

# TaxFlash

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A new era of the final tax regime for small-scale taxpayers

## A new era of the final tax regime for small-scale taxpayers

On 22 April 2026, the Government issued GR-20<sup>1</sup>, amending GR-55<sup>2</sup>, concerning the implementation of the Income Tax Law. This regulation mainly revises the final income tax regime for certain taxpayers with certain gross turnover.

Separate from the final tax regime, this regulation introduces one article which expressly stipulates that expenses in the form of bribes, gratuities, or other payments of any kind related to corruption and/or bribery offences — including those made to foreign public officials — are non-deductible for income tax purposes. The elucidation explains that this change is intended to support international anti-corruption frameworks and principles.

In relation to the final tax regime, GR-20 confirms that business income earned by certain domestic taxpayers with gross turnover not exceeding IDR4.8 billion in one fiscal year (FY) remains eligible to be subject to the final income tax at 0.5%. The key changes related to the final tax regime are summarised below.

### **Narrower scope of eligible taxpayers**

Eligible taxpayers are now limited to:

- Individual taxpayers, and
- Corporate taxpayers in the form of single-shareholder limited liability companies (*perseoran perorangan*) and cooperatives, falling within the IDR4.8 billion annual gross turnover threshold.

1. Government Regulation (GR) No. 20 Year 2026 (GR-20) dated and effective from 22 April 2026

2. GR No. 55 Year 2022 (GR-55) dated and effective from 20 December 2022

Corporate taxpayers in the form of limited partnerships (*Commanditaire Vennootschap/CV*), firms (*firma*), village-owned enterprises (*Badan Usaha Milik Desa/BUMDes Bersama*), and limited liability companies (other than *perseroan perorangan*) are no longer eligible for the 0.5% final income tax regime.

### **Eligible period**

Individual taxpayers and single-shareholder companies may apply the 0.5% final income tax regime indefinitely, whilst cooperatives are only eligible for a four-year period from their registration.

### **Non-eligible income**

Previously, GR-55 already stipulated that income from independent personal services, foreign income that has been subject to tax offshore, other final-taxed income, and income not subject to tax are not eligible for the final tax regime under this regulation. The types of independent personal services have also been set out.

GR-20 further provides a more detailed classification of professions regarded as independent professional services, including traditional professions as well as a broader range of creative and digital occupations, such as content creators, influencers, bloggers, vloggers, and similar professions.

### **Non-eligible taxpayers**

Taxpayers excluded from the final tax regime have already been introduced under previous regulations, i.e. taxpayers opting to apply the ordinary income tax regime, corporate taxpayers granted income tax facilities, and Permanent Establishments.

In addition to these existing exclusions, GR-20 provides that the following taxpayers are also excluded:

- a. Single-shareholder companies established by individuals possessing specific expertise and providing services similar to independent professional services as set out in the non-eligible income section;
- b. Individuals and their related single-shareholder companies whose combined gross turnover exceeds IDR4.8 billion in a FY; and
- c. Cooperatives that have exceeded the four-year eligibility period from registration.

Taxpayers referred to in points b and c above will no longer be eligible for the final income tax regime in subsequent FYs.

### **Aggregation rules for gross turnover threshold introduced to prevent fragmentation**

GR-20 introduces clearer rules for determining the IDR4.8 billion gross turnover threshold. Gross turnover must now take into account:

- The total gross turnover from business income and income derived from independent professional services within one year, based on the last FY preceding the relevant FY, whether subject to final or non-final income tax, including turnover earned abroad; and
- Consideration (in cash or cash equivalents) received from business and independent professional services before deducting sales discounts, cash discounts, and/or similar reductions.

For married taxpayers with separate assets/income, or where the wife independently exercises her tax rights and obligations, turnover must be determined based on the combined turnover of the husband and wife. In addition, where relevant, the turnover of single-shareholder companies established by the husband and/or wife must also be aggregated.

### Transitional provisions

All implementing regulations issued under GR-55 shall remain valid, provided that they do not conflict with the provisions of this GR.

At the time this GR comes into effect, the following provisions apply:

1. Eligible period for:
  - a. Individual taxpayers whose eligible period under GR-55 expired in FY 2024 may still use the final tax regime under this GR for FY 2025 and FY 2026.
  - b. Individual taxpayers and single-shareholder companies whose eligible period under GR-55 expires in FY 2025 may still use the final tax regime under this GR for FY 2026.
  - c. Corporate taxpayers in the form of cooperatives registered prior to the issuance of this GR, whose eligible period under GR-55 expires in FY 2024 up to FY 2029, may still use the final tax regime under this GR for FY 2025 through FY 2029.
  - d. Corporate taxpayers in the form of *CV*, *firma*, limited liability companies (other than single-shareholder companies) and *BUMDes/BUMDes Bersama* whose eligible period under GR-55 **has not yet expired** may continue to apply the final tax regime under GR-55 until the end of such period.
  - e. Taxpayers under points a and b in the non-eligible taxpayers section above who are subject to the final tax regime under GR-55 may still use the final tax regime under this GR until the end of FY 2026.

The above provisions apply only if the taxpayers continue to meet the eligibility criteria under GR-55.

2. Final Income Tax Certificates for:
  - a. Individual taxpayers whose eligible period under GR-55 expired in FY 2024 – remain valid for FY 2025 and FY 2026.
  - b. Individual taxpayers and single-shareholder companies whose eligible period under GR-55 expires in FY 2025 – remain valid for FY 2026.
  - c. Cooperatives registered prior to the issuance of this GR, whose eligible period under GR-55 expires in FY 2024 up to FY 2029 – remain valid until the taxpayers no longer meet the eligibility criteria under GR-55.

The certificate under points a and b remain valid until the taxpayer no longer meets the eligibility criteria for the final income tax regime under this GR.

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