
 - c. zakat or compulsory religious donations for the followers of acknowledged religions in Indonesia, paid through the employer to amil zakat board, amil zakat institutions and
- (2) The amount of position allowances referred to in paragraph (1) subparagraph a is set at 5% (five percent) of gross income, a maximum of IDR6,000,000.00 (six million rupiah) a year or a maximum of IDR500,000.00 (five hundred thousand rupiah) a month.
 - (3) If Permanent Employees receive or accrue income from more than one employer, the position allowances referred to in paragraph (1) subparagraph a shall be calculated for each employer.
 - (4) If Permanent Employees receive or accrue income from the employers not constituting Withholding Agents, the position allowances referred to in paragraph (1) subparagraph a and pension contributions that are self-paid shall be deducted from gross income for Permanent Employees in the calculation of Income Taxes in the Annual Income Tax Return of the individual taxpayers concerned.

Article 11

- (1) The deductible expenses referred to in Article 8 paragraph (5) for Pensioners, are:

- a. pension expenses referred to in Article 21 paragraph (3) of the Income Tax Law; and
 - b. zakat or compulsory religious donations for the followers of acknowledged religions in Indonesia paid through periodic pension payers to the amil zakat board, amil zakat institutions and religious institutions established or approved by the government.
- (2) The amount of pension expenses referred to in paragraph (1) subparagraph a is set at 5% (five percent) of gross income, a maximum of IDR2,400,000.00 (two million and four hundred thousand rupiah) a year or a maximum of IDR200,000.00 (two hundred thousand rupiah) a month.
- (3) If Pensioners receive or accrue income from more than one pension fund or other Entities that pay pension money, the pension expenses referred to in paragraph (1) subparagraph a are calculated for each pension fund or other Entities that pay pension money.

Article 12

- (1) The tax base and the withholding of Article 21 Income Tax for members of the board of commissioners or members of the supervisory board who receive remunerations irregularly shall amount to the gross income referred to in Article 5 paragraph (1) subparagraph c.

- (2) The tax base and the withholding of Article 21 Income Tax for Non-Permanent Employees, shall be, if the gross income referred to in Article 5 paragraph (1) subparagraph d:
- a. is not received or accrued monthly and the amount of daily gross income is up to IDR 2,500,000.00 (two million five hundred thousand rupiah), amounts to:
 1. daily gross income if income is received or accrued daily; or
 2. average daily gross income if income is received or accrued other than daily.
 - b. is not received or accrued monthly and the total gross income per day is more than IDR2,500,000.00 (two million five hundred thousand rupiah, amounts to 50% (fifty percent) of the total gross income; or
 - c. is received or accrued monthly, amounts to the total gross income.
- (3) The tax base and the withholding of Article 21 Income Tax for Non-Employees amounts to 50% (fifty percent) of the total gross income referred to in Article 5 paragraph (1) subparagraph e.
- (4) The total gross income for Non-Employees referred to in paragraph (3):
- a. for catering services is the entire amount of income in whatever name and form received or accrued by Non-Employees from Withholding Agents; or

b. for services other than catering services is the total income in whatever name and form received or accrued by Non-Employees from Withholding Agents, excluding:

1. payments of salaries, wages, honoraria, allowances and other payments as remunerations in connection with work received or accrued by workers employed by Non-Employees;
2. payments for the procurement or purchase of goods or materials, received or accrued by providers of goods or materials from Non-Employees, related to services provided by Non- Employees; and/or
3. payments received or accrued by third parties from Non-Employees for the services provided by such third parties, based on contracts or agreements with Withholding Agents, unless the contracts/agreements cannot be separated, the amount of gross income is the amount received or accrued by Non- Employees.

(5) The payments referred to in paragraph (4) subparagraph b number 1, number 2, and number 3 are not included in the gross amount as the basis for the withholding of Income Tax referred to in paragraph (3) insofar as they can be proven by:

- a. work contracts and list of payments of salaries, wages, honoraria, allowances and other gifts as remunerations in connection with work referred to in paragraph (4) subparagraph b number 1;

- b. invoices for the procurement/purchase of goods or materials referred to in paragraph (4) subparagraph b number 2; and/or
 - c. invoices from third parties are attached with a written agreement, including the proof of the provision of income to the third parties, referred to in paragraph (4) subparagraph b number 3.
- (6) The tax base and withholding of Article 21 Income Tax for Event Participants shall amount to the gross income referred to in Article 5 paragraph (1) subparagraph f paid in full and does not constitute a split amount.
- (7) The tax base and the withholding of Article 21 Income Tax for participants of pension programmes who are of Employee status shall amount to the gross income referred to in Article 5 paragraph (1) subparagraph g.
- (8) The tax base and the withholding of Article 21 Income Tax for Former Employees shall amount to the gross income referred to in Article 5 paragraph (1) subparagraph h.
- (9) The tax base and the withholding of Article 26 Income Tax in Connection with Work, Services and Activities for non-resident individual taxpayers shall amount to the gross income referred to in Article 5 paragraph (1).

CHAPTER V
WITHHOLDING RATES

Article 13

- (1) Withholding rates of Article 21 Income Tax consist of:
 - a. the effective rates of the withholding of Article 21 Income Tax; and
 - b. the rates under Article 17 paragraph (1) subparagraph a of the Income Tax Law.
- (2) The effective rates of the withholding of Article 21 Income Tax referred to in paragraph (1) subparagraph a consist of:
 - a. monthly effective rates; or
 - b. daily effective rates,
stipulated under the government regulation stipulating the withholding rates of Article 21 Income Tax on income in connection with work, services and activities of individual taxpayers.
- (3) Withholding rates of Article 21 Income Tax pursuant to the rates under Article 17 paragraph (1) subparagraph a of the Income Tax Law referred to in paragraph (1) subparagraph b are used on income from work, services or activities of individual taxpayers.

Article 14

- (1) The withholding rate of Article 26 Income Tax in Connection with Work, Services and Activities amounts to 20% (twenty percent) and is final or pursuant to the provisions of the applicable tax treaty between the Republic of Indonesia and the country or jurisdiction of domicile of the non-resident taxpayer.

- (2) The provisions of the tax treaty referred to in paragraph (1) shall be applied pursuant to statutory provisions stipulating procedures for the application of tax treaties.
- (3) If non-resident individual taxpayers change status to resident individual taxpayers, Article 26 Income Tax in Connection with Work, Services and Activities which has been withheld referred to in paragraph (1) is non-final and may be credited against the Individual Income Tax payable for the Tax Year or fraction of the Tax Year concerned in the Annual Income Tax Return for Individual Taxpayers.

CHAPTER VI

THE CALCULATION OF ARTICLE 21 INCOME TAX AND/OR ARTICLE 26 INCOME TAX IN CONNECTION WITH WORK, SERVICES OR ACTIVITIES

Article 15

- (1) Article 21 Income Tax that must be withheld for Permanent Employees referred to in Article 3 paragraph (1) subparagraph a and Pensioners referred to in Article 3 paragraph (1) subparagraph b in:
 - a. every Taxable Period other than the Last Taxable Period is calculated using monthly effective rates referred to in Article 13 paragraph (2) subparagraph a multiplied by the tax base and withholding referred to in Article 8 paragraph (1) subparagraph a; and

- b. the Last Taxable Period is the difference between Article 21 Income Tax payable for 1 (one) Tax Year or a fraction of a Tax Year and Article 21 Income Tax which has been withheld in a Taxable Period other than the Last Taxable Period referred to in subparagraph a.
- (2) Article 21 Income Tax payable in 1 (one) Tax Year or a fraction of a Tax Year referred to in paragraph (1) subparagraph b is calculated using the rates under Article 17 paragraph (1) subparagraph a of the Income Tax Law multiplied by the tax base and withholding referred to in Article 8 paragraph (1) subparagraph b in 1 (one) Tax Year or a fraction of a Tax Year.
- (3) If the subjective tax obligations of Permanent Employees and/or Pensioners commence after January or end before December, Article 21 Income Tax payable is calculated based on annualised net income and the tax is calculated proportionally to the number of months in the fraction of a Tax Year concerned.

Article 16

- (1) Article 21 Income Tax that must be withheld for members of the board of commissioners or members of the supervisory board who receive or accrue income irregularly referred to in Article 3 paragraph (1) subparagraph c shall amount to monthly effective rates referred to in

Article 13 paragraph (2) subparagraph a multiplied by the tax base and withholding referred to in Article 12 paragraph (1).

(2) Article 21 Income Tax that must be withheld for Non-Permanent Employees referred to in Article 3 paragraph (1) subparagraph d is calculated using:

a. the daily effective rates referred to in Article 13 paragraph (2) subparagraph b multiplied by the tax base and withholding referred to in Article 12 paragraph (2) subparagraph a;

b. the rates under Article 17 paragraph (1) subparagraph a of the Income Tax Law multiplied by the tax base and withholding referred to in Article 12 paragraph (2) subparagraph b; or

c. the monthly effective rates referred to in Article 13 paragraph (2) subparagraph a multiplied by the tax base and withholding referred to in Article 12 paragraph (2) subparagraph c.

(3) Article 21 Income Tax that must be withheld for Non-Employees referred to in Article 3 paragraph (1) subparagraph e is calculated using the rates under Article 17 paragraph (1) subparagraph a of the Income Tax Law multiplied by the tax base and withholding referred to in Article 12 paragraph (3).

(4) Article 21 Income Tax that must be withheld for Event Participants referred to in Article 3 paragraph (1) subparagraph f is calculated using the rates under Article 17 paragraph (1) subparagraph a of the

Income Tax Law multiplied by the tax base and withholding referred to in Article 12 paragraph (6).

- (5) Article 21 Income Tax that must be withheld for participants of pension programmes who are of Employee status referred to in Article 3 paragraph (1) subparagraph g is calculated using the rates under Article 17 paragraph (1) subparagraph a of the Income Tax Law multiplied by the tax base and withholding referred to in Article 12 paragraph (7).
- (6) Article 21 Income Tax that must be withheld for Former Employees referred to in Article 3 paragraph (1) subparagraph h is calculated using the rates under Article 17 paragraph (1) subparagraph a of the Income Tax Law multiplied by the tax base and withholding referred to in Article 12 paragraph (8).
- (7) Article 26 Income Tax that must be withheld for non-resident individual taxpayers is calculated using the withholding rate of Article 26 Income Tax in Connection with Work, Services and Activities referred to in Article 14 paragraph (1) multiplied by the tax base and withholding referred to in Article 12 paragraph (9).

CHAPTER VII

INCOME AND THE WITHHOLDING OF ARTICLE 21 INCOME TAX FOR STATE OFFICIALS, Civil Servants, TNI MEMBERS, POLRI MEMBER AND THE PENSIONERS

Article 17

- (1) Daily fixed and regular income borne by the State Budget or Local Budget includes fixed and regular income for:
 - a. State Officials, for:
 1. monthly fixed and regular salaries and other allowances; or
 2. other fixed remunerations, stipulated pursuant to statutory provisions;
 - b. Civil Servants, TNI Members and POLRI Members, for monthly fixed and regular salaries and other allowances stipulated pursuant to statutory provisions; and
 - c. Pensioners, for pensions and other monthly fixed and regular allowances stipulated pursuant to statutory provisions.
- (2) The tax base of Article 21 Income Tax on fixed and regular income referred to in paragraph (1), is:
 - a. gross income in 1 (one) Taxable Period; or
 - b. taxable income.
- (3) The gross income referred to in paragraph (2) subparagraph a is all fixed and regular income received or accrued by State Officials, Civil Servants, TNI Members, POLRI Members and the Pensioners.
- (4) The taxable income referred to in paragraph (2) subparagraph b is determined based on net income deducted by Personal Tax Relief.

- (5) The amount of taxable income as the basis for the application of the rates referred to in paragraph (4) shall be rounded down to full thousands.
- (6) The net income referred to in paragraph (4) for State Officials, Civil Servants, TNI Members or POLRI Members is determined based on the total gross income referred to in paragraph (3) in 1 (one) Tax Year deducted by:
- a. position allowances referred to in Article 10 paragraph (2);
 - b. contributions related to pension and old age programmes, which are related to salaries, paid by State Officials, Civil Servants, TNI Members or POLRI Members through the employers to:
 1. pension funds whose establishment has been approved by the Minister or have obtained a permit from the Financial Services Authority;
 2. worker social security programme administering agencies; and
 3. old age benefit organising agencies whose establishment is stipulated pursuant to statutory provisions; and
 - c. zakat or compulsory religious donations for the followers of acknowledged religions in Indonesia, paid through the employer to amil zakat board, amil zakat institutions and religious institutions established or approved by the government.

- (7) The amount of the net income referred to in paragraph (4) for Pensioners is determined based on all fixed and regular income deducted by:
- a. the pension expenses referred to in Article 11 paragraph (2); and
 - b. zakat or compulsory religious donations for the followers of acknowledged religions in Indonesia paid through periodic pension payers to the amil zakat board, amil zakat institutions and religious institutions established or approved by the government

Article 18

- (1) The calculation of Article 21 Income Tax that must be withheld for State Officials, Civil Servants, TNI Members, POLRI Members and the Pensioners in:
- a. every Taxable Period other than the Last Taxable Period is calculated using monthly effective rates referred to in Article 13 paragraph (2) subparagraph a multiplied by the tax base and withholding referred to in Article 17 paragraph (1) subparagraph a; and
 - b. the Last Taxable Period is the difference between Article 21 Income Tax payable for 1 (one) Tax Year or a fraction of a Tax Year and Article 21 Income Tax which has been withheld in a Taxable Period other than the Last Taxable Period referred to in subparagraph a.

- (2) Article 21 Income Tax payable for 1 (one) Tax Year or a fraction of a Tax Year referred to in paragraph (1) subparagraph b is calculated using the rates under Article 17 paragraph (1) subparagraph a of the Income Tax Law multiplied by the tax base and withholding referred to in Article 17 paragraph (2) subparagraph b in 1 (one) Tax Year or a fraction of a Tax Year.
- (3) If the subjective tax obligations of State Officials, Civil Servants, TNI Members, POLRI Members or the Pensioners commence after January or end before December, Article 21 Income Tax payable is calculated based on annualised net income and the tax is calculated proportionally to the number of months in the fraction of a Tax Year concerned.
- (4) If State Officials, Civil Servants, TNI Members, POLRI Members or Pensioners receive income from 2 (two) employers and Article 21 Income Tax on all income is borne by the government, Article 21 Income Tax in the Last Taxable Period is calculated by other than the Employer that pays the basic salary must take into account the total of all fixed and regular income received or accrued by State Officials, Civil Servants, TNI Members, POLRI Members or Pensioners, including income in the calculation of Article 21 Income Tax for the employer that pays the basic salary.
- (5) The calculation referred to in paragraph (4) is performed if:

- a. the employer that pays the basic salary has issued the withholding receipt of Article 21 Income Tax to be calculated using the withholding receipts of Article 21 Income Tax of other employers;
 - b. the income recipient submits the withholding receipt referred to in subparagraph a to the other employers; and
 - c. the income recipient prepares a statement letter stating the list of employers and the intent of other employers to take into account income from the employer referred to in subparagraph a.
- (6) The statement letter referred to in paragraph (5) subparagraph c shall be prepared as per the sample format listed in Appendix letter A which constitutes an integral part of this Ministerial Regulation.

CHAPTER VIII

WHEN TAX BECOMES PAYABLE AND PROCEDURES FOR THE WITHHOLDING OF ARTICLE 21 INCOME TAX AND/OR ARTICLE 26 INCOME TAX IN CONNECTION WITH WORK, SERVICES AND ACTIVITIES

Article 19

- (1) Article 21 Income Tax and/or Article 26 Income Tax in Connection with Work, Services and Activities shall become payable for the income recipient when:
- a. the income concerned is paid or becomes payable, according to whichever event occurs first;

- b. the income concerned is transferred or becomes payable, according to whichever event occurs first for considerations or remunerations in the form of in-kind; or
 - c. the rights or part of the rights to use a facility and/or service is transferred by the provider for consideration or remuneration in the form of fringe benefits.
- (2) Article 21 Income Tax and/or Article 26 Income Tax in Connection with Work, Services and Activities shall be withheld by Withholding Agents for every Taxable Period.
- (3) The withholding for every Taxable Period referred to in paragraph (2) shall be performed no later than the end of the month when the tax becomes payable referred to in paragraph (1).
- (4) The considerations or remunerations in the form of in-kind and/or fringe benefits shall be withheld pursuant to the provisions under the Ministerial regulation stipulating the income tax treatment of considerations or remunerations in connection with work or services received or accrued in the form of in-kind and/or fringe benefits.

Article 20

- (1) Withholding Agents must:
- a. calculate, withhold, remit and file Article 21 Income Tax and/or Article 26 Income Tax in Connection with Work, Services and Activities payable for each Taxable Period;

- b. prepare the withholding receipt of Article 21 Income Tax and/or Article 26 Income Tax and provide the withholding receipt to the income recipients subject to the tax withholding;
 - c. prepare records or working paper for the calculation of Article 21 Income Tax and/or Article 26 Income Tax in Connection with Work, Services and Activities for each income recipient; and
 - d. retain records or working papers for the calculation referred to in subparagraph c pursuant to statutory provisions.
- (2) The records or working paper for the calculation of Article 21 Income Tax and/or Article 26 Income Tax in Connection with Work, Services and Activities for each income recipient referred to in paragraph (1) subparagraph c shall constitute the basis for the filing of Article 21 Income Tax and /or Article 26 Income Tax in Connection with Work, Services and Activities payable for each Taxable Period.
- (3) The provisions on the obligations referred to in paragraph (1) remain valid if there is income provided, including if the tax withheld in the relevant month amounts to nil.
- (4) If there is no provision of income in connection with work, services and activities of individuals in the relevant month, the provisions on the obligations referred to in paragraph (1) do not apply.
- (5) The format of the withholding receipt form of Article 21 Income Tax and/or Article 26 Income Tax in Connection with Work, Services and

Activities referred to in paragraph (1) subparagraph b is determined by the Director General of Taxes.

Article 21

- (1) If the amount of Article 21 Income Tax that has been withheld in a Taxable Period other than the Last Taxable Period in the relevant Tax Year is greater than Article 21 Income Tax payable in 1 (one) Tax Year or a fraction of a Tax Year, the overpayment of the Article 21 Income Tax that has been withheld must be refunded by the Withholding Agents to the Permanent Employees and Pensioners concerned as well as providing the withholding receipt of Article 21 Income Tax, no later than the end of the following month after the Last Taxable Period.
- (2) Not included in the refunded Article 21 Income Tax referred to in paragraph (1), is Article 21 Income Tax borne by the government.
- (3) If in a Taxable Period, there is an over-remittance of tax payable by Withholding Agents, the over- remittance may be set off against Article 21 Income Tax and/or Article 26 Income Tax in Connection with Work, Services and Activities payable in the following month via Periodic Tax Returns.
- (4) If there is a tax over-remittance in the rectification of Periodic Tax Returns, the overpayment may be set off against Article 21 Income Tax and/or Article 26 Income Tax in Connection with Work, Services

and Activities payable in the following months, without having to be consecutive.

Article 22

- (1) Income recipients are entitled to receive the withholding receipt from Withholding Agents.
- (2) Income recipients are entitled to receive refunds of the overpayment of Article 21 Income Tax which has been withheld referred to in Article 21 paragraph (1), except for Article 21 Income Tax borne by the government.
- (3) The amount of withheld Article 21 Income Tax, other than final Article 21 Income Tax, constitutes a tax credit for income recipients for the Tax Year or a fraction of a Tax Year the income becomes payable.
- (4) Income recipients must file all income that has been received or accrued, whether that that has been subject to income tax withholding or not subject to income tax withholding, which is final or non-final and not constituting income tax objects, in the Annual Income Tax Return for Individual Taxpayers.

Article 23

Procedures for the calculation of Article 21 Income Tax and/or Article 26 Income Tax in Connection with Work, Services and Activities shall comply with the general instructions and samples listed in Appendix letter

B and letter C which constitute an integral part of this Ministerial Regulation.

CHAPTER IX
CLOSING PROVISIONS

Article 24

When this Ministerial Regulation comes into force:

- a. Minister of Finance Regulation Number 250/PMK.03/2008 concerning the Amount of Position Allowances or Pension Expenses That May Be Deducted from the Gross income of Permanent Employees or Pensioners;
- b. Minister of Finance Regulation Number 252/PMK.03/2008 concerning Instructions for the Implementation of Tax Withholding on Income in Connection with Work, Services and Activities of Individuals;
- c. Minister of Finance Regulation Number 102/PMK.010/2016 concerning the Determination of the Fraction of Income in Connection with the Work of Daily and Weekly Employees as Well as Other Non- Permanent Employees Not Subject to Income Tax Withholding (Official Gazette of the Republic of Indonesia of 2016 Nomor 951); and
- d. Article 5, Article 8, Section One number I and Section Two number I of the Appendix of the Minister of Finance Regulation

Number 262/PMK.03/2010 concerning Procedures for the Withholding of Article 21 Income Tax for State Officials, Civil Servants, TNI Members, POLRI Members and the Pensioners on Income Borne by the State Budget or Local Budget (Official Gazette of the Republic of Indonesia of 2010 Nomor 601),
are revoked and declared invalid.

Article 25

This Ministerial Regulation comes into force on 1 January 2024.

For public cognisance, this Ministerial Regulation shall be promulgated by placement in the Official Gazette of the Republic of Indonesia.

Stipulated in Jakarta

on 29 December 2023

MINISTER OF FINANCE OF THE REPUBLIC OF INDONESIA,

signed

SRI MULYANI INDRAWATI

Promulgated in Jakarta on 29 December 2023

DIRECTOR GENERAL OF LEGISLATION OF THE MINISTRY OF

LAW AND

HUMAN RIGHTS OF THE REPUBLIC OF INDONESIA,

signed

ASEP N. MULYANA

OFFICIAL GAZETTE OF THE REPUBLIC OF INDONESIA OF 2023
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