

TaxFlash

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Waiver of administrative sanctions for late filing and payment of the 2025 Individual Income Tax Return

On 27 March 2026, the Director General of Taxes (DGT) issued KEP-55¹ stipulating the waiver of administrative sanctions for late filing and payment of the 2025 Individual Income Tax Return.

Under KEP-55, a waiver of administrative sanctions is granted to individual taxpayers who:

- a) Submit the 2025 Individual Income Tax Return and
- b) Make payment or remittance of Article 29 Income Tax (underpayment) for the 2025 Tax Year (including those granted an extension), within one month after the statutory deadline, i.e. up to 30 April 2026

The waiver of these sanctions is implemented by not issuing a Tax Collection Letter (*Surat Tagihan Pajak/STP*). If an STP has already been issued, the DGT will revoke the administrative sanctions ex officio.

Although the tax return is submitted late, this will not jeopardise the taxpayer's existing status or cause the rejection of an application to be recognised as a compliant taxpayer (golden taxpayer).

1. Decision of the DGT No.55/PJ/2026 (KEP-55) dated and effective from 27 March 2026



Other new rules relating to the Annual Income Tax Return

On 16 March 2026, the DGT issued Regulation No. 3 (PER-3)² regarding Procedures for the filing, receipt and processing of Tax Returns. The key highlights are as follows:

1. Taxpayers eligible for submission extension

Generally, taxpayers may file a notification to extend the submission deadline of their Annual Income Tax Returns by up to two months from the original statutory deadline. PER-3 now limits the criteria for eligible individual taxpayers to the following:

- a) Individual taxpayers engaged in business activities or freelance work who have not yet completed the preparation of their financial statements.
- b) Individual taxpayers not engaged in business activities or freelance work who have not yet obtained proof of Article 21 Income Tax withholding from their employer.

The criteria for corporate taxpayers remain unchanged, i.e. Corporate taxpayers who have not yet completed the preparation of their financial statements or whose financial statements have not yet been audited.

The updated criteria under PER-3 apply to the filing period for the 2025 Tax Year or a part of the Tax Year, for which the DGT has not issued an acknowledgement of extension for the filing deadline.

2. Tax overpayment conditions that are not considered as tax overpayment

PER-3 has also updated the conditions under which an overpayment reported in a taxpayer's Tax Return is not considered as tax overpayment in the following cases:

- a) The overpayment is due to differences in tax calculation rounding within the Directorate General of Taxes' administrative system.
- b) The overpayment originates from Income Tax borne by the Government.
- c) The overpayment in an Individual Taxpayer's Annual Tax Return arises due to:
 - An incorrect crediting of Article 21 Income Tax payable on employment related income - *new*
 - An error in the reporting of tax credits from employment related income and/or other domestic income, where the corresponding income has not been reported - *new*
 - An error in the reporting of final tax credits that are credited against non final-taxed income, including tax credits obtained by a wife with income from one employer - *new*
 - The overpayment amount reported in a Tax Return submitted by civil servants, members of the Indonesian National Armed Forces, members of the Indonesian National Police, and state officials who meet the following requirements:
 - ✓ Only receive income funded by the State and/or Regional Revenue and Expenditure Budget and
 - ✓ The tax overpayment arises because the Income Tax payable as calculated by the taxpayer is lower than the Article 21 Income Tax payable based on the Article 21/26 Income Tax Withholding Slip (Form BPA2) issued for civil servants, members of the Indonesian National Armed Forces, members of the Indonesian National Police, state officials, or their pensioners

Consequently, the excess amount referred to above cannot be claimed as a refund of excess tax payments, no preliminary refund review and/or tax audit is carried out, and the DGT issues a notification letter confirming that such excess amount does not constitute a tax overpayment.

Furthermore, Individual Income Tax Returns for the 2025 Tax Year or part of the 2025 Tax Year received before 16 March 2026, where no preliminary refund decision has been issued or no tax audit notification has been delivered, will be processed in accordance with the provisions of PER 3.




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