



Indonesia Tax Info

Reduction of Income Tax on Bonds Interest Earned by Collective Investment Contracts ("KIK")

The Government of Indonesia has issued Government Regulation Number 55 Year 2019 ("GR-55") to enhance Indonesian bonds market and the development of infrastructure and real estate sectors. GR-55, which comes into force on 12 August 2019, amends the previous Government Regulations, i.e. Number 16 Year 2009 and Number 100 Year 2013.

GR-55 reduces the final income tax on bonds interest earned by OJK-registered KIK under the Infrastructure Investment Fund, Real Estate Investment Fund, and Asset-Backed Securities from 15% to 5% for interest earned up to 31 December 2020 and 10% for interest earned thereafter.

GR-55 also expands the definition of "Bonds" to include those issued by regional governments.

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Release of Automatic Exchange of Financial Account Information (“AEOI”) Partner List

The Directorate General of Taxation (“DGT”) has just announced the list of AEOI partners that has signed and ratified the Multilateral Competent Agreement of AEOI in its Letter Number 05/PJ/2019 dated 10 July 2019. Four new AEOI partners, i.e. Brunei Darussalam, Albania, Ghana, and Saint Kitts & Nevis are added to the list, where only Brunei Darussalam is a tax treaty partner with Indonesia.

The AEOI partners now consist of 98 participating jurisdictions, of which Indonesia is under the obligation to report to 82 jurisdictions under the agreement.

Article 25 Income Tax Treatment for Certain Entrepreneurs-Individual Taxpayers Now Clarified

The DGT has issued Regulation Number 14/PJ/2019 (“PER-14”) on 3 July 2019 to revoke Regulation Number PER-32/PJ/2010 (“PER-32”) on Article 25 Income Tax obligation for certain entrepreneurs-individual taxpayers.

Prior to PER-14, there has been confusion or uncertainty over the tax treatment for certain individual entrepreneur taxpayers. Under PER-32, certain entrepreneur individual taxpayers (i.e., retail entrepreneurs) were required to pay monthly Article 25 Income Tax instalment at 0.75% of its gross income. Meanwhile, under the Minister of Finance Regulation Number 99/PMK.03/2018 (“PMK-99”) that implements Government Regulation Number 23 Year 2018, individual taxpayers with gross turnover not exceeding IDR 4.8 billion in a fiscal year and choose to apply the final tax regime shall be subject to 0.5% final tax of the gross income (withheld by its customers).

However, kindly note that individual entrepreneur taxpayers with gross turnover not exceeding IDR 4.8 billion in a fiscal year and choose to apply non-final tax or normal corporate income tax rate are still required to pay monthly Article 25 Income Tax instalment at 0.75% of gross income, as required under Minister of Finance Regulation Number 215 Year 2018.

PER-14 comes into effect starting from 3 July 2019.



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