



New rules on Article 21  
monthly withholding tax  
calculation <sup>P1</sup>

## New rules on Article 21 monthly withholding tax calculation

On 27 December 2023, the government issued regulation No.GR-58<sup>1</sup> regarding Article 21 income tax rate on employment, service, and activity income received by individuals. This regulation is effective starting 1 January 2024 and aims to simplify the monthly withholding tax calculation in relation to the above types of income.

The main rules under this regulation are as follows:

### 1. Application mechanism for monthly income

GR-58 stipulates that the monthly Article 21 withholding tax calculation for the months of January to November is to be performed using an effective tax rate (“ETR”) and that annual calculation carried out in December is to still be performed using the normal Article 21 progressive income tax rate regulated under Article 17(1)(a) of Income Tax Law. The final tax underpayment will be based on the December recalculation amount minus the tax that has been withheld from January to November.

The ETR under GR-58 is applied on the gross income received by the individual in a particular month without applying any annualisation or deduction on the gross income. This is because the ETR has accounted for the applicable deductions such as non-taxable income, occupational expense, and pension contribution/expense.

### 2. Classifications of effective tax rates

#### a. Monthly ETR

The monthly ETR is applied on all income received by an individual on a monthly basis, which is classified based on the marital status and the range of monthly income received.

There are three categories, as follows:

- Category A for individuals with a marital status of:
  - ✓ Single with no dependent (S/0);
  - ✓ Single with one dependent (S/1);

<sup>1</sup> Government Regulation No.58 Year 2023 (GR-58) dated 27 December 2023 and effective from 1 January 2024

- ✓ Married with no dependent (M/0).
- Category B for individuals with a marital status of:
  - ✓ Single with two dependents (S/2);
  - ✓ Single with three dependents (S/3);
  - ✓ Married with one dependents (M/1);
  - ✓ Married with two dependents (M/2).
- Category C for individuals with a marital status of:
  - ✓ Married with three dependents (M/3).

The applicable monthly ETR for each range of income under each category can be seen in Appendix A.

#### **b. Daily ETR**

The daily ETR is applied on income received by a non-permanent employee on a daily/weekly/unit/piece rate basis. If the income is not paid on a daily basis, the tax base on which the daily ETR is applied is the average daily income based on the number of working days.

The applicable daily ETR and daily income range are as follows:

- 0% for daily income up to IDR 450,000;
- 0.5% for daily income above IDR 450,000 up to IDR 2,500,000.

At this stage, GR-58 does not regulate the applicable ETR nor whether the ETR is applicable for daily income above IDR 2,500,000.

#### **Key takeaways**

We expect that there will be an amendment of the implementing regulation pertaining to the guidance to calculate the Article 21 income tax due to the changes under GR-58.

Most importantly, the changes brought about by this regulation may alter the usual amount of take-home pay of the employees and may result in a fluctuation of tax under(over)payment in December. This should be carefully communicated to the employees to ensure smooth implementation.

Appendix A

CATEGORY A		CATEGORY B		CATEGORY C	
Monthly Gross Income (in thousands)	ETR	Monthly Gross Income (in thousands)	ETR	Monthly Gross Income (in thousands)	ETR
Up to IDR 5,400	0%	Up to IDR 6,200	0%	Up to IDR 6,600	0%
> IDR 5,400 - IDR 5,650	0.25%	> IDR 6,200 - IDR 6,500	0.25%	> IDR 6,600 - IDR 6,950	0.25%
> IDR 5,650 - IDR 5,950	0.50%	> IDR 6,500 - IDR 6,850	0.50%	> IDR 6,950 - IDR 7,350	0.50%
> IDR 5,950 - IDR 6,300	0.75%	> IDR 6,850 - IDR 7,300	0.75%	> IDR 7,350 - IDR 7,800	0.75%
> IDR 6,300 - IDR 6,750	1%	> IDR 7,300 - IDR 9,200	1%	> IDR 7,800 - IDR 8,850	1%
> IDR 6,750 - IDR 7,500	1.25%	> IDR 9,200 - IDR 10,750	1.50%	> IDR 8,850 - IDR 9,800	1.25%
> IDR 7,500 - IDR 8,550	1.50%	> IDR 10,750 - IDR 11,250	2%	> IDR 9,800 - IDR 10,950	1.50%
> IDR 8,550 - IDR 9,650	1.75%	> IDR 11,250 - IDR 11,600	2.50%	> IDR 10,950 - IDR 11,200	1.75%
> IDR 9,650 - IDR 10,050	2%	> IDR 11,600 - IDR 12,600	3%	> IDR 11,200 - IDR 12,050	2%
> IDR 10,050 - IDR 10,350	2.25%	> IDR 12,600 - IDR 13,600	4%	> IDR 12,050 - IDR 12,950	3%
> IDR 10,350 - IDR 10,700	2.50%	> IDR 13,600 - IDR 14,950	5%	> IDR 12,950 - IDR 14,150	4%
> IDR 10,700 - IDR 11,050	3%	> IDR 14,950 - IDR 16,400	6%	> IDR 14,150 - IDR 15,550	5%
> IDR 11,050 - IDR 11,600	3.50%	> IDR 16,400 - IDR 18,450	7%	> IDR 15,550 - IDR 17,050	6%
> IDR 11,600 - IDR 12,500	4%	> IDR 18,450 - IDR 21,850	8%	> IDR 17,050 - IDR 19,500	7%
> IDR 12,500 - IDR 13,750	5%	> IDR 21,850 - IDR 26,000	9%	> IDR 19,500 - IDR 22,700	8%
> IDR 13,750 - IDR 15,100	6%	> IDR 26,000 - IDR 27,700	10%	> IDR 22,700 - IDR 26,600	9%
> IDR 15,100 - IDR 16,950	7%	> IDR 27,700 - IDR 29,350	11%	> IDR 26,600 - IDR 28,100	10%
> IDR 16,950 - IDR 19,750	8%	> IDR 29,350 - IDR 31,450	12%	> IDR 28,100 - IDR 30,100	11%
> IDR 19,750 - IDR 24,150	9%	> IDR 31,450 - IDR 33,950	13%	> IDR 30,100 - IDR 32,600	12%
> IDR 24,150 - IDR 26,450	10%	> IDR 33,950 - IDR 37,100	14%	> IDR 32,600 - IDR 35,400	13%
> IDR 26,450 - IDR 28,000	11%	> IDR 37,100 - IDR 41,100	15%	> IDR 35,400 - IDR 38,900	14%
> IDR 28,000 - IDR 30,050	12%	> IDR 41,100 - IDR 45,800	16%	> IDR 38,900 - IDR 43,000	15%
> IDR 30,050 - IDR 32,400	13%	> IDR 45,800 - IDR 49,500	17%	> IDR 43,000 - IDR 47,400	16%
> IDR 32,400 - IDR 35,400	14%	> IDR 49,500 - IDR 53,800	18%	> IDR 47,400 - IDR 51,200	17%
> IDR 35,400 - IDR 39,100	15%	> IDR 53,800 - IDR 58,500	19%	> IDR 51,200 - IDR 55,800	18%
> IDR 39,100 - IDR 43,850	16%	> IDR 58,500 - IDR 64,000	20%	> IDR 55,800 - IDR 60,400	19%

CATEGORY A		CATEGORY B		CATEGORY C	
Monthly Gross Income (in thousands)	ETR	Monthly Gross Income (in thousands)	ETR	Monthly Gross Income (in thousands)	ETR
> IDR 43,850 - IDR 47,800	17%	> IDR 64,000 - IDR 71,000	21%	> IDR 60,400 - IDR 66,700	20%
> IDR 47,800 - IDR 51,400	18%	> IDR 71,000 - IDR 80,000	22%	> IDR 66,700 - IDR 74,500	21%
> IDR 51,400 - IDR 56,300	19%	> IDR 80,000 - IDR 93,000	23%	> IDR 74,500 - IDR 83,200	22%
> IDR 56,300 - IDR 62,200	20%	> IDR 93,000 - IDR 109,000	24%	> IDR 83,200 - IDR 95,600	23%
> IDR 62,200 - IDR 68,600	21%	> IDR 109,000 - IDR 129,000	25%	> IDR 95,600 - IDR 110,000	24%
> IDR 68,600 - IDR 77,500	22%	> IDR 129,000 - IDR 163,000	26%	> IDR 110,000 - IDR 134,000	25%
> IDR 77,500 - IDR 89,000	23%	> IDR 163,000 - IDR 211,000	27%	> IDR 134,000 - IDR 169,000	26%
> IDR 89,000 - IDR 103,000	24%	> IDR 211,000 - IDR 374,000	28%	> IDR 169,000 - IDR 221,000	27%
> IDR 103,000 - IDR 125,000	25%	> IDR 374,000 - IDR 459,000	29%	> IDR 221,000 - IDR 390,000	28%
> IDR 125,000 - IDR 157,000	26%	> IDR 459,000 - IDR 555,000	30%	> IDR 390,000 - IDR 463,000	29%
> IDR 157,000 - IDR 206,000	27%	> IDR 555,000 - IDR 704,000	31%	> IDR 463,000 - IDR 561,000	30%
> IDR 206,000 - IDR 337,000	28%	> IDR 704,000 - IDR 957,000	32%	> IDR 561,000 - IDR 709,000	31%
> IDR 337,000 - IDR 454,000	29%	> IDR 957,000 - IDR 1,405,000	33%	> IDR 709,000 - IDR 965,000	32%
> IDR 454,000 - IDR 550,000	30%	> IDR 1,405,000	34%	> IDR 965,000 - IDR 1,419,000	33%
> IDR 550,000 - IDR 695,000	31%			> IDR 1,419,000	34%
> IDR 695,000 - IDR 910,000	32%				
> IDR 910,000 - IDR 1,400,000	33%				
> IDR 1,400,000	34%				

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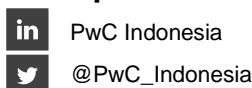
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