

# **TaxFlash**



## ***New withholding tax reporting requirements***

As part of the key strategy for “intensification” and “extensification” of the target tax revenue for the country this year, the Director General of Tax (DGT) is requiring more information to be disclosed by companies in relation to withholding taxes collected from individuals/corporations.

The DGT issued regulation No.PER-01/PJ/2015 (PER-01) on 26 January 2015 to amend the format of Article 4(2) withholding tax forms. This regulation amends the previous regulation, i.e. PER-53/PJ/2009 (PER-53) and will be applicable beginning with the withholding tax reporting for March 2015, which has a filing deadline of 20 April 2015.

The Article 4(2) withholding tax forms covers the tax withholding on the following:

1. Interest from deposits, savings, Bank Indonesia Certificates (*Sertifikat Bank Indonesia/SBI*), and current accounts
2. Lottery prizes
3. Transactions on listed shares
4. Land and building rental
5. Construction services
6. Interest and/or discounts on bonds and Government Securities (*Surat Berharga Negara*)
7. Savings interest paid by cooperatives to their members
8. Dividends received by domestic individuals

The changes under PER-01 will require more information to be filled out by the tax withholder as follows.

## Withholding tax slips

All of the withholding tax slips for the above transactions will now require the identification (ID) number and the code for the ID document used. There are five codes provided, which are: (1) Citizen ID (*NIK/KTP*); (2) Driving license (*SIM*); (3) Passport; (4) Work permit (*KITAS/KITAP*); and (5) Others.

For transactions where the tax withholder may not normally ask for an ID document, this new requirement may add an administrative burden on the tax withholder, especially if the volume of transactions is substantial.

Furthermore, there is no stipulation in PER-01 on what kind of ID number should be used for corporate taxpayers. For corporate taxpayers which are business entities (*Badan Usaha*), a common ID number may be the Company Registration Certificate (*Tanda Daftar Perusahaan /TDP*) number. However, some corporate taxpayers, such as mutual funds, non-profit organisations, etc, may not have a TDP number. Therefore, the tax withholder must determine the type of ID document that they want to use for these types of corporate taxpayers.

Specifically for land and building rental, the withholding tax slips must also be completed by including the Land and Building Tax Object Number (*Nomor Objek Pajak*).

## List of withholding tax slips

As with PER-53, there are two lists of withholding tax slips, i.e. Form I.3 for withholding tax slips on interest from deposits, savings, Bank Indonesia Certificates (*Sertifikat Bank Indonesia/SBI*) and current accounts, and Form I.2 for the remaining withholding tax slips.

For Form I.2, the changes compared to PER-53 are that the withholder must now include the ID number, the ID code, and address of the income recipient. Other than the ID number and the ID code there are no new additions to the requirements.

However, for Form I.3, the changes to the information requirements are significant. The differences are illustrated in the table below.

Old	New
<p>The following information is required for <u>each type of interest income</u>:</p> <ul style="list-style-type: none"><li>• Total number of customers</li><li>• Total interest income</li><li>• Total withholding tax</li></ul>	<p>The following information is required for <u>each income recipient</u>:</p> <ul style="list-style-type: none"><li>• Tax ID number</li><li>• ID code</li><li>• ID number</li><li>• Name</li><li>• Address</li><li>• Number and date of the withholding tax slip</li><li>• Tax withheld</li></ul>

For retail banks, this will increase the effort required to submit their monthly Article 4(2) withholding tax return. Although they may have the necessary data, this may require system modifications to upload the information into the tax return system. The new tax regulation may also raise concerns around potential conflict with other laws.

## Your PwC Indonesia contacts

**Abdullah Azis**  
abdullah.azis@id.pwc.com

**Adi Poernomo**  
adi.poernomo@id.pwc.com

**Adi Pratikto**  
adi.pratikto@id.pwc.com

**Ali Widodo**  
ali.widodo@id.pwc.com

**Alexander Lukito**  
alexander.lukito@id.pwc.com

**Andrias Hendrik**  
andrias.hendrik@id.pwc.com

**Anthony J. Anderson**  
anthony.j.anderson@id.pwc.com

**Anton Manik**  
anton.a.manik@id.pwc.com

**Antonius Sanyojaya**  
antonius.sanyojaya@id.pwc.com

**Ay Tjhing Phan**  
ay.tjhing.phan@id.pwc.com

**Brian Arnold**  
brian.arnold@id.pwc.com

**Enna Budiman**  
enna.budiman@id.pwc.com

**Engeline Siagian**  
engeline.siagian@id.pwc.com

**Gadis Nurhidayah**  
gadis.nurhidayah@id.pwc.com

**Hendra Lie**  
hendra.lie@id.pwc.com

**Ivan Budiarnawan**  
ivan.budiarnawan@id.pwc.com

**Laksmi Djuwita**  
laksmi.djuwita@id.pwc.com

**Mardianto**  
mardianto.mardianto@id.pwc.com

**Margie Margaret**  
margie.margaret@id.pwc.com

**Michelle Mianova**  
michelle.mianova@id.pwc.com

**Parluhutan Simbolon**  
parluhutan.simbolon@id.pwc.com

**Paul Raman**  
paul.raman@id.pwc.com

**Peter Hohtoulas**  
peter.hohtoulas@id.pwc.com

**Runi Tusita**  
runi.tusita@id.pwc.com

**Ryuji Sugawara**  
ryuji.sugawara@id.pwc.com

**Sutrisno Ali**  
sutrisno.ali@id.pwc.com

**Suyanti Halim**  
suyanti.halim@id.pwc.com

**Tim Watson**  
tim.robert.watson@id.pwc.com

**Tjen She Siung**  
tjen.she.siung@id.pwc.com

**Yessy Anggraini**  
yessy.anggraini@id.pwc.com

**Yuliana Kurniadjaja**  
yuliana.kurniadjaja@id.pwc.com

**Yunita Wahadaniah**  
yunita.wahadaniah@id.pwc.com

[www.pwc.com/id](http://www.pwc.com/id)

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