TaxFlash

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Addition of tourism industry as recipient of Article 21 Income Tax borne by the Government facility for 2025

On 28 October 2025, the Minister of Finance (MoF) issued MoF Regulation (*Peraturan Menteri Keuangan*/PMK) No. 72[1] regarding Article 21 Income Tax on certain income borne by the Government, adding the tourism industry as one of the eligible recipients of the facility. This addition serves as the legal basis to accommodate the 2025-2026 Economic Package published by the Coordinating Ministry for Economic Affairs in September 2025. PMK-72 amends PMK-10[2]. Please refer to TaxFlash No. 05/2025 for more details on PMK-10.

Whilst the type of facility, facility period, eligibility, requirements and administration for industries stipulated in PMK-10 remain the same, we highlight below the complete version, which includes the tourism industry under PMK-72.

Type of facility and facility period

The facility is in the form of the Article 21 Income Tax borne by the Government for the following period:

- January – December 2025 for footwear, textiles and apparel, furniture, or leather and leather goods industry sectors; and
- October – December 2025 for tourism industry sectors.

1. MoF Regulation No. 72 Year 2025 (PMK-72) dated and effective from 28 October 2025
2. MoF Regulation No. 10 Year 2025 (PMK-10) dated and effective from 4 February 2025

Eligibility and requirements

The Article 21 Income Tax borne by the Government facility applies only to certain employees of certain employers with the following criteria:

a. Certain employers:
   - Conducting business activities in the footwear, textiles and apparel, furniture, leather and leather goods, or tourism industry sectors; and
   - Having a main business field classification code (*Klasifikasi Lapangan Usaha*) as listed in Appendix A of PMK-72.

b. Certain employees:
   - Certain permanent employees:
     - ✓ Having a Tax Identification Numbers (*Nomor Pokok Wajib Pajak*/NPWP) and Residential Identity Number (*Nomor Induk Kependudukan*/NIK) integrated into the Directorate General of Taxes (DGT) system;
     - ✓ Receiving or earning gross regular income, including Benefits-in-Kind (based on company regulations or employment contract agreements) not exceeding IDR10 million in January 2025 or in the first month of employment for employees who start working in 2025; and
     - ✓ Not receiving any other Article 21 Income Tax borne by the Government facility.
   - Certain Non-permanent employees:
     - ✓ Having an NPWP and/or NIK integrated into the DGT system;
     - ✓ Receiving or earning wages amounting to:
       - an average of one day not exceeding IDR500,000 – for daily/weekly/unit/piece rate basis; or
       - not exceeding IDR10 million – for a monthly basis.
   - Not receiving any other Article 21 Income Tax borne by the Government facility.

Administration

PMK-10 stipulated that in cases where the Article 21 Income Tax borne by the Government facility results in an overpayment, the excess cannot be refunded (to the employee) or compensated (by the employer). This provision remains applicable to the footwear, textiles and apparel, furniture, or leather and leather goods industry sectors.

Meanwhile, PMK-72 stipulates that for tourism industry sectors, where the Article 21 Income Tax borne by the Government facility results in an overpayment, the excess can be refunded (to the employee) or compensated (by the employer) only in the amount of the overpayment portion resulting from tax paid that is not borne by the Government. To compensate the overpayment portion that is not borne by the Government, the employer must prepare:

a. a calculation worksheet and submit it through a designated channel on the DGT website; and
b. an additional withholding tax slip for the portion borne by the Government and report it in the Article 21/26 Monthly Income Tax Return.

Other administrative procedures remain the same as in PMK-10.

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