

Indonesian Tax Info

June 2016 edition

New Thresholds of Non-Taxable Income

The Minister of Finance ("MoF") has issued regulation number 101/PMK.010/2016 which was announced on 27 June 2016 ("MoF-101") to revoke MoF regulation number 122/PMK.010/2015 and stipulate increase of the Non-Taxable Income ("PTKP") threshold by 50% for individual taxpayers.

The new thresholds (and the comparison with the previous threshold) which are effective as of fiscal year 2016 are as follows:

| Basis of Deduction | Deductible Amount (per year) | |
|--------------------|--|--|
| | Previous Threshold | New Threshold |
| Taxpayer | IDR 36,000,000 | IDR 54,000,000 |
| Spouse | IDR 3,000,000 | IDR 4,500,000 |
| | (additional IDR 36,000,000 for a wife whose income is combined with her husband's) | (additional IDR 54,000,000 for a wife whose income is combined with her husband's) |
| Dependents | IDR 3,000,000 each | IDR 4,500,000 each |
| | (up to a maximum of 3 individuals related by blood or marriage) | (up to a maximum of 3 individuals related by blood or marriage) |

In relation to the change, withholders may need to recalculate the employment income withholding tax (PPh21) for previous tax periods and amend the relevant monthly tax returns accordingly. This should be further regulated in the DGT regulation and its implementing guideline.

Subsequent to the issuance of MoF-101, the MoF has also issued regulation number 102/PMK.010/2016 ("PMK-102") announced on 27 June 2016 to stipulate the increase of PTKP of daily, weekly and similar temporary employees (as referred to in Article 21(4) of Income Tax Law as most recently amended by Law No.36 of 2008). The PTKP is increased from IDR300,000 per day to IDR450,000 per day. This PTKP does not apply when the gross income exceeds IDR4,500,000 per month (previously, IDR3,000,000 per month), or when income is paid on a monthly basis. This arrangement also does not apply to honorarium or commissions paid to sales and insurance agents (penjaja barang dan petugas dinas luar asuransi). PMK-102 is effective on 27 June 2016 and supersedes the previous MoF regulation number 152/PMK.010/2015.

Contact Persons

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