



Indonesia Tax Alert April 2020

Guidance for Calculation of Monthly Income Tax Installments for Fiscal Years 2020 and 2022

On 31 March 2020, the President of Indonesia issued Government Regulation in Lieu of Law Number 1 (“PERPU-1”), in which the Corporate Income Tax (“CIT”) rates for domestic corporate taxpayers and permanent establishments are reduced from 25% to:

- 22% for fiscal years (“FY”) 2020 and 2021; and
- 20% for FY 2022 and subsequent years.

Furthermore, for publicly listed companies with a minimum of 40% of the shares held by public investors, and that also meet certain other criteria, the applicable CIT rate is 3% lower than the regular rate. (Please refer to [Tax Alert – April 2020](#) and [Tax Alert – April 2020: Tax Alert FSI edition](#))

After the issuance of PERPU-1, there were uncertainties on how the Article 25 Income Tax (“monthly tax installments”) for FY 2020 should be calculated, since monthly tax installments generally are calculated based on the previous year’s CIT return and rates. To address this issue, the Directorate General of Taxation has issued PER-08/PJ/2020 (“PER-08”), which provides guidance on how to calculate the monthly tax installments during the transitional years (i.e., FY 2020 and FY 2022).

The new CIT rates (22% (or 19% for qualified public listed companies) in FY 2020 and 20% (or 17% for qualified public listed companies) in FY 2022) are applied as follows when calculating monthly tax installments (assuming taxpayers adopt calendar fiscal years):

Taxpayers	FY2020	FY2022
General taxpayers	Starting from the April 2020 fiscal period	Starting from the fiscal period the FY 2021 CIT return is submitted (or, for FY 2021 CIT returns submitted after 30 April 2022, starting from the fiscal period the CIT return is due (i.e., the April 2022 fiscal period))
<ul style="list-style-type: none"> • Banks • State-owned enterprises (<i>Badan Usaha Milik Negara</i> ("BUMN"), and Regional government-owned enterprises (<i>Badan Usaha Milik Daerah</i> ("BUMD")) 		Starting from the beginning of the year (i.e., the January 2022 fiscal period)
<ul style="list-style-type: none"> • Listed Companies • Other companies that have to submit periodic financial statements (e.g., insurance companies, pension funds, financing companies, and other financial service institutions) 		Starting from the fiscal period the first periodic financial statements for FY 2022 are due

PER-08 confirms through examples in its attachments that taxpayers that submit applications for extension of FY 2019 and FY 2021 CIT returns (SPT-Y) qualify to apply the new CIT rates when calculating their FY 2020 and FY 2022 monthly tax installments.

In cases where the FY 2019 and/or FY 2021 CIT return is audited and the taxpayer is issued with a tax assessment letter during FY 2020 and/or FY 2022 respectively, the taxpayer's monthly tax installments must be recalculated for the remainder of the year by using the information included in the tax assessment letter.

The attachments to PER-08 also provides other examples of the calculation of monthly tax installments for various scenarios.

Contact Persons

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