



New rules on Article 25 instalments for certain taxpayers ^{P1}

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The Minister of Finance (MoF) has issued a Regulation No.215/PMK.03/2018 (PMK-215) regarding Article 25 instalments for New Taxpayers, Banks, State-Owned Enterprises, Publicly-Listed Taxpayers and Other Taxpayers that must prepare periodic financial statements, including individual taxpayers of certain entrepreneurs.

PMK-215 is dated and effective from 31 December 2018. PMK-215 revokes the previous regulation No.255/PMK.03/2008, which was last amended by 208/PMK.03/2009.

PMK-215 stipulates the Article 25 instalment calculation basis including the allowable tax credit for each category of taxpayer as follows:

a) Banks

- The calculation is based on the Financial Position Report and Financial Statements submitted to the Financial Services Authority (*Otoritas Jasa Keuangan/OJK*) from the beginning of the year up to the reported tax period. Based on the example given, the report is monthly instead of quarterly as in the previous regulation.
- The Article 25 instalment is calculated based on the Article 17 Income Tax Law rate as applied to year-to-date net income, reduced by Article 22 and Article 25 tax credits (from the beginning of the year up to the end of the tax period before the reported tax period).
- The following items are excluded from net income:
 - ❖ Foreign income; and
 - ❖ Final and non-taxable income/expenses.
- Available tax losses can be compensated against net income.

- Where the OJK report has not been reported, the Article 25 amount will follow the last period and be subject to recalculation once the report is available. Any resulting underpayment will be subject to an administration sanction, while any resulting overpayment can be overbooked to the next tax period.
- b) Insurance Companies, Pension Funds, Financing Companies, other non-bank Financial Institutions and non-bank Public Companies
- The calculation is based on the quarterly report submitted to the Indonesian Stock Exchange and/or OJK.
 - The Article 25 instalment is calculated based on the Article 17 Income Tax Law rate as applied to year-to-date net income, reduced by Article 22, Article 23 and Article 25 tax credits (from the beginning of the year up to the end of the tax period before the reported tax period).
 - The following items are excluded from net income:
 - ❖ Foreign income; and
 - ❖ Final and non-taxable income/expenses.
 - Available tax losses can be compensated against net income.
 - As with the banks, where the Indonesian Stock Exchange and/or OJK report has not been reported, the Article 25 amount will follow the last period and be subject to recalculation once the report is available. Any resulting underpayment will be subject to an administration sanction, while any resulting overpayment can be overbooked to the next tax period.
- c) State-Owned Enterprises (other than those falling within point (a) and (b) above)
- The calculation is based on the Work Plan and Revenue Budget (*Rencana Kerja dan Anggaran Pendapatan/RKAP*) for the current fiscal year that has been legalized in a general shareholders' meeting.
 - The Article 25 instalment is calculated based on the Article 17 Income Tax Law rate as applied to net income, reduced by Article 22, Article 23, and Article 24 tax credits.
 - Where the RKAP report has not been legalized, the Article 25 amount will follow the last period and be subject to recalculation once the report is available. Any resulting underpayment will be subject to an administration sanction, while any resulting overpayment can be overbooked to the next tax period.
 - The RKAP report must be submitted to the tax office where the taxpayer is registered prior to the first Article 25 instalment payment deadline.
- d) Individual taxpayers with trading or service businesses (other than freelance services) whose place of business is different from the taxpayer's residence
- The Article 25 instalment for these taxpayers is set at 0.75% of the monthly gross turnover from each place of business that is different to the taxpayer's residence.
- e) New taxpayers per point (a) to point (d) above
- The Article 25 calculation instalment should follow the arrangements set out in point (a), (b), (c) or (d) above.
- f) New taxpayers in a merger, business combination, and/or acquisition

- The Article 25 instalment is based on the total of the Article 25 instalment of all related taxpayers prior to the merger, business combination, and/or acquisition.
- g) All taxpayers involved in spin-offs
 - The Article 25 instalment is based on the Article 25 instalment amount prior to the spin-off as prorated for each taxpayer based on the value of transferred assets.
- h) New taxpayers resulting from a change of business entity form
 - The Article 25 instalment is based on the amount prior to the change of business entity form.
- i) New taxpayers that fall under both points (a) to (c) and points (f) or (g)
 - The Article 25 calculation basis should follow the corresponding stipulation set out in point (f) or (g).
- j) New taxpayers other than point (a) to (i)
 - The Article 25 instalment for the first year is Nil.

More detailed examples for the calculation of Article 25 instalment for each taxpayers are available in the attachment of PMK-215.

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