

TaxFlash



Tax cut for public companies – easier requirements

The Government removes the condition to put paid-in shares into the collective custody of a custody and settlement institution (i.e. *PT Kustodian Sentral Efek Indonesia/KSEI*) as a requirement for the reduction of corporate tax for listed companies. This change represents a relaxation of the regulations and aims to encourage companies going public in the Indonesian Stock Exchange (IDX) and to increase public ownership.

The change is made through the issue of Government Regulation No.56/2015 (GR-56) dated 4 August 2015, which amends current requirements to deliver a 5% corporate tax cut for listed companies, providing:

- At least 40% of their paid-in shares are listed for trading in IDX;
- The public should consist of at least 300 individuals, each holding less than 5% of the paid-in shares;

These two conditions must be maintained for at least 183 days in a tax year.

GR-56 is effective from 4 August 2015. Public companies should assess their position as to whether they satisfy the above requirements by the end of the 2015 tax year.

Early redemption of old age savings – an update

After receiving strong public criticism on the stipulation of early redemption of old age savings prior to retirement, which can only be made after a minimum participation period of 10 years, the Government has decided to revise Article 26 of GR No. 46/2015 (GR-46) through the issue of GR No.60/2015 (GR-60) dated 12 August 2015 and Minister of Manpower Regulation No.19/2015 (PER-19) dated 19 August 2015.

Old age savings must be paid when the participant:

- a) has reached pension age;
- b) suffered a permanent disability; or
- c) passed away.

PER-19 expands the scope of “pension age” by stipulating that the following actions can be considered as the participant reaching his/her pension age:

- a) resigning;
- b) being laid-off; or
- c) leaving Indonesia permanently

These participants can receive their full-old age savings one month after the company’s acknowledgement of resignation or one month after the effective date of lay-off.

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