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- **Increase in non-taxable income for calculating individual income tax**

***Higher non-taxable income in 2013!***

The Minister of Finance has recently announced an increase in non-taxable income (*Penghasilan Tidak Kena Pajak/PTKP*) for calculating individual income tax through the issue of Regulation No. 162/PMK.011/2012 (PMK-162). PMK-162 is dated 22 October 2012 and sets out new PTKP that will be effective from 1 January 2013.

Below is the comparison between the old and new PTKP per annum (in actual Rupiah):

No	Type	PTKP	
		old	new
1	Individual taxpayer	15,840,000	24,300,000
2	Additional for a married taxpayer	1,320,000	2,025,000
3	Additional for a working wife whose income is combined with her husband's income	15,840,000	24,300,000
4	Addition for each dependant of blood relatives and relatives by marriage in straight lineage, and adopted children (maximum 3)	1,320,000	2,025,000

The increase of the PTKP may reduce government's tax revenue; however, parliament finally supported this adjustment as it is aiming to increase the purchasing power of mid-level taxpayers, hence encouraging businesses to grow and economic conditions to improve.

PMK-162 will be followed by a Director General of Tax Regulation which provides further guidance on the use of the new PTKP in the calculation of individual income tax.

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