TaxFlash

December 2025 / No. 17

Implementation guidelines for determining domestic and foreign tax subjects

On 9 December 2025, the Directorate General of Taxes (DGT) issued DGT Regulation No. PER-23[1] regarding the Determination of Domestic and Foreign Tax Subjects. PER-23 revokes PER-02[2] regarding Income Tax Treatment for Indonesian Workers Abroad and PER-43[3] on similar matters.

In general, PER-23 largely adopted the provisions set out in PER-43, as well as the relevant provisions stipulated under Minister of Finance (MoF) Regulation No. PMK-18[4] and the Income Tax Law (*Undang-Undang Pajak Penghasilan*/UU PPh), adding some new provisions that primarily serve as confirmation and elaboration, along with examples provided in the appendix.

Key additional information in PER-23 includes:

1. **Calculation of the 183-day period**
   One of the criteria for being considered a domestic tax subject (*Subjek Pajak Dalam Negeri*/SPDN) for an individual is being present in Indonesia for more than 183 days within a 12-month period.

1. DGT Regulation No.PER-23/PJ/2025 (PER-23) dated and effective from 9 December 2025.
2. DGT Regulation No.PER-02/PJ/2009 (PER-02) dated and effective from 12 January 2009.
3. DGT Regulation No.PER-43/PJ/2011 (PER-43) dated and effective from 28 December 2011.
4. MoF Regulation No.PMK-18/PMK.03/2021 (PMK-18) dated and effective from 17 February 2021.

PER-23 elaborates that:

- "Being present" means being physically present in Indonesia, which includes short visits without permanent stay (such as transiting through an Indonesian airport), but does not include virtual presence (such as attending an online meeting to oversee work in Indonesia)
- The appendix also provides examples to confirm that part of a day is considered one day for the purpose of calculating the 183-day period

2. Place of effective management

An entity is considered having its effective place of management in Indonesia if the strategic policies or decisions regarding investments or operational activities are carried out in Indonesia.

PER-23 elaborates that:

- The strategic policies or decisions include:
  - ✓ Decisions on share or asset transfers in lieu of shares or capital participation
  - ✓ Decisions on transfer or utilisation of strategic assets
  - ✓ Appointment or dismissal of directors, employees, or agents with authority to carry out operational activities or
  - ✓ Supervision and control over dividend distribution
- If most of the Board meetings are held in Indonesia (in the example given, 50% of the meetings), it is also a strong indication that the policies and strategic decisions are made in Indonesia

3. Definition of immediate family to determine the centre of vital interests

In the context of determining the centre of vital interests under the tie-breaker rules, PER-23 defines "immediate family" as family members related by blood or marriage, either in a direct line or within one degree of collateral relationship.

4. Deadline to apply for foreign tax subject status

One requirement to request foreign tax subject (*Subjek Pajak Luar Negeri*/SPLN) status is to provide a Certificate of Domicile (*Surat Keterangan Domisili*/SKD) issued by the foreign tax authority. The SPLN status request must be made within six months after the expiry date of the SKD. PER-23 elaborates that if the SKD does not specify an expiry date, the issuance or signing date of the SKD will be deemed as the expiry date period for determining the deadline to submit the SPLN status request.

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