



2024 TAX UPDATES

Government Regulation Number 58 Year 2023

On 27 December 2023, the government issued Regulation Number 58 Year 2023 regarding Article 21 income tax rate on employment, service, and activity income received by individuals. This regulation is effective starting 1 January 2024 and aims to simplify the monthly withholding tax calculation in relation to the above types of income.

New rate implementation of withholding tax Article 21 calculation:

Monthly withholding Article 21 (January - November)	Monthly withholding Article 21 (December)
Effective tax rate (ETR): a. Monthly ETR b. Daily ETR	Progressive rate based on income tax Article 17

The monthly ETR application considers pension costs, occupation costs, and other non-taxable incomes, all of which are intended to be deducted from gross income.

Classifications of effective tax rates

1. Monthly ETR

The monthly ETR is applied on all income received by an individual on a monthly basis, which is classified based on the marital status and the range of monthly income received. There are three categories, as follows:

- Category A for individuals with a marital status of:
 - ✓ Single with no dependent (S/0);
 - ✓ Single with one dependent (S/1);
 - ✓ Married with no dependent (M/0).

- Category B for individuals with a marital status of:
 - ✓ Single with two dependents (S/2);
 - ✓ Single with three dependents (S/3);
 - ✓ Married with one dependents (M/1);
 - ✓ Married with two dependents (M/2).

- Category C for individuals with a marital status of:
 - ✓ Married with three dependents (M/3).

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The applicable monthly ETR for each range of income under each category can be seen in Appendix A.

2. Daily ETR

The daily ETR is applied on income received by a non-permanent employee on a daily/weekly/unit/piece rate basis. If the income is not paid on a daily basis, the tax base on which the daily ETR is applied is the average daily income based on the number of working days.

The applicable daily ETR and daily income range are as follows:

- 0% for daily income up to IDR 450,000;
- 0.5% for daily income above IDR 450,000 up to IDR 2,500,000.

At this stage, GR-58 does not regulate the applicable ETR nor whether the ETR is applicable for daily income above IDR 2,500,000.

Ministry of Finance Regulation Number 168 Year 2023

An income that is deducted from income tax Article 21 and/or income tax Article 26 in connection with Work, Services or Activities, consists of:

1. income received or earned by permanent employees, whether regular or irregular;
2. income received or obtained by the pensioner regularly in the form of pension money or similar income;
3. rewards to members of the board of commissioners or members of the supervisory board that are received or obtained irregularly;
4. non-permanent employee income, which can be in the form of:
 - a. daily wages;
 - b. weekly wages;
 - c. piece wages;
 - d. piecework wages; and
 - e. wages received or earned monthly;
5. compensation to non-employees as compensation in connection with freelance work or services performed, which can be in the form of:
 - a. honorarium;
 - b. commission;
 - c. fees; and
 - d. similar rewards;
6. compensation to activity participants, which can be in the form of:
 - a. pocket money;
 - b. representation money;
 - c. meeting money;
 - d. honorarium;
 - e. prizes or awards; and
 - f. similar rewards;
7. pension benefit money or similar income partially withdrawn by pension program participants who still have the status of employees; and
8. income or compensation received or earned by former employees, which can be in the form of:
 - a. production service;
 - b. Bonus;
 - c. gratuities as regulated in the income tax law;
 - d. bonus; and
 - e. other irregular rewards.

Net income is the entire amount of gross income one Tax Year or part of a Tax Year deducted by any permitted deductions as below:

1. occupation costs;
2. contributions related to pension and old age programs, which are related to salaries, paid by Employees through their employers to:
 - a. pension funds whose establishment has been approved by the Minister or has obtained permission from the Financial Services Authority;
 - b. Institution of Social Security employment; and
 - c. old-age benefit administering body whose establishment is in accordance with the provisions of statutory regulations; and
3. *zakat* or religious donations which are mandatory for followers of religions recognized in Indonesia, which are paid through employers to *zakat* amil bodies, *zakat* amil institutions and religious institutions established or authorized by the government.

The basis for imposing and withholding income tax Article 21 for members of the board of commissioners or members of the supervisory board who receive or obtain income irregularly is the amount of gross income.

The basis for imposing and withholding Income Tax Article 21 for Non-Permanent Employees is:

1. not received or earned on a monthly gross income basis and the total daily gross income is up to IDR 2,500,000., amounting to:
 - a. daily gross income, in terms of income received or accrued daily; or
 - b. average daily gross income, in the case of income received or earned other than daily.
2. not received or earned monthly and the total daily gross income is more than IDR 2,500,000., amounting to 50% of the total gross income; or
3. received or earned monthly, in the amount of gross income.

The basis for imposition and deduction of income tax Article 21 for **Non-Employees** is **50% of total gross income**.

The basis for imposing and withholding income tax Article 21 for **Activity Participants** is **the amount of gross income** where the payment is in full and not divided.

The basis for imposing and withholding Income tax article 21 for **Pension Program Participants** who still have employee status is **the amount of gross income**.

The basis for imposing and withholding income tax Article 21 for **Former Employees** is **the amount of gross income**.

The basis for imposition and deduction of income tax Article 26 in connection with Work, Services or Activities for **overseas individual taxpayers** is **the amount of gross income**.

The withholding rate for income tax Article 26 in connection with Work, Services or Activities is **20%** and is final or in accordance with the provisions of the double taxation avoidance agreement in force between the Republic of Indonesia and the country or jurisdiction of the foreign taxpayer's domicile.

Income tax Article 21 which must be withheld for **Permanent Employees and Pensioners**:

1. **each Tax Period** other than the Last Tax Period is calculated using the **monthly effective rate** multiplied by the base of imposition and deductions; and
2. **the Last Tax Period** is the difference between income tax Article 21 which is payable for one Tax Year or part of the Tax Year and income tax Article 21 **which has been deducted in the Tax Period** other than the last Tax Period.

Income tax Article 21 payable for one Tax Year or part of the Tax Year is calculated using the rate of Article 17 paragraph (1) letter a of the Income Tax Law multiplied by the basis of imposition and withholding one Tax Year or part of a Tax Year.

Income tax Article 21 which must be withheld for **members of the board of commissioners or members of the supervisory board** who receive or obtain income irregularly is at the **effective monthly rate** multiplied by the basis of imposition and deduction.

Income tax Article 21 which must be withheld for **Non-Permanent Employees** is calculated using:

1. **the effective daily rate** is multiplied by the basis of imposition and deductions;
2. **the rate of Article 17** paragraph (1) letter a of the Income Tax Law multiplied by the basis of imposition and deduction; or
3. **the effective monthly rate** is multiplied by the basis of imposition & deductions.

Income tax Article 21 which must be withheld for **Non-Employees, Activity Participants. Pension Program Participants** who still have employee status, and Former Employees is calculated using **the rate of Article 17** paragraph (1) letter a of the Income Tax Law multiplied by the basis for imposition and withholding.

Income tax Article 26 which must be withheld for **overseas individual taxpayers** is calculated using the **income tax Article 26 withholding rate** in connection with Work, Services or Activities multiplied by the basis of imposition and withholding.

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Appendix A

CATEGORY A		CATEGORY B		CATEGORY C	
Monthly Gross Income	ETR	Monthly Gross Income	ETR	Monthly Gross Income	ETR
Up to IDR 5,400,000	0%	Up to IDR 6,200,000	0%	Up to IDR 6,600,000	0%
> IDR 5,400,000 - IDR 5,650,000	0.25%	> IDR 6,200,000 - IDR 6,500,000	0.25%	> IDR 6,600,000 - IDR 6,950,000	0.25%
> IDR 5,650,000 - IDR 5,950,000	0.50%	> IDR 6,500,000 - IDR 6,850,000	0.50%	> IDR 6,950,000 - IDR 7,350,000	0.50%
> IDR 5,950,000 - IDR 6,300,000	0.75%	> IDR 6,850,000 - IDR 7,300,000	0.75%	> IDR 7,350,000 - IDR 7,800,000	0.75%
> IDR 6,300,000 - IDR 6,750,000	1%	> IDR 7,300,000 - IDR 9,200,000	1%	> IDR 7,800,000 - IDR 8,850,000	1%
> IDR 6,750,000 - IDR 7,500,000	1.25%	> IDR 9,200,000 - IDR 10,750,000	1.50%	> IDR 8,850,000 - IDR 9,800,000	1.25%
> IDR 7,500,000 - IDR 8,550,000	1.50%	> IDR 10,750,000 - IDR 11,250,000	2%	> IDR 9,800,000 - IDR 10,950,000	1.50%
> IDR 8,550,000 - IDR 9,650,000	1.75%	> IDR 11,250,000 - IDR 11,600,000	2.50%	> IDR 10,950,000 - IDR 11,200,000	1.75%
> IDR 9,650,000 - IDR 10,050,000	2%	> IDR 11,600,000 - IDR 12,600,000	3%	> IDR 11,200,000 - IDR 12,050,000	2%
> IDR 10,050,000 - IDR 10,350,000	2.25%	> IDR 12,600,000 - IDR 13,600,000	4%	> IDR 12,050,000 - IDR 12,950,000	3%
> IDR 10,350,000 - IDR 10,700,000	2.50%	> IDR 13,600,000 - IDR 14,950,000	5%	> IDR 12,950,000 - IDR 14,150,000	4%
> IDR 10,700,000 - IDR 11,050,000	3%	> IDR 14,950,000 - IDR 16,400,000	6%	> IDR 14,150,000 - IDR 15,550,000	5%
> IDR 11,050,000 - IDR 11,600,000	3.50%	> IDR 16,400,000 - IDR 18,450,000	7%	> IDR 15,550,000 - IDR 17,050,000	6%
> IDR 11,600,000 - IDR 12,500,000	4%	> IDR 18,450,000 - IDR 21,850,000	8%	> IDR 17,050,000 - IDR 19,500,000	7%
> IDR 12,500,000 - IDR 13,750,000	5%	> IDR 21,850,000 - IDR 26,000,000	9%	> IDR 19,500,000 - IDR 22,700,000	8%
> IDR 13,750,000 - IDR 15,100,000	6%	> IDR 26,000,000 - IDR 27,700,000	10%	> IDR 22,700,000 - IDR 26,600,000	9%
> IDR 15,100,000 - IDR 16,950,000	7%	> IDR 27,700,000 - IDR 29,350,000	11%	> IDR 26,600,000 - IDR 28,100,000	10%
> IDR 16,950,000 - IDR 19,750,000	8%	> IDR 29,350,000 - IDR 31,450,000	12%	> IDR 28,100,000 - IDR 30,100,000	11%
> IDR 19,750,000 - IDR 24,150,000	9%	> IDR 31,450,000 - IDR 33,950,000	13%	> IDR 30,100,000 - IDR 32,600,000	12%
> IDR 24,150,000 - IDR 26,450,000	10%	> IDR 33,950,000 - IDR 37,100,000	14%	> IDR 32,600,000 - IDR 35,400,000	13%
> IDR 26,450,000 - IDR 28,000,000	11%	> IDR 37,100,000 - IDR 41,100,000	15%	> IDR 35,400,000 - IDR 38,900,000	14%
> IDR 28,000,000 - IDR 30,050,000	12%	> IDR 41,100,000 - IDR 45,800,000	16%	> IDR 38,900,000 - IDR 43,000,000	15%
> IDR 30,050,000 - IDR 32,400,000	13%	> IDR 45,800,000 - IDR 49,500,000	17%	> IDR 43,000,000 - IDR 47,400,000	16%

Appendix A (cont'd)

CATEGORY A		CATEGORY B		CATEGORY C	
Monthly Gross Income	ETR	Monthly Gross Income	ETR	Monthly Gross Income	ETR
> IDR 32,400,000 - IDR 35,400,000	14%	> IDR 49,500,000 - IDR 53,800,000	18%	> IDR 47,400,000 - IDR 51,200,000	17%
> IDR 35,400,000 - IDR 39,100,000	15%	> IDR 53,800,000 - IDR 58,500,000	19%	> IDR 51,200,000 - IDR 55,800,000	18%
> IDR 39,100,000 - IDR 43,850,000	16%	> IDR 58,500,000 - IDR 64,000,000	20%	> IDR 55,800,000 - IDR 60,400,000	19%
> IDR 43,850,000 - IDR 47,800,000	17%	> IDR 64,000,000 - IDR 71,000,000	21%	> IDR 60,400,000 - IDR 66,700,000	20%
> IDR 47,800,000 - IDR 51,400,000	18%	> IDR 71,000,000 - IDR 80,000,000	22%	> IDR 66,700,000 - IDR 74,500,000	21%
> IDR 51,400,000 - IDR 56,300,000	19%	> IDR 80,000,000 - IDR 93,000,000	23%	> IDR 74,500,000 - IDR 83,200,000	22%
> IDR 56,300,000 - IDR 62,200,000	20%	> IDR 93,000,000 - IDR 109,000,000	24%	> IDR 83,200,000 - IDR 95,600,000	23%
> IDR 62,200,000 - IDR 68,600,000	21%	> IDR 109,000,000 - IDR 129,000,000	25%	> IDR 95,600,000 - IDR 110,000,000	24%
> IDR 68,600,000 - IDR 77,500,000	22%	> IDR 129,000,000 - IDR 163,000,000	26%	> IDR 110,000,000 - IDR 134,000,000	25%
> IDR 77,500,000 - IDR 89,000,000	23%	> IDR 163,000,000 - IDR 211,000,000	27%	> IDR 134,000,000 - IDR 169,000,000	26%
> IDR 89,000,000 - IDR 103,000,000	24%	> IDR 211,000,000 - IDR 374,000,000	28%	> IDR 169,000,000 - IDR 221,000,000	27%
> IDR 103,000,000 - IDR 125,000,000	25%	> IDR 374,000,000 - IDR 459,000,000	29%	> IDR 221,000,000 - IDR 390,000,000	28%
> IDR 125,000,000 - IDR 157,000,000	26%	> IDR 459,000,000 - IDR 555,000,000	30%	> IDR 390,000,000 - IDR 463,000,000	29%
> IDR 157,000,000 - IDR 206,000,000	27%	> IDR 555,000,000 - IDR 704,000,000	31%	> IDR 463,000,000 - IDR 561,000,000	30%
> IDR 206,000,000 - IDR 337,000,000	28%	> IDR 704,000,000 - IDR 957,000,000	32%	> IDR 561,000,000 - IDR 709,000,000	31%
> IDR 337,000,000 - IDR 454,000,000	29%	> IDR 957,000,000 - IDR 1,405,000,000	33%	> IDR 709,000,000 - IDR 965,000,000	32%
> IDR 454,000,000 - IDR 550,000,000	30%	> IDR 1,405,000,000	34%	> IDR 965,000,000 - IDR 1,419,000,000	33%
> IDR 550,000,000 - IDR 695,000,000	31%			> IDR 1,419,000,000	34%
> IDR 695,000,000 - IDR 910,000,000	32%				
> IDR 910,000,000 - IDR 1,400,000,000	33%				
> IDR 1,400,000,000	34%				

InCorp Indonesia's Overview of Services

