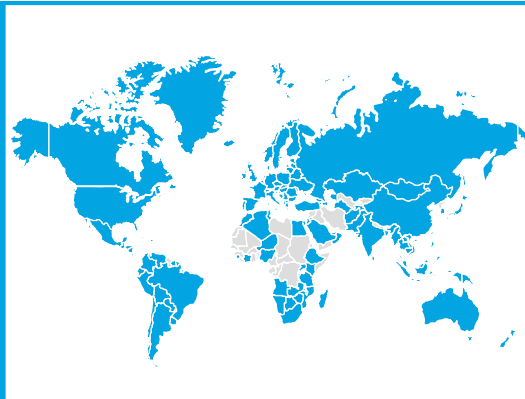


INPATRIATES

Indonesia

Tax facts for international assignees



INCOME TAX: WHO IS LIABLE/RESIDENCY

An individual becomes a tax resident if domiciled in Indonesia or present in Indonesia for more than 183 days in any 12 months period, or present in Indonesia during part of a year with intention to stay or work in Indonesia. Assignees working in Indonesia should note the following:

- As a tax resident in Indonesia, you are taxed on world-wide income and disclose your assets and liabilities.
- Foreign tax credit for taxes paid abroad is allowed.
- Non-tax resident individuals are taxed on Indonesian sourced income.
- Income tax year is a calendar year, i.e. 1st January to 31st December.
- Individuals are required to lodge an Indonesian annual tax return by 31st of March following tax year, and can be extended maximum 2 months, i.e. by 31st of May.
- Any tax payable should be paid at the latest before the filing annual tax return.
- If there is any monthly tax installment, it should be paid and filed by 15th and 20th day of the following month of each tax period respectively.

Annual Personal Deduction

Recently, the Directorate General of Taxes (“DGT”) has issued the new personal deduction which is applied retroactively from January 2016, as follows:

- Taxpayer - IDR 54,000,000 per annum
- Spouse - IDR 4,500,000 per annum (additional IDR 54,000,000 for wife who combines her income with her husband)
- Dependents (max. 3) - IDR 4,500,000 each per annum.

For employees, there are several deductions apart from the above, as follows:

- Occupation expenses - 5% from gross income for a maximum of IDR 6,000,000 per annum
- Contribution to approved pension fund (e.g. BPJS) - amount of self contributions.

REGISTRATION/FORMALITIES

All individual tax residents are obligated to register with Indonesian Tax Office (“ITO”) and obtain a Tax File Number (“TFN”).

For expatriates working in Indonesia, the following documents are required for TFN registration:

- Passport;
- Stay Permit;
- Working Permit; and
- Company’s TFN.

While for Indonesian nationals, the identity card and family card are required for TFN registration.

Exemption from TFN registration is available for individuals earning below the non-taxable income threshold and those who do not qualify as individual tax residents.

Individual taxpayers are required to file annual individual income tax returns. If applicable, monthly tax payment and filing are required.

When the individual leaves Indonesia permanently, he/she has to notify the ITO by submitting the deregistration application and filing a final income tax return.

INCOME TAX RATES

Tax rate	Taxable income
5%	Up to IDR 50,000,000
15%	Over IDR 50,000,000 but not exceeding IDR 250,000,000
25%	Over IDR 250,000,000 but not exceeding IDR 500,000,000
30%	Over IDR 500,000,000

Non-resident individuals are generally subject to a 20% withholding tax on income received from Indonesia. However, this rate varies depending on the circumstances and the prevailing tax treaty provisions.

The Indonesian Government recently issued Minister of Finance Regulation Number 44/PMK.03/2020 (PMK-44/2020) regarding Tax Incentives for Taxpayers Affected by Coronavirus Outbreak.

Income received by an Employee who work for eligible Employers with Business Sector Classification code as set out in PMK-44/2020, having taxpayer ID number (NPWP), in the relevant fiscal period, receiving or obtaining fixed, regular annualized Gross Income of not more than Rp 200,000,000 (two hundred million Indonesian Rupiah) and is subject to Income Tax Article 21 deduction every month by Employer.

The Income Tax deducted in accordance with Income Tax Article 21 as referred above shall be borne by the Indonesian Government from the Tax Period of April 2020 to the Tax Period of September 2020.

SOCIAL TAX RATES

The Indonesian government has introduced the social security schemes, i.e. Manpower Scheme (BPJS Ketenagakerjaan) and Healthcare Scheme (BPJS Kesehatan) which applies to all employees, including expatriates who work in Indonesia for at least 6 (six) months.

The premium contributions to Manpower Scheme are as follow:

- Working accident protection - 0.24% - 1.74% (borne by employer)
- Death insurance - 0.3% (borne by employer)
- Old age saving - 3.7% (borne by employer) and 2% (borne by employee)
- Pension plan - 2% (borne by employer) and 1% (borne by employee) which is allowed only for Indonesian nationals.

The contributions to Manpower Scheme are calculated from the gross income, except for the pension plan contribution which is calculated from the maximum base of IDR 8,939,700 per month.

While, for the contributions to Healthcare Scheme as follow, it is calculated from the maximum base of IDR 12,000,000 per month:

- 4% (borne by employer)
- 1% (borne by employee)

For further information and to register for future updates contact expat@bdo.global

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