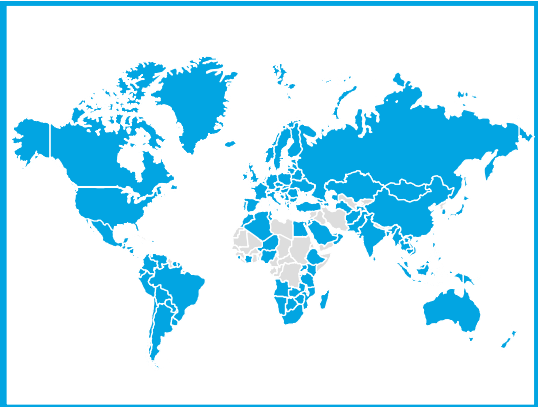


INPATRIATES Indonesia

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 must disclose your assets and liabilities.
- Foreign tax credit for taxes paid abroad is allowed. The tax paid could be claimed against Indonesia tax liability if the proof of tax paid is available i.e., withholding tax slip, tax return, etc.
- 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.

REGISTRATION/FORMALITIES

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

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

- Passport;
- Stay Permit;
- Working Permit

While for Indonesian nationals, the identity card and family card (*Kartu Keluarga or KK*) are required for TIN registration.

Exemption from TIN 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 must notify the ITO by submitting the deregistration application and filing a final income tax return.

ANNUAL PERSONAL DEDUCTION

By virtue of the Indonesian tax law and regulation, the applicable personal deduction starting effectively from January 2016 is as follow:

- 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.

Apart from the above, there are several deductions For employees 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., Social Health Insurance Administration Body or Badan Penyelenggara Jaminan Sosial or BPJS) - on the self contributions amount.

INCOME TAX RATES AND SOCIAL SECURITY CONTRIBUTIONS

PERSONAL INCOME TAX RATES

Tax rate	Taxable income
5%	Up to IDR 60,000,000
15%	More than IDR 60,000,000 up to IDR 250,000,000
25%	More than IDR 250,000,000 up to IDR 500,000,000
30%	More than IDR 500,000,000 up to IDR 5,000,000,000
35%	More than IDR 5,000,000,000

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.

As a result of expatriates lodging income tax returns, the likely classes of income and taxation implications will be as follows:

- Interest income derived outside Indonesia by the expatriates or their spouses will be subject to maximum tax rate of 35% in Indonesia with a tax credit being allowed for interest withholding tax in most countries tax treaties with Indonesia.
- Dividend and rental income derived outside Indonesia by the expatriate or their spouses will be assessable in Indonesia, with a credit allowed for foreign taxes.
- Dividend income from overseas will be exempted from tax if the dividend is invested in Indonesia in certain investment forms for a period of at least three years after the fiscal year in which the dividend is received. Taxpayer must submit annual Investment Realization Report for 3 consecutive fiscal years since dividend is received or earned.

SOCIAL SECURITY CONTRIBUTION 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 9,077,660 per month starting effectively from March 2022.

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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