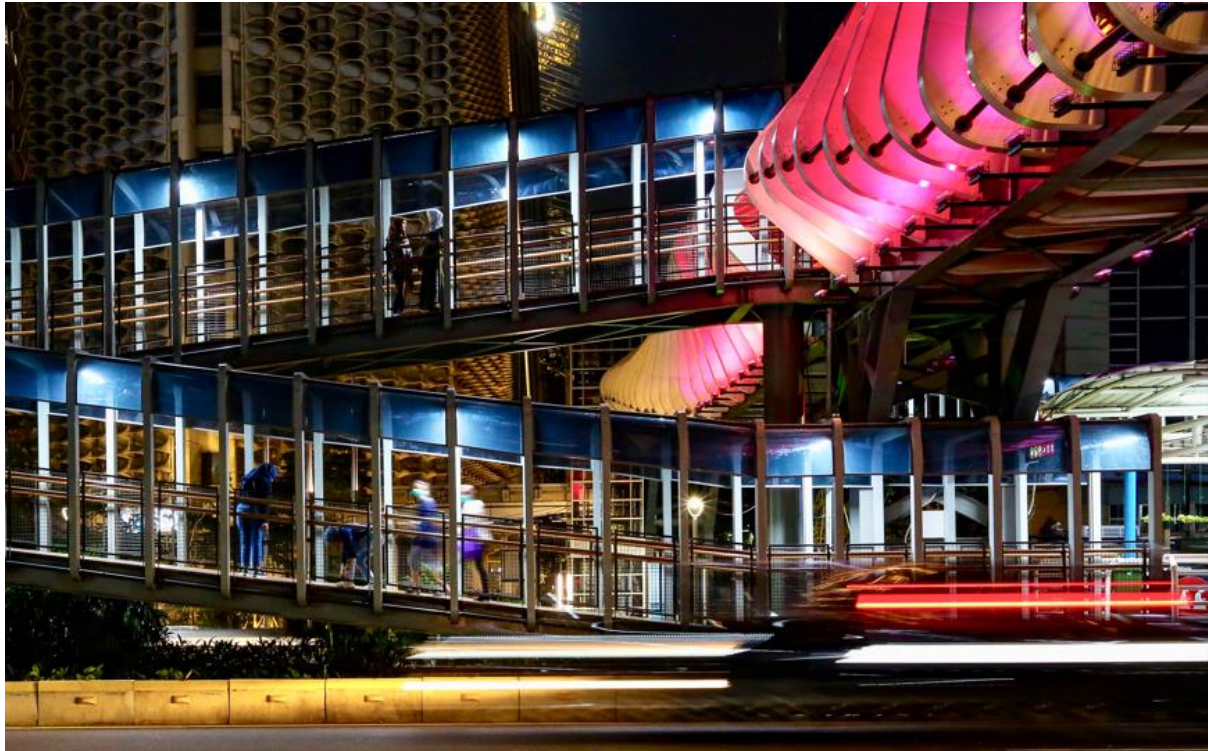


TaxLens

January 2024 # 1



Introduction of Article 21 Effective Withholding Tax Rates

The Indonesian Government issued Government Regulation No. 58 Year 2023 (“**GR-58**”) on 27 December 2023 regarding Article 21 Withholding Tax (“**WHT**”) Tariff on Income from Employment, Services or Activities by Individual Taxpayers. GR-58 is effective from 1 January 2024.

GR-58 aims to provide simplicity on Article 21 WHT implementation by introducing the effective WHT rates or known as *Tarif Efektif Rata-Rata* (“**TER**”). Key highlights of GR-58 are discussed below.

Permanent Employee

GR-58 does not aim to alter the total WHT to be imposed on permanent employees’ remuneration, but it provides sets of TER to be imposed on monthly gross remuneration of permanent employee during the January to November tax periods.

In respect of December WHT period, the employer is required to calculate the total annual Article 21 WHT due based on the “normal” progressive income tax rates (5% to 35%) under Article 17(1)(a) of the prevailing Income Tax Law, which is similar to the pre-GR-58 Article 21 WHT calculation. The total annual Article 21 WHT due is then deducted with tax credit from Article 21 WHT imposed during the January to November periods using GR-58 TER approach.

The table below summarises Article 21 WHT calculation under GR-58:

Permanent Employees Categories	Permanent Employee Status at the Beginning of the Calendar Year	January to November Article 21 WHT rates based on GR-58 TER	December Article 21 WHT
Category A	Single without dependant (TK/0) Single with one dependant (TK/1) Married without dependant (K/0)	0% to 34% on Category A gross remuneration bands (Refer to Category A tariff table in Appendix)	Tax withholder to calculate the total Article 21 WHT on annual remunerations of permanent employee based on Article 17(1)(a) of prevailing Income Tax Law (progressive tax rates of 5% to 35%), with the total January to November WHTs calculated under GR-58 TER being treated as a tax credit
Category B	Single with two or three dependants (TK/2 & TK/3) Married with one or two dependants (K/1 & K/2)	0% to 34% on Category B gross remuneration bands (Refer to Category B tariff table in Appendix)	
Category C	Married with three dependants (K/3)	0% to 34% on Category C gross remuneration bands (Refer to Category C tariff table in Appendix)	

Non-Permanent Employee

GR-58 also governs Article 21 WHT rates for non-permanent employee that receives remuneration on daily, weekly, unit, or lump-sum basis.

Daily Gross Income	Daily TER /Tariff
Up to IDR 450 thousand per day	0%
Above IDR 450 thousand per day to IDR 2.5 million per day	0.5%

In the case where the non-permanent employee receives remuneration on weekly, unit, or lump-sum basis, the WHT imposition base is the average daily gross income (total gross remuneration divided by total working days).

Implementing Regulation

A Minister of Finance's regulation will be issued soon to provide further guidance on the implementation of GR-58. It is expected that this regulation will also address Article 21 WHT on remuneration received by Non-Permanent Employee, Non-Employee, Activity Participant, Board of Commissioners or Supervisory Board, etc.

The Directorate General of Tax ("DGT") has also confirmed in a press release that it will provide a tool to facilitate the Article 21 WHT calculation, which can be accessed via DJPOnline system from January 2024.

Actions by Taxpayers

Taxpayers may consider taking the following actions by its payroll and tax functions:

- monitor further developments in implementing regulation and the tool to be provided by the DGT;
- review the implications of GR-58 to payroll systems and the associated employment income tax calculation;
- including any benefits-in-kind as part of the monthly gross remuneration subject to GR-58 TER during January to November tax periods and annual Article 21 WHT calculation in December tax period; and
- socialisation of GR-58 to employees.

Please contact Anantya's professionals below for any further queries regarding the implementation of GR-58.



Ali Mardi

ali.mardi@anantya.co.id
Mobile Phone: +62 812 102 38 18



Budi Sulistiono

budi.sulistiono@anantya.co.id
Mobile Phone: +62 821 4238 1000



Rangga Kusuma

rangga.kusuma@anantya.co.id
Mobile Phone: +62 812 90502757



Kevin Pangaribuan

kevin.pangaribuan@anantya.co.id
Mobile Phone: +62 821 3258 5865

Disclaimer: This TaxLens publication is not intended to provide a comprehensive analysis of tax laws and practice developments. Readers should seek independent professional tax advice before applying the information contained in this publication. Whilst every effort has been made to ensure the accuracy of this publication, PT Anantya Trustindo Mandiri ("Anantya Consulting") is not responsible for any inaccuracies, errors, or omissions in this publication. Anantya Consulting accepts neither responsibility nor liabilities to any parties for the outcomes or results of using or relying on this publication.

APPENDIX

TER Category A

No	Gross Income Bands (IDR)			TER A
1	Up to			5,400,000
2	5,400,001	up to	5,650,000	0.25%
3	5,650,001	up to	5,950,000	0.50%
4	5,950,001	up to	6,300,000	0.75%
5	6,300,001	up to	6,750,000	1.00%
6	6,750,001	up to	7,500,000	1.25%
7	7,500,001	up to	8,550,000	1.50%
8	8,550,001	up to	9,650,000	1.75%
9	9,650,001	up to	10,050,000	2.00%
10	10,050,001	up to	10,350,000	2.25%
11	10,350,001	up to	10,700,000	2.50%
12	10,700,001	up to	11,050,000	3.00%
13	11,050,001	up to	11,600,000	3.50%
14	11,600,001	up to	12,500,000	4.00%
15	12,500,001	up to	13,750,000	5.00%
16	13,750,001	up to	15,100,000	6.00%
17	15,100,001	up to	16,950,000	7.00%
18	16,950,001	up to	19,750,000	8.00%
19	19,750,001	up to	24,150,000	9.00%
20	24,150,001	up to	26,450,000	10.00%
21	26,450,001	up to	28,000,000	11.00%
22	28,000,001	up to	30,050,000	12.00%

No	Gross Income Bands (IDR)			TER A
23	30,050,001	up to	32,400,000	13.00%
24	32,400,001	up to	35,400,000	14.00%
25	35,400,001	up to	39,100,000	15.00%
26	39,100,001	up to	43,850,000	16.00%
27	43,850,001	up to	47,800,000	17.00%
28	47,800,001	up to	51,400,000	18.00%
29	51,400,001	up to	56,300,000	19.00%
30	56,300,001	up to	62,200,000	20.00%
31	62,200,001	up to	68,600,000	21.00%
32	68,600,001	up to	77,500,000	22.00%
33	77,500,001	up to	89,000,000	23.00%
34	89,000,001	up to	103,000,000	24.00%
35	103,000,001	up to	125,000,000	25.00%
36	125,000,001	up to	157,000,000	26.00%
37	157,000,001	up to	206,000,000	27.00%
38	206,000,001	up to	337,000,000	28.00%
39	337,000,001	up to	454,000,000	29.00%
40	454,000,001	up to	550,000,000	30.00%
41	550,000,001	up to	695,000,000	31.00%
42	695,000,001	up to	910,000,000	32.00%
43	910,000,001	up to	1,400,000,000	33.00%
44	above			1,400,000,000

TER Category B

No	Gross Income Bands (IDR)			TER B
1	Up to			6,200,000
2	6,200,001	up to	6,500,000	0.25%
3	6,500,001	up to	6,850,000	0.50%
4	6,850,001	up to	7,300,000	0.75%
5	7,300,001	up to	9,200,000	1.00%
6	9,200,001	up to	10,750,000	1.50%
7	10,750,001	up to	11,250,000	2.00%
8	11,250,001	up to	11,600,000	2.50%
9	11,600,001	up to	12,600,000	3.00%
10	12,600,001	up to	13,600,000	4.00%
11	13,600,001	up to	14,950,000	5.00%
12	14,950,001	up to	16,400,000	6.00%
13	16,400,001	up to	18,450,000	7.00%
14	18,450,001	up to	21,850,000	8.00%
15	21,850,001	up to	26,000,000	9.00%
16	26,000,001	up to	27,700,000	10.00%
17	27,700,001	up to	29,350,000	11.00%
18	29,350,001	up to	31,450,000	12.00%
19	31,450,001	up to	33,950,000	13.00%
20	33,950,001	up to	37,100,000	14.00%

No	Gross Income Bands (IDR)			TER B
21	37,100,001	up to	41,100,000	15.00%
22	41,100,001	up to	45,800,000	16.00%
23	45,800,001	up to	49,500,000	17.00%
24	49,500,001	up to	53,800,000	18.00%
25	53,800,001	up to	58,500,000	19.00%
26	58,500,001	up to	64,000,000	20.00%
27	64,000,001	up to	71,000,000	21.00%
28	71,000,001	up to	80,000,000	22.00%
29	80,000,001	up to	93,000,000	23.00%
30	93,000,001	up to	109,000,000	24.00%
31	109,000,001	up to	129,000,000	25.00%
32	129,000,001	up to	163,000,000	26.00%
33	163,000,001	up to	211,000,000	27.00%
34	211,000,001	up to	374,000,000	28.00%
35	374,000,001	up to	459,000,000	29.00%
36	459,000,001	up to	555,000,000	30.00%
37	555,000,001	up to	704,000,000	31.00%
38	704,000,001	up to	957,000,000	32.00%
39	957,000,001	up to	1,405,000,000	33.00%
40	above			1,405,000,000

APPENDIX

TER Category C

No	Gross Income Bands (IDR)			TER C
1	Up to		6,600,000	0.00%
2	6,600,001	up to	6,950,000	0.25%
3	6,950,001	up to	7,350,000	0.50%
4	7,350,001	up to	7,800,000	0.75%
5	7,800,001	up to	8,850,000	1.00%
6	8,850,001	up to	9,800,000	1.25%
7	9,800,001	up to	10,950,000	1.50%
8	10,950,001	up to	11,200,000	1.75%
9	11,200,001	up to	12,050,000	2.00%
10	12,050,001	up to	12,950,000	3.00%
11	12,950,001	up to	14,150,000	4.00%
12	14,150,001	up to	15,550,000	5.00%
13	15,550,001	up to	17,050,000	6.00%
14	17,050,001	up to	19,500,000	7.00%
15	19,500,001	up to	22,700,000	8.00%
16	22,700,001	up to	26,600,000	9.00%
17	26,600,001	up to	28,100,000	10.00%
18	28,100,001	up to	30,100,000	11.00%
19	30,100,001	up to	32,600,000	12.00%
20	32,600,001	up to	35,400,000	13.00%
21	35,400,001	up to	38,900,000	14.00%

No	Gross Income Bands (IDR)			TER C
22	38,900,001	up to	43,000,000	15.00%
23	43,000,001	up to	47,400,000	16.00%
24	47,400,001	up to	51,200,000	17.00%
25	51,200,001	up to	55,800,000	18.00%
26	55,800,001	up to	60,400,000	19.00%
27	60,400,001	up to	66,700,000	20.00%
28	66,700,001	up to	74,500,000	21.00%
29	74,500,001	up to	83,200,000	22.00%
30	83,200,001	up to	95,600,000	23.00%
31	95,600,001	up to	110,000,000	24.00%
32	110,000,001	up to	134,000,000	25.00%
33	134,000,001	up to	169,000,000	26.00%
34	169,000,001	up to	221,000,000	27.00%
35	221,000,001	up to	390,000,000	28.00%
36	390,000,001	up to	463,000,000	29.00%
37	463,000,001	up to	561,000,000	30.00%
38	561,000,001	up to	709,000,000	31.00%
39	709,000,001	up to	965,000,000	32.00%
40	965,000,001	up to	1,419,000,000	33.00%
41	above		1,419,000,000	34.00%