



Kementerian Keuangan Republik Indonesia
Direktorat Jenderal Pajak

Tax Regulations of Foreign Workers in Indonesia



Jakarta, 31 October 2019

A close-up, low-angle shot of several darts with black flights and silver barrels, all pointing towards the left. They are positioned in front of a dartboard with a colorful, multi-colored pattern. The background is dark and out of focus.

TAX

RESIDENCE

Tax Residence

begins

- A foreign worker is considered a resident taxpayer in Indonesia if:
 - he or she resides in Indonesia or is present in Indonesia for more than 183 days within any 12 (twelve) month period;
 - he/she is present in Indonesia during a fiscal year and intends to reside in Indonesia

ends

- Tax obligations of the foreign worker who is a resident in Indonesia shall cease at the time such person passes away or leaves Indonesia permanently



Resident Taxpayer

begins

EXPATRIATES

1



Reside or Present



More than 183 days

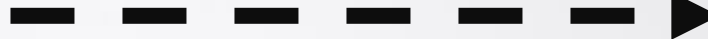
Sign an Employment Contract



Intend to reside

2

EXPATRIATES



ends

Reside or Present



More than 183 days

EXPATRIATES



A close-up, low-angle shot of several darts with black flights and silver barrels, all pointing towards a dartboard. The dartboard is partially visible on the right, showing its colorful segments. The background is dark and out of focus, emphasizing the darts and the text.

TAX

PAYMENTS

Tax Payments

Income or remuneration received by Expatriates in Indonesia is subject to withholding tax (Payroll Tax)

Employers are required to withhold Article 21/26 income tax on a monthly basis from the salaries and other compensation

If the foreign worker is a resident taxpayer, he or she is subject to Article 21 Income Tax and the amount of tax withheld should be based on the normal tax rates

If he/she is a non-resident taxpayer, the expatriate is subject to Article 26 income Tax and the withholding tax is 20% of the gross amount

Payroll Tax (Article 21 Income Tax) withheld by employers is credit tax to income tax payable reported in annual income tax return



A close-up, low-angle shot of a dartboard with several darts. The darts are dark with silver-colored barrels and flights. The dartboard has a colorful, multi-colored pattern. The background is dark and out of focus.

TAX

OBLIGATIONS

Tax Obligations

Resident taxpayers who receive or earn annual income exceeding the PTKP (tax allowance) threshold must:

- file an application to receive NPWP (Tax Identification Number); and
- submit annual income tax returns (Form 1770) which due on 31 March following the tax year

The tax return should disclose all the individual's income, including compensation from employment, investment income, capital gains, overseas income and other income.



A background image showing several darts with black flights and silver barrels. One dart is embedded in a dartboard with a colorful, starburst pattern. The scene is dimly lit with a blue tint.

INCOME TAX SYSTEM

Indonesian Income Tax System

Worldwide Income System

Basically all income received or earned by Indonesian taxpayers are subject to tax, including income derived from other countries (*world wide income*)



Source of Income



employer

other
income

**Source of
Income**

assets

business
activities



A close-up, low-angle shot of several darts with black flights and silver barrels, all pointing towards a dartboard on the right. The dartboard is partially visible, showing its colorful segments. The background is dark and out of focus, emphasizing the darts and the text.

TAX

RATES

TAX RATES

Normal Tax rate

Taxable Income	Rate
Up to Rp. 50,000,000	5%
Over Rp 50,000,000 but not exceeding Rp 250,000,000	15%
Over Rp 250,000,000 but not exceeding Rp 500,000,000	25%
Over Rp 500,000,000	30%

Tax Rate on Severance Payment

Gross Income	Rate
Up to Rp. 50,000,000	0%
Over Rp 50,000,000 but not exceeding Rp 100,000,000	5%
Over Rp 100,000,000 but not exceeding Rp 500,000,000	15%
Over Rp 500,000,000	25%

Tax Rates on Lump-sum Pension Payments

Gross Income	Rate
Up to Rp. 50,000,000	0%
Over Rp 50,000,000	5%





THANK YOU



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