



Classification of Taxpayer Business Fields – an update

On 9 September 2022, the Directorate General of Taxes (DGT) issued Regulation No.PER-12¹ to revoke DGT Decree No.KEP-233² regarding the Classification of Taxpayer Business Fields (*Klasifikasi Lapangan Usaha/KLU*).

In 2020, the Government issued an update to the Indonesian Standard Classification of Business Fields (*Klasifikasi Baku Lapangan Usaha Indonesia/ KBLI*). Due to this update, the KLUs listed in KEP-233 are no longer aligned with the newly updated KBLI.

Classification of taxpayers

PER-12 stipulates that the KLU for certain taxpayers are to follow the prevailing KBLI and no longer list down the KLU for each business classification. These are for:

- a) individual taxpayers who carry out business activities or independent work;
- b) undivided inheritance taxpayers conducting business activities;
- c) corporate taxpayers; and
- d) Government agency taxpayers.

Meanwhile, the KLU for the following individual taxpayers are listed in the Appendix of PER-12 as follows:

- a) state officials and administrators;
- b) employees of the State civil apparatus;
- c) Indonesian national army soldiers and members of the Indonesian national police;
- d) employees of State-Owned Enterprises/Regional-Owned Enterprises;
- e) private employees;
- f) retired civil servants/soldiers of the Indonesian national armed forces/ members of the Indonesian national police;
- g) officials/employees representing foreign countries and international agencies or organisations;
- h) an individual working in another employment relationship; and

¹ DGT Regulation No.PER-12/PJ/2022 (PER-12) dated and effective from 9 September 2022

² DGT Decree No.KEP-233/PJ/2012 (KEP-233) as lastly amended by DGT Decree No.KEP-321/PJ/2012

- i) an individual who does not carry out business activities or independent work and does not have a job in an employment relationship.

Other provisions

In the event that taxpayers have more than one economic activity, taxpayers should determine one KLU as their main KLU. The determination of this KLU is carried out based on the economic activity with the largest gross turnover or income among all of the taxpayer's economic activities in the previous Fiscal Year. Taxpayers should determine the KLU by themselves if the gross turnover from the taxpayer's biggest economic activities are the same, or if the taxpayer has several business activities, but they are still in pre-operating stage.

The determination of one KLU as a main KLU also applies to families as one economic unit for economic activity carried out by all family members. If the taxpayer has an integrated economic activity, the KLU from production, distribution, marketing, and management activities for a product or service will use one KLU. On this basis, the central and branch taxpayers will have the same main KLU as a single legal and economic entity.

The KLU for Government agency taxpayers and non-profit corporate taxpayers are governed separately.

Transitional provision

Starting 9 September 2022, the DGT changes the KLU (including changes due to KBLI updates) on an ex-officio basis for pre-existing taxpayers, in accordance with the provisions stipulated in PER-12.

In the event that there is a KLU that cannot be identified based on PER-12, then the DGT or officials appointed by the DGT on an ex officio basis or based on the application of the taxpayer, shall determine the KLU.

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